UNOFFICIAL, EARLY-RELEASE VERSION OF THE 2027 IOWA CODE

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Chapters 524 to 594A

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EXPLANATORY NOTE AND DISCLAIMER

This unofficial, early-release version of the 2027 Iowa Code provides early access to legislative and editorial additions and changes to Code section text, history, and footnotes with an effective date of January 1, 2027, or earlier. Final data checks, updates, and related corrections have not all been made, but will be included in the official text PDF version of the Iowa Code, which is published annually on this website and biennially in printed hardbound volumes.

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CODE EDITOR'S NOTES

Reference

Simple Harmonization Note

The multiple amendments do not conflict, so they were harmonized to give effect to each as required by Code sections 2B.13 and 4.11. In some cases where this note is referenced, the amendments are identical. Under Code section 2B.13, a strike or repeal prevails over an amendment to the same material and does not create a conflict.

811.1

2026 Acts, ch 1159, §4, amends subsection 2, unnumbered paragraph 1, by establishing an exception to that provision in a new subsection 3, as enacted in 2026 Acts, ch 1159, §5. 2026 Acts, ch 1156, §33, separately amends subsection 2, unnumbered paragraph 1, by also establishing an exception to that provision in a new subsection 3, as enacted in 2026 Acts, ch 1156, §34. Each Act establishes an independent alternate exception. Therefore, the new subsection 3, enacted in 2026 Acts, ch 1156, §34, was codified as subsection 4, and subsection 2, unnumbered paragraph 1, was editorially modified to give effect to both amendments by adding "or 4" to the resulting exception clause being added by both 2026 Acts, ch 1159, §4, and 2026 Acts, ch 1156, §33.

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TITLE XIII

COMMERCE

Referred to in §8F.2, 29A.105, 714H.4

SUBTITLE 2

FINANCIAL INSTITUTIONS

Referred to in §491.39

CHAPTER 524

BANKS

Referred to in §9.11, 12C.13, 216.10, 261A.19, 331.602, 422.11, 423.2, 445.5, 490.1801, 501A.601, 527.4, 533.301, 535.2, 535.8, 535C.2, 536A.24, 536C.3, 537.1301, 537.2301, 537.6105, 537.6201, 546.3, 669.14

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SUBCHAPTER I

GENERAL PROVISIONS

524.101 Short title.

This chapter shall be known and may be cited as the *"Iowa Banking Act"*.

[C71, 73, 75, 77, 79, 81, §524.101]
84 Acts, ch 1067, §41

524.102 Statement of intent.

The general assembly declares as its purpose in adopting this chapter to provide for:

1. The safe and sound conduct of the business of banking.
2. The conservation of the assets of state banks.
3. The maintenance of public confidence in state banks.
4. The protection of the interests of depositors, creditors, shareholders and of the interest of the public in a sound and strong banking system.
5. The opportunity for state banks to be competitive with each other and with banks existing under the laws of other states and the United States.
6. The opportunity for state banks to effectively serve the convenience and banking needs of their depositors, borrowers, and other customers and to participate in and promote the economic progress of Iowa and of the United States.
7. The opportunity for the management of a state bank to exercise its business judgment, in conducting the affairs of the state bank, to the extent compatible with, and subject to the purposes of this chapter.
8. The delegation to the superintendent of adequate rulemaking power and administrative discretion, in order that the supervision and regulation of state banks may be flexible and readily responsive to changes in economic conditions and changes in banking and fiduciary practices.
9. The simplification and modernization of the law governing the business of banking and the exercise of certain fiduciary powers.
10. The opportunity for state banks to adopt, in a manner that is compatible with and subject to the purposes of this chapter, new and emerging technologies that enhance the efficiency and convenience of banking products and services.

[C71, 73, 75, 77, 79, 81, §524.102]
2022 Acts, ch 1062, §4

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524.103 Definitions.

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

1. *"Account"* means any account with a state bank and includes a demand, time or savings deposit account or any account for the payment of money to a state bank.

2. *"Administrator"* means the person designated in section 537.6103.

3. *"Affiliate"* means the same as defined in section 524.1101.

4. *"Aggregate capital"* means the sum of capital, surplus, undivided profits, and reserves as of the most recent calculation date.

5. *"Agreement for the payment of money*" means a monetary obligation, other than an obligation in the form of an evidence of indebtedness or an investment security; including, but not limited to, amounts payable on open book accounts receivable and executory contracts and rentals payable under leases of personal property.

6. *"Agricultural credit corporation*" means as defined in section 535.12, subsection 4.

7. *"Articles of incorporation*" means the original, amended, or restated articles of incorporation and all amendments thereto and includes articles of merger.

8. *"Assets"* means all the property and rights of every kind of a state bank.

9. *"Bank"* means a corporation organized under this chapter, a national bank, a federal savings association, or an out-of-state bank.

10. *"Bankers' bank"* means a bank which is organized under the laws of any state or under federal law, and whose shares are owned exclusively by other banks or by a bank holding company whose shares are owned exclusively by other banks, except for directors' qualifying shares when required by law, and which engages exclusively in providing services for depository institutions and officers, directors and employees of those depository institutions.

11. *"Board of directors"* means the board of directors of a state bank as provided in section 524.601.

12. *"Borrower"* means a person named as a borrower or debtor in a loan or extension of credit, or any other person, including a drawer, endorser, or guarantor, deemed to be a borrower under section 524.904, subsection 3.

13. *"Business of banking"* means engaging in the regular business of soliciting, receiving, or accepting money or its equivalent for deposit, and any other business generally done by banks.

14. *"Calculation date"* means the most recent of the following:

a. The date the state bank's statement of condition is required to be filed pursuant to section 524.220, subsection 2.

b. The date an event occurs that reduces or increases the state bank's aggregate capital by ten percent or more.

c. As the superintendent may direct.

15. *"Capital"* means the sum of the par value of the preferred and common shares of a state bank issued and outstanding.

16. *"Capital structure"* means the capital, surplus, and undivided profits of a state bank and shall include an amount equal to the sum of any capital notes and debentures issued and outstanding pursuant to section 524.404.

17. *"Chief executive officer"* means the person designated by the board of directors to be responsible for the implementation of and adherence to board policies and resolutions by all officers and employees of the state bank.

18. *a. "Contractual commitment to advance funds"* means a state bank's obligation to do either of the following:

(1) Advance funds under a standby letter of credit or other similar arrangement.

(2) Make payment, directly or indirectly, to a third person contingent upon default by a customer of the state bank in performing an obligation and to make such payment in keeping with the agreed upon terms of the customer's contract with a third person, or to make payments upon some other stated condition.

b. The term does not include commercial letters of credit and similar instruments where the issuing state bank expects the beneficiary to draw on the issuer, that do not guarantee payment, and that do not provide for payment in the event of a default by a third person.

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19. *"Control"* means when a person, directly or indirectly or acting through or together with one or more persons, satisfies any of the following:

a. Owns, controls, or has the power to vote fifty percent or more of any class of voting securities or membership interests of another person.

b. Controls, in any manner, the election of a majority of the directors, managers, trustees, or other persons exercising similar functions of another person.

c. Has the power to exercise a controlling influence over the management or policies of another person.

20. *"Customer"* means a person with an account or other contractual arrangement with a state bank.

21. *"Director"* means a member of the board of directors of a state bank.

22. *"Evidence of indebtedness"* means a note, draft, or similar negotiable or nonnegotiable instrument.

23. *"Executive officer"* means a person who participates or has authority to participate, other than in the capacity of a director, in major policymaking functions of a state bank, whether or not the officer has an official title, whether or not such a title designates the officer as an assistant, or whether or not the officer is serving without salary or other compensation. The chief executive officer, chairperson of the board, the president, every vice president, and the cashier of a state bank are deemed to be executive officers, unless such an officer is excluded, by resolution of the board of directors of a state bank or by the bylaws of the state bank, from participation, other than in the capacity of a director, in major policymaking functions of the state bank, and the officer does not actually participate in the major policymaking functions. All officers who serve on a board of directors are deemed to be executive officers, except as provided for in section 524.701, subsection 3.

24. *"Federal savings association"* means a corporation organized under 12 U.S.C. §1464.

25. *"Fiduciary"* means an executor, administrator, guardian, conservator, receiver, trustee, or one acting in a similar capacity.

26. *"Insolvent"* means the inability of a state bank to pay its debts and obligations as they become due in the ordinary course of its business. A state bank is also considered to be insolvent if the ratio of its capital, surplus, and undivided profits to assets is at or close to zero or if its assets are of such poor quality that its continued existence is uncertain.

27. *"Insured bank"* means a bank the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act.

28. *"Member"* means a person with a membership interest in a state bank incorporated as a mutual corporation under this chapter.

29. *"Member vote"* means one vote for each one hundred dollars, or fraction thereof, of the withdrawal value of a member's account with respect to a mutual corporation.

30. *"Membership interest"* means a member's share of the profits and losses, the right to receive distributions of assets, and any right to vote or participate in management of a state bank incorporated as a mutual corporation under this chapter.

31. *"Municipal corporation"* means an incorporated city.

32. *"Mutual bank holding company"* means a bank holding company that is a mutual corporation or that owns or controls a mutual corporation.

33. *"Mutual corporation"* means a corporation that is incorporated on a mutual ownership basis under this chapter or converted to become subject to this chapter and is not authorized to issue capital stock.

34. *"National bank"* means a corporation organized under 12 U.S.C. §21 whose deposits are insured by the federal deposit insurance corporation or whose powers are limited exclusively to the exercise of trust or fiduciary powers.

35. *"Officer"* means chief executive officer, executive officer, or any other administrative official of a state bank elected by the state bank's board of directors to carry out any of the state bank's operating rules and policies.

36. *"Operations subsidiary"* means a wholly owned corporation incorporated and controlled by a state bank that performs functions which the state bank is authorized to perform.

37. *"Out-of-state bank"* means a corporation, other than a credit union, industrial bank,

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or trust company, that is authorized by the laws of another state to solicit, receive, or accept money or its equivalent for deposit or to otherwise engage in the business of banking.

38. *"Person"* means as defined in section 4.1.

39. *"Reserves"* means the amount of the allowance for loan and lease losses of a state bank.

40. *"Safe deposit box"* means a safe, lock box, or other secure storage receptacle located on the premises of a bank.

41. *"Sale of federal funds"* means any transaction between depository institutions involving the transfer of immediately available funds resulting from credits to deposit balances at federal reserve banks, or from credits to new or existing deposit balances due from a correspondent depository institution.

42. *"Shareholder"* means one who is a holder of record of shares in a state bank. If a state bank is incorporated as a mutual corporation under this chapter, *"shareholder"* means a member of the mutual corporation.

43. *"Shares"* means the units into which the proprietary interests in a state bank incorporated as a stock corporation are divided.

44. *"Standby letter of credit"* means a letter of credit, or similar arrangement, that represents an obligation to the beneficiary on the part of the issuer to do any of the following:

a. Repay money borrowed by or advanced to or for the account of the account holder.

b. Make payment on account of any indebtedness undertaken by the account holder.

c. Make payment on account of any default by the account holder in the performance of an obligation.

45. *"State bank"* means any bank incorporated pursuant to the provisions of this chapter after January 1, 1970, and any *"state bank"* incorporated pursuant to the laws of this state and doing business as such on January 1, 1970, or a bank organized as a mutual corporation under this chapter.

46. *"Stock corporation"* means a corporation which is authorized to issue capital stock.

47. *"Superintendent"* means the superintendent of banking of this state.

48. *"Supervised financial organization"* as defined and used in the Iowa consumer credit code, chapter 537, includes a state bank organized pursuant to this chapter.

49. *"Surplus"* means the aggregate of the amount originally paid in as required by section 524.401, subsection 3, any amounts transferred to surplus pursuant to section 524.405 and any amounts subsequently designated as such by action of the board of directors of the state bank.

50. *"Trust company"* means a business organization which is authorized to engage in trust business pursuant to section 524.1005. A bank lawfully exercising trust powers under the laws of this state or of the United States is not a trust company by reason of having authority to engage in trust business in addition to its general business.

51. *"Undivided profits"* means the accumulated undistributed net profits of a state bank, including any residue from the fund established pursuant to section 524.401, subsection 4, after:

a. Payment or provision for payment of taxes and expenses of operations.

b. Transfers to reserves allocated to a particular asset or class of assets.

c. Losses estimated or sustained on a particular asset or class of assets in excess of the amount of reserves allocated therefor.

d. Transfers to surplus and capital.

e. Amounts declared as dividends to shareholders.

52. *"Unincorporated area"* means an area where a state bank or national bank has its principal place of business that is not within a municipal corporation.

[C71, 73, 75, 77, 79, 81, §524.103]

85 Acts, ch 252, §32; 89 Acts, ch 257, §2, 3; 90 Acts, ch 1228, §1; 95 Acts, ch 148, §1 – 3; 96 Acts, ch 1056, §1; 2003 Acts, ch 44, §114; 2004 Acts, ch 1141, §47, 48; 2005 Acts, ch 3, §86; 2007 Acts, ch 88, §2; 2012 Acts, ch 1017, §1 – 4, 18, 104; 2012 Acts, ch 1023, §157; 2016 Acts, ch 1011, §99; 2022 Acts, ch 1062, §5 – 7; 2023 Acts, ch 64, §85

Referred to in §12.61, 12C.13, 252I.1, 421.17A, 422.61, 453A.8, 521C.4, 524.109, 524.904, 535B.6A, 536.7A, 537.7103, 633.89

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524.104 Rules of construction.

In the interpretation and construction of this chapter:

1. Transactions or acts validly entered into or performed before July 1, 1995, and the rights, duties and interests flowing from them remain valid on and after July 1, 1995, and may be completed or terminated according to their terms and as permitted by any statute repealed or amended by this chapter, as though such repeal or amendment had not occurred.

2. All individuals who, on July 1, 1995, hold any office under a provision of law repealed by this chapter, and which offices are continued by this chapter shall continue to hold such offices according to their former tenure.

[C71, 73, 75, 77, 79, 81, §524.104]

95 Acts, ch 148, §4

524.105 Effect on existing banks.

1. The corporate existence of a state bank existing and operating on July 1, 1995, is not affected by the amendment of this chapter.

2. All state banks are subject to the provisions and requirements of this chapter in every particular, and all national banks, out-of-state banks, and federal savings associations, now or hereafter doing business in this state, are subject to the provisions of this chapter, to the extent applicable, from July 1, 2021.

[C71, 73, 75, 77, 79, 81, §524.105]

95 Acts, ch 148, §5; 2022 Acts, ch 1062, §8

Referred to in §680.8

524.106 Reserved.

524.107 Persons authorized to engage in banking business — educational bank.

1. A person, other than a state bank which is subject to the provisions of this chapter, an out-of-state bank, and a national bank or federal savings association authorized by the laws of the United States to engage in the business of receiving money for deposit, and except as provided in subsection 2, shall not engage in this state in the business of receiving money for deposit, transact the business of banking, or establish in this state a place of business for such purpose.

2. A person doing business in this state shall not use the words "bank" or use any derivative, plural, or compound of the words "bank", "banking", or "bankers" in any manner which would tend to create the impression that the person is authorized to engage in the business of banking or to act in a fiduciary capacity, except a state bank authorized to do so by this chapter or an out-of-state bank authorized to do so by the laws of another state, a national bank to the extent permitted by the laws of the United States, a bank holding company as defined in section 524.1801, a savings and loan holding company as defined in 12 U.S.C. §1467a, or a federal savings association to the extent permitted by the laws of the United States.

3. Notwithstanding subsections 1 and 2, an organization formed for educational purposes in association with an accredited elementary or secondary school which engages in the receipt of deposits may use the words "educational bank", the use of which is otherwise restricted in subsection 2, and such an educational bank is not a bank within the meaning or scope of regulation of this chapter.

[C97, §1862, 1889; S13, §1889, 1889-i; C24, 27, 31, 35, 39, §**9151, 9203, 9258, 9259, 9296;** C46, 50, 54, 58, 62, 66, §524.24, 527.2, 528.50, 528.52, 532.13; C71, 73, 75, 77, 79, 81, §524.107]

89 Acts, ch 257, §4; 89 Acts, ch 319, §80; 95 Acts, ch 148, §6; 96 Acts, ch 1056, §2; 2008 Acts, ch 1160, §1; 2012 Acts, ch 1017, §105; 2014 Acts, ch 1001, §3; 2022 Acts, ch 1062, §9

Referred to in §524.1005, 524.1603

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524.108 Applicability of safe deposit provisions.

The provisions of sections 524.809 through 524.812 shall apply, to the extent applicable, to any person engaged in this state in the business of leasing safe deposit boxes for the storage of property.

[C71, 73, 75, 77, 79, 81, §524.108]

2020 Acts, ch 1063, §301

524.109 Bankers' bank authorized — authority to hold shares of bankers' bank.

1. A state bank may be organized under this chapter as a bankers' bank. The bankers' bank is subject to all rights, privileges, duties, restrictions, penalties, liabilities, conditions, and limitations applicable to a state bank generally, except as limited in the definition of bankers' bank contained in section 524.103. However, a bankers' bank shall have the same powers as those granted by federal law and regulation to a national bank organized as a bankers' bank under 12 U.S.C. §27.

2. A state bank shall have the power to acquire and hold the shares in one or more bankers' banks or bank holding companies which own a bankers' bank in a total amount not to exceed five percent of the state bank's aggregate capital. A state bank shall not own, directly or indirectly, more than five percent of any class of voting shares of a bankers' bank.

85 Acts, ch 252, §33; 95 Acts, ch 148, §7; 2022 Acts, ch 1062, §10

Referred to in §524.802

524.110 through 524.200 Reserved.

SUBCHAPTER II

DIVISION OF BANKING

524.201 Superintendent of banking.

1. The governor shall appoint, subject to confirmation by the senate, a superintendent of banking. The appointee shall be selected solely with regard to qualification and fitness to discharge the duties of office, and a person shall not be appointed who has not had at least five years' experience as an executive officer in a bank. The superintendent shall serve at the pleasure of the governor.

2. The superintendent shall receive a salary set by the governor within a range established by section 8A.461.

[C24, 27, 31, 35, 39, §**9130, 9131;** C46, 50, 54, 58, 62, 66, §524.1, 524.2; C71, 73, 75, 77, 79, 81, §524.201]

95 Acts, ch 148, §8; 2004 Acts, ch 1141, §2; 2023 Acts, ch 19, §2739; 2024 Acts, ch 1182, §165, 168

Referred to in §524.211, 535D.3, 546.3

Confirmation, see §2.32

524.202 Superintendent — salary. Repealed by 2023 Acts, ch 19, §2767.

524.203 Superintendent — vacancy.

If the office of the superintendent of banking is vacant or the superintendent is unable to serve, the chief of the bank bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent. If the chief of the bank bureau is unable to serve, the chief examiner of the bank bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent. If both the chief of the bank bureau and the chief examiner of the bank bureau are unable to serve, the chief of the finance bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent.

[C24, 27, 31, 35, 39, §**9133;** C46, 50, 54, 58, 62, 66, §524.3; C71, 73, 75, 77, 79, 81, §524.203]

2004 Acts, ch 1141, §3; 2008 Acts, ch 1160, §2; 2022 Acts, ch 1062, §11

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524.204 Deputy superintendent of banking.

The superintendent may appoint an employee of the division of banking as deputy to perform the duties of the superintendent during the absence or inability of the superintendent to act. Any deputy so appointed shall be removable at the pleasure of the superintendent.

[C24, 27, 31, 35, 39, §**9136, 9137;** C46, 50, 54, 58, 62, 66, §524.6, 524.7; C71, 73, 75, 77, 79, 81, §524.204]

95 Acts, ch 148, §10; 2004 Acts, ch 1141, §4

524.205 State banking council.

1. The state banking council shall consist of the superintendent, who shall be an ex officio member and chairperson, and six other members, appointed by the governor, who shall be appointed, where practical, from various parts of the state. Provided, however, that in no event shall more than five members of such council be engaged in the business of banking in any executive capacity.

2. The terms of office for members of the state banking council, other than the superintendent, shall be four-year staggered terms. Each member shall hold office for the term for which the member is appointed or until a successor is appointed.

3. A member of the state banking council, other than the superintendent, shall not receive a salary but is entitled to reimbursement for actual expenses incurred by the member in connection with the member's duties. Each member of the council may also be eligible to receive compensation as provided in section 7E.6.

4. The state banking council shall act in an advisory capacity concerning matters submitted to the council by the superintendent pertaining to the conduct of the administration of this chapter.

5. The state banking council shall meet at such times as may be deemed necessary by the superintendent or a majority of the council members.

[C27, 31, 35, §9154-a1, -a2, -a3, -a4, -a7, -a8; C39, §**9154.04 – 9154.07, 9154.10, 9154.11;** C46, 50, 54, 58, 62, 66, §525.1 – 525.4, 525.7, 525.8; C71, 73, 75, 77, 79, 81, §524.205]

86 Acts, ch 1245, §747; 2004 Acts, ch 1141, §5; 2024 Acts, ch 1170, §114

524.206 Banking division created.

The banking division is created within the department of insurance and financial services.

[C71, 73, 75, 77, 79, 81, §524.206]

86 Acts, ch 1245, §748; 2023 Acts, ch 19, §2740

524.207 Expenses of the banking division — fees.

1. Except as otherwise provided by statute, all expenses required in the discharge of the duties and responsibilities imposed upon the banking division of the department of insurance and financial services, the superintendent, and the state banking council by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the commerce revolving fund created in section 546.12. All of these fees are payable to the superintendent. The superintendent shall pay all the fees and other moneys received by the superintendent to the treasurer of state within the time required by section 12.10 and the fees and other moneys shall be deposited into the commerce revolving fund created in section 546.12.

2. All fees and assessments generated as the result of a national bank or federal savings association converting to a state bank on or after December 31, 2015, are payable to the superintendent. The superintendent shall pay all the fees and assessments received by the superintendent pursuant to this subsection to the treasurer of state within the time required by section 12.10 and the fees and assessments shall be deposited into the commerce revolving fund created in section 546.12. An amount equal to such fees and assessments deposited into the commerce revolving fund is appropriated from the commerce revolving fund to the banking division of the department of insurance and financial services for the fiscal year in which a national bank or federal savings association converted to a state bank and an amount equal to such annualized fees and assessments deposited into the commerce revolving fund in succeeding years is appropriated from the commerce revolving fund to

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the banking division of the department of insurance and financial services for succeeding fiscal years for purposes related to the discharge of the duties and responsibilities imposed upon the banking division of the department of insurance and financial services, the superintendent, and the state banking council by the laws of this state. This appropriation shall be in addition to the appropriation of moneys otherwise described in this section. If a state bank converts to a national bank or federal savings association, any appropriation made pursuant to this subsection for the following fiscal year shall be reduced by the amount of the assessment paid by the state bank during the fiscal year in which the state bank converted to a national bank or federal savings association.

3. The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

4. The banking division may expend additional funds, including funds for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for bank or licensee examinations or investigations and directly result from examinations or investigations of banks or licensees. The amounts necessary to fund the excess examination or investigation expenses shall be collected from banks and licensees being regulated, and the collections shall be treated as appropriated receipts as defined in section 8.2. The division shall notify in writing the legislative services agency and the department of management when hiring additional personnel. The written notification shall include documentation that any additional expenditure related to such hiring will be totally reimbursed as provided in section 546.12, subsection 2, and shall also include the division's justification for hiring such personnel. The division must obtain the approval of the department of management only if the number of additional personnel to be hired exceeds the number of full-time equivalent positions authorized by the general assembly.

5. All fees and moneys collected shall be deposited into the commerce revolving fund created in section 546.12 and expenses required to be paid under this section shall be paid from moneys in the commerce revolving fund and appropriated for those purposes.

6. All moneys received by the superintendent pursuant to a multi-state settlement with a provider of financial services such as a mortgage lender, a mortgage servicer, or any other person regulated by the banking division of the department of insurance and financial services shall be deposited into the commerce revolving fund created in section 546.12 and an amount equal to the amount deposited into the fund is appropriated to the banking division of the department of insurance and financial services for the fiscal year in which such moneys are received and in succeeding fiscal years for the purpose of promoting financial-related education and supporting those duties of the banking division related to financial regulation that are limited to nonrecurring expenses such as equipment purchases, training, technology, and retirement payouts related to the oversight of mortgage lending, state banks, and other financial services regulated by the banking division. This appropriation shall be in addition to the appropriation of moneys otherwise described in this section. The superintendent shall submit a report to the department of management and to the legislative services agency detailing the expenditure of moneys appropriated to the banking division pursuant to this subsection during each fiscal year. The initial report shall be submitted on or before September 15, 2016, and each September 15 thereafter. Moneys appropriated pursuant to this subsection are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this subsection.

[C24, 27, 31, 35, 39, §**9144, 9145, 9149;** C46, 50, 54, 58, 62, 66, §524.16, 524.17, 524.22; C71, 73, 75, 77, 79, 81, §524.207]

86 Acts, ch 1246, §616; 87 Acts, ch 234, §435; 90 Acts, ch 1247, §14; 91 Acts, ch 260, §1243; 93 Acts, ch 131, §22; 94 Acts, ch 1107, §85; 2003 Acts, ch 35, §45, 49; 2004 Acts, ch 1141, §6; 2009 Acts, ch 181, §103; 2016 Acts, ch 1130, §27, 29, 31; 2022 Acts, ch 1062, §12; 2023 Acts, ch 19, §2741; 2023 Acts, ch 64, §86; 2024 Acts, ch 1185, §184

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524.208 Examiners and other employees.

The superintendent may appoint examiners and other employees, including for the banking division's internal information technology group, as the superintendent deems necessary to the proper discharge of the duties imposed upon the superintendent by the laws of this state. Pay plans shall be established for employees, other than clerical employees, who examine the accounts and affairs of state banks and who examine the accounts and affairs of other persons, subject to supervision and regulation by the superintendent, which are substantially equivalent to those paid by the federal deposit insurance corporation and other federal supervisory agencies in this area of the United States.

[C24, 27, 31, 35, 39, §**9136, 9137;** C46, 50, 54, 58, 62, 66, §524.6, 524.7; C71, 73, 75, 77, 79, 81, §524.208]

86 Acts, ch 1245, §749; 2004 Acts, ch 1141, §7; 2006 Acts, ch 1177, §32; 2022 Acts, ch 1062, §13; 2023 Acts, ch 19, §2025

524.209 Expenses.

The superintendent, examiners, and other employees of the banking division shall be entitled to receive reimbursement for expenses incurred in the performance of their duties. The superintendent, and when specifically authorized by the superintendent, examiners, and other employees of the banking division, shall be entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties, and such expenses shall be paid by the treasurer of state on warrants drawn by the director of the department of administrative services.

[C24, 27, 31, 35, 39, §**9144;** C46, 50, 54, 58, 62, 66, §524.16; C71, 73, 75, 77, 79, 81, §524.209]

2003 Acts, ch 145, §286; 2004 Acts, ch 1141, §8

524.210 Insurance and surety bonds.

The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state insuring the faithful performance of examiners and all other employees of the banking division and insuring against any liability which may accrue in the case of the loss of any property of a state bank, of a customer of a state bank, or of any other person in the course of any examination, investigation, or other function required or allowed by the laws of this state. The superintendent shall be bonded in accordance with the provisions of chapter 64.

[C24, 27, 31, 35, 39, §**9138, 9139;** C46, 50, 54, 58, 62, 66, §524.8, 524.9; C71, 73, 75, 77, 79, 81, §524.210]

2004 Acts, ch 1141, §9

524.211 Prohibitions relating to banking division personnel.

1. The superintendent, general counsel, examiners, and other employees assigned to the bank bureau of the banking division are prohibited from obtaining a loan of money or property from a state bank, or any person or entity affiliated with a state bank, unless they do not personally participate in the examination, oversight, or official review concerning the regulation of the state bank.

2. The superintendent, general counsel, examiners, and other employees assigned to the finance bureau of the banking division are prohibited from obtaining a loan of money or property from a person or entity licensed pursuant to chapter 533A, 533D, 536, or 536A, or a person or entity affiliated with such licensee.

3. The superintendent, general counsel, examiners, and other employees of the banking division, who have credit relations with a person or entity licensed or registered pursuant to chapter 535B, 535D, or 536C, are prohibited from participating in decisions, oversight, and official review of matters concerning the regulation of the licensee or registrant.

4. Examiners and other employees assigned to the bank bureau of the banking division who have credit relations with a person or entity licensed pursuant to chapter 533A, 533D, 536, or 536A, or with a person or entity affiliated with such licensee, are prohibited from participating in decisions, oversight, and official review of matters concerning the regulation of the licensee.

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5. An employee of the banking division, other than the superintendent or a member of the state banking council, shall not perform any services for, and shall not be a shareholder, member, partner, owner, director, officer, or employee of, any enterprise, person, or affiliate subject to the regulatory purview of the banking division.

6. For the purposes of this section and section 524.212, an affiliate of a person other than a state bank shall include any corporation, trust, estate, association or other similar organization:

a. Of which such person, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the number of shares voted for the election of its directors, trustees, or other individuals exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees or other individuals exercising similar functions.

b. Of which control is held, directly or indirectly, through share ownership or in any other manner, by the shareholders of such person who own or control either a majority of the shares of such person or more than fifty percent of the number of shares voted for the election of directors of such person at the preceding election or by trustees for the benefit of the shareholders of any such person.

c. Of which a majority of its directors, trustees, or other individuals exercising similar functions are directors of any one such person.

d. Which owns or controls, directly or indirectly, either a majority of the voting shares of such person or more than fifty percent of the total number of shares voted for the election of directors of such person at the preceding election, or controls in any manner the election of a majority of the directors of such person, or for the benefit of whose shareholders or members all or substantially all of the outstanding voting shares of such person is held by trustees.

7. The superintendent, examiners, or other employees who are convicted of a felony while holding such position shall be immediately discharged from employment and shall be forever disqualified from holding any position in the banking division.

8. The superintendent shall not participate in the examination, oversight, or official review concerning the regulation of any state bank or any other enterprise, person, or affiliate subject to the regulatory purview of the banking division of which the superintendent is a shareholder, member, partner, owner, director, officer, or employee. The superintendent shall recuse themselves from participation in any such examination, oversight, or official review and the state banking council shall designate a member who satisfies the qualifications identified in section 524.201, subsection 1, and who is not a shareholder, member, partner, owner, director, officer, or employee of the regulated entity to act in place of the superintendent.

[C97, §1875, 1876; SS15, §1875; C24, 27, 31, 35, 39, §**9146;** C46, 50, 54, 58, 62, 66, §524.18; C71, 73, 75, 77, 79, 81, §524.211; 81 Acts, ch 172, §1]

95 Acts, ch 148, §11 – 13; 96 Acts, ch 1056, §3; 2004 Acts, ch 1141, §10; 2006 Acts, ch 1177, §33; 2007 Acts, ch 88, §3; 2008 Acts, ch 1160, §3; 2011 Acts, ch 102, §1; 2012 Acts, ch 1017, §106; 2022 Acts, ch 1062, §14, 15; 2023 Acts, ch 19, §2026

Referred to in §524.1611

524.212 Prohibition against disclosure of regulatory information.

1. The superintendent, members of the state banking council, general counsel, examiners, or other employees of the banking division shall not disclose, in any manner, to any person other than the person examined and those regulatory agencies referred to in section 524.217, subsection 2, any information relating specifically to the supervision and regulation of any state bank, persons subject to the provisions of chapter 533A, 533C, 533D, 535B, 535D, 536, or 536A, any affiliate of any state bank, or an affiliate of a person subject to the provisions of chapter 533A, 533C, 536, or 536A, except when ordered to do so by a court of competent jurisdiction and then only in those instances referred to in section 524.215, subsection 2, paragraphs *"a"*, *"b"*, *"c"*, *"e"*, and *"f"*.

2. The superintendent may receive documents, materials, or other information, including otherwise confidential and privileged documents, materials, or other information, from other local, state, federal, and international regulatory agencies, the conference of state

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bank supervisors and its affiliates or subsidiaries, the American association of mortgage regulators and its affiliates or subsidiaries, and the national association of consumer credit administrators and its affiliates or subsidiaries, and shall maintain as confidential and privileged any such document, material, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information. With respect to documents, materials, or other information that is shared or stored electronically, the superintendent is authorized to take any necessary steps to ensure the division's information technology systems comply with the information technology security requirements established by any of the regulatory agencies or associations of state regulatory agencies described in this section.

[C31, 35, §9146-c1; C39, §**9146.1;** C46, 50, 54, 58, 62, 66, §524.19; C71, 73, 75, 77, 79, 81, §524.212]

95 Acts, ch 148, §14; 2003 Acts, ch 96, §40, 42; 2004 Acts, ch 1141, §11; 2008 Acts, ch 1031, §56; 2008 Acts, ch 1160, §4; 2011 Acts, ch 102, §2; 2022 Acts, ch 1062, §16

Referred to in §524.211, 524.1611

524.213 Duties and powers of superintendent.

The superintendent shall have general control, supervision, and regulation of all state banks and shall be charged with the administration, interpretation, and execution of the laws, rules, and regulations of this state and any other state or federal law or regulation relating to banks and banking and with such other duties and responsibilities as are imposed upon the superintendent by the laws of this state. The superintendent shall have power to adopt and promulgate such rules and regulations as necessary to carry out and enforce, properly and effectively, the provisions of this chapter and chapter 12C applicable to banks.

[C24, 27, 31, 35, 39, §**9140;** C46, 50, 54, 58, 62, 66, §524.10; C71, 73, 75, 77, 79, 81, §524.213]

2002 Acts, ch 1096, §15, 17; 2010 Acts, ch 1028, §6; 2017 Acts, ch 138, §1

524.214 Subpoena — contempt.

1. The superintendent and, upon the approval of the superintendent, any examiner or other employees of the banking division shall have the power to subpoena witnesses, to compel their attendance, to administer an oath, to examine any person under oath and to require the production of any relevant books or papers. Such examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the superintendent under the provisions of this chapter or any other chapter administered by the superintendent.

2. Whenever any person subpoenaed pursuant to subsection 1 of this section neglects or refuses to obey the terms of such subpoena, to produce books or papers or to give testimony, as required, the superintendent may apply to the district court of Polk county for the enforcement of such subpoena or the issuance of an order compelling such compliance as the court may direct.

3. The refusal of any person to obey an order of the district court, issued pursuant to subsection 2 of this section, without reasonable cause, shall be considered a contempt of that court.

[C97, §1877; S13, §1871; C24, 27, 31, 35, 39, §**9226, 9236;** C46, 50, 54, 58, 62, 66, §528.20, 528.30; C71, 73, 75, 77, 79, 81, §524.214]

2004 Acts, ch 1141, §12; 2007 Acts, ch 88, §4

Referred to in §524.217

524.215 Records of division of banking.

1. All records of the division of banking shall be public records subject to the provisions of chapter 22, except that all papers, documents, reports, reports of examinations, and other writings relating specifically to the supervision and regulation of any state bank or other person by the superintendent pursuant to the laws of this state shall not be public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

2. The superintendent, members of the state banking council, examiners, or other employees of the banking division shall not be subpoenaed in any cause or proceeding to give testimony concerning information relating specifically to the supervision and regulation

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of any state bank or other person by the superintendent pursuant to the laws of this state, and the records of the banking division which relate specifically to the supervision and regulation of any such state bank or other such person shall not be offered in evidence in any court or subject to subpoena by any party except, where relevant:

a. In such actions or proceedings as are brought by the superintendent.

b. In any matter in which an interested and proper party seeks review of a decision of the superintendent.

c. In any action or proceeding which arises out of the criminal provisions of the laws of this state or the United States.

d. In any action brought as a shareholders derivative suit against a state bank or other entity regulated by the superintendent.

e. In an action brought to recover moneys for a loss in connection with an indemnity bond which was a result of embezzlement, misappropriation, or misuse of state bank funds by a director, officer, or employee of the state bank.

f. In an action brought to recover moneys for a loss in connection with an indemnity bond which was a result of embezzlement, misappropriation, or misuse of funds, belonging to an entity regulated by the superintendent, by a director, officer, or employee of the entity.

[C31, 35, §9146-c1; C39, §**9146.1;** C46, 50, 54, 58, 62, 66, §524.19; C71, 73, 75, 77, 79, 81, §524.215]

95 Acts, ch 148, §15; 96 Acts, ch 1056, §4; 2004 Acts, ch 1141, §13; 2007 Acts, ch 88, §5, 6; 2016 Acts, ch 1011, §100

Referred to in §524.212

524.215A Preservation of division of banking records.

1. The division of banking may preserve records, papers, or documents kept by the division or in the possession or custody of the division by any of the following means:

a. Photographing or microphotographing, or otherwise reproducing upon film.

b. Preserving in any electronic medium or format capable of being read or scanned by computer and capable of being reproduced by printing or by any other form of reproduction of electronically stored data.

2. Photographs, microphotographs, or photographic films or copies thereof, or reproductions of electronically stored data, created pursuant to subsection 1 shall be deemed to be an original record for all purposes, including introduction in evidence in all state and federal courts or administrative hearings, and shall be admissible to prove any act, transaction, occurrence, or event therein recorded.

3. Photographs, microphotographs, or photographic films or copies thereof, or reproductions of electronically stored data, created pursuant to subsection 1 shall be preserved in such manner as the division prescribes, and the original photographs, microphotographs, photographic films, copies, and reproductions may be destroyed or otherwise disposed of as the division directs.

4. The division of banking may adopt a record retention policy authorizing the division to destroy communications received by electronic mail that are more than six months old.

2007 Acts, ch 170, §1; 2010 Acts, ch 1028, §7

524.216 Annual report of superintendent.

1. The superintendent shall make a report in writing annually to the governor in the manner and within the time required by chapter 7A.

2. In addition to the matters required by chapter 7A, the annual report of the superintendent shall contain:

a. A summary of applications approved or denied by the superintendent pursuant to this chapter since the superintendent's last previous report.

b. A summary of the assets, liabilities, and capital structure of all state banks as of June 30 of the year for which the report is made.

c. A statement of the receipts and disbursements of funds of the superintendent during the fiscal year ending on the preceding June 30 and of the funds on hand on such June 30.

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d. Such other information as the superintendent may deem appropriate and advisable to fairly disclose the discharge of the duties imposed upon the superintendent by this chapter.

[C97, §1881; C24, 27, 31, 35, 39, §**9148;** C46, 50, 54, 58, 62, 66, §524.21; C71, 73, 75, 77, 79, 81, §524.216]

2004 Acts, ch 1141, §14; 2007 Acts, ch 88, §7; 2008 Acts, ch 1160, §5; 2012 Acts, ch 1017, §107

524.217 Examinations.

1. The superintendent may do all of the following:

a. Make or cause to be made an examination of every state bank and trust company whenever in the superintendent's judgment such examination is necessary or advisable, but in no event less frequently than once during each two-year period by either the banking division or the appropriate federal banking agency. During the course of each examination of a state bank or trust company, inquiry shall be made as to its financial condition, the security afforded to those to whom it is obligated, the policies of its management, whether the requirements of law have been complied with in the administration of its affairs, and such other matters as the superintendent may prescribe.

b. Make or cause to be made such limited examinations at such times and with such frequency as the superintendent deems necessary and advisable to determine the condition of any state bank or trust company and whether any person has violated any of the provisions of this chapter.

c. Make or cause to be made an examination of any corporation in which the state bank or trust company owns shares.

d. Upon application to and order of the district court of Polk county, make or cause to be made an examination of any person having business transactions or a relationship with any state bank or trust company when such examination is deemed necessary and advisable in order to determine whether the capital of the state bank or trust company is impaired or whether the safety of its deposits has been imperiled. The fee for any such examination shall be paid by the state bank or trust company.

e. To the extent necessary for the purpose of any examination provided for by this section and section 524.1105, examine all relevant books, records, accounts, and documents and compel the production of the same in the manner prescribed by section 524.214.

2. The superintendent may furnish to the federal deposit insurance corporation, the federal reserve system, the United States department of the treasury, the national credit union administration, the federal home loan bank, and financial institution regulatory authorities of other states, or to any official or supervising examiner of such regulatory authorities, a copy of the report of any or all examinations made of any state bank and of any affiliate of a state bank.

3. A copy of the report of each examination of a state bank or trust company shall be transmitted by the superintendent to the board of directors of the state bank or trust company except to the extent that the report of any such examination may be confidential to the superintendent, and each member of the board of directors shall furnish to the superintendent, on forms to be supplied by the superintendent, a statement that the member has read the report of examination.

4. All reports of examinations, including any copies of such reports, in the possession of any person other than the superintendent or employee of the banking division, including any state bank or any agency to which any report of such examination may be furnished under subsection 2, shall be confidential communications, shall not be subject to subpoena from such persons, and shall not be published or made public by such persons.

5. The report of examination of any affiliate or of any person examined as provided for in subsection 1, paragraph "*c*" or "*d*", shall not be transmitted by the superintendent to any such affiliate or person or to any state bank or trust company or to the board of directors of any state bank or trust company unless authorized or requested by such affiliate or person.

6. The superintendent may enter into contractual agreements with other state regulators of financial institutions to share examiners or to assist in each state's respective examinations or other supervisory activities. A contractual agreement pursuant to this section may

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provide for reimbursement to the state providing assistance. The division of banking shall be reimbursed for any costs incurred when providing services to other states pursuant to this subsection. Any division of banking personnel assisting another state with its examinations or other supervisory activities shall be covered by the provisions of the other state's tort claims act, to the extent permitted by the laws of the other state. If the law of the other state does not extend coverage to the division of banking personnel working on the other state's examinations or other supervisory activities, the provisions of chapter 669 shall apply.

[R60, §1637; C73, §1571; C97, §1873; S13, §1873; C24, 27, 31, 35, §9231, 9283-g4; C39, §**9231, 9283.47;** C46, 50, 54, 58, 62, 66, §528.25, 530.4; C71, 73, 75, 77, 79, 81, §524.217]

89 Acts, ch 257, §5; 90 Acts, ch 1228, §2; 92 Acts, ch 1161, §1; 95 Acts, ch 148, §16; 2004 Acts, ch 1141, §15; 2006 Acts, ch 1015, §2; 2007 Acts, ch 170, §2, 3; 2022 Acts, ch 1062, §17

Referred to in §524.212, 524.218, 524.219, 537.2305

524.218 Regulation and examination of service providers.

1. Whenever a state bank, or any subsidiary or affiliate of a state bank that is subject to examination by the superintendent, causes to be performed for itself, by contract or otherwise, a covered service, such performance shall be subject to regulation and examination by the superintendent to the same extent as if the covered service was being performed by the state bank itself.

2. For purposes of this section, "*covered service*" means and includes all of the following:

a. Data processing services.

b. Activities that support financial services, including but not limited to lending, funds transfer, payment processing, fiduciary activities, trading activities, and deposit taking.

c. Internet-related services, including but not limited to web services and electronic bill payments, mobile applications, system and software development and maintenance, and security monitoring.

d. Activities related to the business of banking.

3. The superintendent may, in the superintendent's discretion, accept examinations authorized or required to be conducted by this section, which are made by other state or federal financial regulatory agencies listed in section 524.217, subsection 2, in lieu of any examination authorized or required under the laws of this state.

[C71, 73, 75, 77, 79, 81, §524.218; 81 Acts, ch 173, §9]

2004 Acts, ch 1141, §16; 2022 Acts, ch 1062, §18

Referred to in §524.901

524.219 Fees.

1. A state bank subject to examination, supervision, and regulation by the superintendent shall pay to the superintendent fees, established by the superintendent, based on the costs and expenses incurred in the discharge of the duties imposed upon the superintendent by this chapter. The fees shall include but are not limited to costs and expenses for salaries, expenses and travel for employees, office facilities, supplies, and equipment.

2. The fees for examination of any affiliate of a state bank as provided for in section 524.1105, and the examinations provided for in section 524.217, subsection 1, paragraphs "*c*" and "*d*", shall be established by the superintendent, based on the time required for the examination and the administrative costs and expenses incurred in the discharge of the duties imposed upon the superintendent by this chapter. The fees shall include but not be limited to costs and expenses for salaries, expenses and travel for employees, office facilities, supplies, and equipment.

3. Failure to pay the amount of the fees to the superintendent within ten days after the date of billing shall subject the state bank or any affiliate of a state bank to an additional charge equal to five percent of the amount of the fees for each day the payment is delinquent.

[C97, §1875, 1876, 1877; SS15, §1875; C24, 27, 31, 35, 39, §**9143, 9150, 9237;** C46, 50, 54, 58, 62, 66, §524.15, 524.23, 528.31; C71, 73, 75, 77, 79, 81, §524.219]

86 Acts, ch 1246, §617; 95 Acts, ch 148, §17; 2004 Acts, ch 1141, §17

524.220 Reports to superintendent.

1. A state bank shall, upon request, render a full, clear, and accurate statement of its

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condition to the superintendent, in a format prescribed by the superintendent, verified by the oath of two of its officers, and attested by at least two of the directors. The superintendent may, in the superintendent's discretion, use any form of statement of condition that is used by the federal deposit insurance corporation or the federal reserve system, and the superintendent may rely on a statement of condition a state bank submits to the federal deposit insurance corporation or the federal reserve system.

2. The statement shall be transmitted to the superintendent or the superintendent's designee within thirty days after the end of each calendar quarter.

3. The superintendent shall also have power to call for special reports from a state bank whenever in the superintendent's judgment the same are necessary in order to obtain a full and complete knowledge of its condition. Such reports shall be verified and attested in the same manner as required in subsection 1 of this section.

[R60, §1636, 1637; C73, §1570, 1571; C97, §1872, 1873, 1874; S13, §1873, 1889-m; C24, 27, 31, 35, 39, §**9228, 9229, 9231, 9232, 9234, 9305;** C46, 50, 54, 58, §528.22, 528.23, 528.25, 528.26, 528.28, 532.20; C62, 66, §528.22, 528.23, 528.25, 528.26, 528.28; C71, 73, 75, 77, 79, 81, §524.220]

95 Acts, ch 148, §18; 96 Acts, ch 1056, §5; 2006 Acts, ch 1015, §3, 4; 2022 Acts, ch 1062, §19

Referred to in §524.103

524.221 Preservation of bank records — statute of limitations.

1. *a.* A state bank is not required to preserve its records for a period longer than seven years after the first day of January of the year following the time of the making or filing of such records, provided, however, that account records showing unpaid balances due to depositors shall not be destroyed. A copy of an original may be kept in lieu of any such original record. For purposes of this subsection, a copy includes any duplicate, rerecording or reproduction of an original record from any photograph, photostat, microfilm, microcard, miniature or microphotograph, computer printout, electronically stored data or image, or other process which accurately reproduces or forms a durable medium for accurately and legibly reproducing an unaltered image or reproduction of the original record.

b. A copy is deemed to be an original and shall be treated as an original record in a judicial or administrative proceeding for purposes of admissibility in evidence. A facsimile, exemplification, or certified copy of any such copy reproduced from a film record is deemed to be a facsimile, exemplification, or certified copy of the original. A printout or other tangible output readable by sight shown to accurately reflect data contained in a promissory note, negotiable instrument, or letter of credit, which contains a signature made or created by electronic or digital means such that it is stored by a computer or similar device, is deemed to be an original of such note, instrument, or letter for purposes of presenting such note, instrument, or letter for payment, acceptance, or honor, or for purposes of a judicial proceeding involving a claim based upon such note, instrument, or letter.

2. All causes of action, other than actions for relief on the grounds of fraud or mistake, against a state bank based upon a claim or claims founded on a written contract, or a claim or claims inconsistent with an entry or entries in a state bank record, made in the regular course of business, shall be deemed to have accrued, and shall accrue for the purpose of the statute of limitations one year after the breach or failure of performance of a written contract, or one year after the date of such entry or entries. No action founded upon such a cause may be brought after the expiration of six years from the date of such accrual.

3. The provisions of this section, insofar as applicable, shall apply to the records of a national bank, a federal savings association, or an out-of-state bank.

[C50, 54, 58, 62, 66, §528A.1 – 528A.5; C71, 73, 75, 77, 79, 81, §524.221]

91 Acts, ch 95, §1; 99 Acts, ch 34, §1; 2011 Acts, ch 87, §1, 2; 2012 Acts, ch 1023, §81; 2022 Acts, ch 1062, §20

Referred to in §524.1314

524.222 Meetings of the board of directors called by superintendent.

1. Whenever the superintendent deems it necessary and advisable the superintendent may cause a meeting of the board of directors of a state bank to be held in such manner and at

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such time and place as the superintendent may direct. Any report of an examination required or allowed by this chapter, any conclusions drawn therefrom by the superintendent, any recommendations made relative thereto and any other matters concerning the operation and condition of the state bank may be presented to the board of directors by the superintendent. The state bank shall cause the recommendations of the superintendent to be recorded in the minutes of the board of directors of the state bank.

2. Each member of the board of directors shall furnish to the superintendent a statement, on forms to be supplied by the superintendent, that the member has read and is familiar with the recommendations of the superintendent.

[C71, 73, 75, 77, 79, 81, §524.222]

2018 Acts, ch 1041, §127

524.223 Power of superintendent to issue orders.

1. Whenever it shall appear to the superintendent that a state bank, or any director, officer, employee, or substantial shareholder of the state bank, is engaging or has engaged, or the superintendent has reasonable cause to believe that the state bank, director, officer, employee, or substantial shareholder is about to engage, in an unsafe or unsound practice in conducting the business of such state bank, or is violating or has violated, or the superintendent has reasonable cause to believe that the state bank, director, officer, employee, or substantial shareholder is about to violate, any provision of this chapter or of any regulation adopted pursuant to this chapter, or any condition imposed in writing by the superintendent in connection with the approval of any matter required by this chapter, or any written agreement entered into with the superintendent, or any provision of chapter 12C or any rules adopted pursuant to chapter 12C, the superintendent may issue and serve upon the state bank, director, officer, employee, or substantial shareholder a notice containing a statement of the facts constituting the alleged violation or violations, or the unsafe or unsound practice or practices, and fixing a time and place at which a hearing will be held to determine whether an order to cease and desist should be issued to the state bank, director, officer, employee, or substantial shareholder.

2. If the state bank, director, officer, employee, or substantial shareholder fails to appear at the hearing, it shall be deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at such hearing, the superintendent shall find that any violation or unsafe or unsound practice specified in the notice has been established, the superintendent may issue and serve upon the state bank, director, officer, employee, or substantial shareholder an order to cease and desist from any such violation or practice. Such order may require the state bank and its directors, officers, employees, and shareholders to cease and desist from any such violation or practice and, further, to take affirmative action to correct the conditions resulting from any such violation or practice. In addition, if the violation or practice involves a failure to comply with chapter 12C or any rules adopted pursuant to chapter 12C, the superintendent may require that during the current calendar quarter and up to the next succeeding eight calendar quarters that the bank do any one or more of the following:

a. Not accept public funds deposits.

b. Return to the depositors some or all uninsured public funds held in demand deposits and, when deposit instruments or agreements mature, return to the depositors some or all deposits representing proceeds of such instruments or agreements.

c. Pledge collateral to the treasurer of state having a value at all times up to one hundred ten percent of the public funds held by the bank.

d. Comply with such other requirements as the superintendent may impose.

3. Any order issued pursuant to this section shall become effective upon service of the order on the state bank, director, officer, employee, or substantial shareholder and shall remain effective except to such extent that it is stayed, modified, terminated, or set aside by action of the superintendent or of the district court of Polk county.

4. The superintendent may apply to the district court of Polk county for the enforcement of any order pursuant to this section and such court shall have jurisdiction and power to order and require compliance.

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5. For purposes of this section, *"substantial shareholder"* means a shareholder exercising a controlling influence over the management or policies of a state bank as determined by the superintendent.

[C73, §1572; C97, §1877; C24, 27, 31, 35, 39, §**9235;** C46, 50, 54, 58, 62, 66, §528.29; C71, 73, 75, 77, 79, 81, §524.223]

2002 Acts, ch 1096, §16, 17; 2022 Acts, ch 1062, §21; 2024 Acts, ch 1170, §343; 2025 Acts, ch 35, §3

Referred to in §524.228

524.224 Grounds for order to cease business — appointment of receiver.

1. The superintendent may, without prior notice or hearings, order a state bank to cease to carry on its business whenever the superintendent determines that:

a. The state bank has violated its articles of incorporation or any law of this state.

b. The capital of the state bank is impaired.

c. The state bank is conducting its business in an unsafe or unsound manner.

d. The state bank is insolvent or is otherwise in such condition that it is unsound, unsafe, or inexpedient for it to transact business.

e. The state bank has suspended or refused payment of its deposits or other liabilities contrary to the terms thereof, or the superintendent determines the state bank is unlikely to be able to pay its deposits or other liabilities in the near future.

f. The state bank refuses to make its records available to the superintendent for examination or otherwise refuses to make available, through an officer or employee having knowledge thereof, information required by the superintendent for the proper discharge of the duties of the superintendent's office.

g. The state bank neglects or refuses to observe any order of the superintendent made pursuant to the provisions of this chapter, unless the enforcement of such order is stayed in a proceeding brought by the state bank.

h. The state bank has not transacted any business or performed any of the duties, contemplated by its authorization to do business, for a period of thirty days.

2. Upon ordering a state bank to cease to carry on its business, the superintendent shall immediately appoint the federal deposit insurance corporation as receiver pursuant to section 524.1310.

[C73, §1572; C97, §1877; C24, 27, 31, 35, §9283-e1, -e2, -e3, -e4; C39, §**9235, 9285.05 – 9285.08;** C46, 50, 54, 58, 62, 66, §528.29, 528.90 – 528.93; C71, 73, 75, 77, 79, 81, §524.224]

95 Acts, ch 148, §19; 2012 Acts, ch 1023, §157; 2022 Acts, ch 1062, §22

Referred to in §524.225, 524.230, 524.1310

524.225 Procedures — judicial review.

Judicial review of the actions of the superintendent may be sought in accordance with chapter 17A. However, contested case provisions of chapter 17A, the Iowa administrative procedure Act, do not apply to an action by the superintendent to order a state bank to cease to carry on its business and to appoint a receiver, as authorized by section 524.224.

[C71, 73, 75, 77, 79, 81, §524.225]

89 Acts, ch 257, §6; 2022 Acts, ch 1062, §23

524.226 Management of state bank by superintendent. Repealed by 2022 Acts, ch 1062, §145. See §524.230.

524.227 Enforcement of Iowa consumer credit code.

1. The superintendent shall enforce the Iowa consumer credit code, chapter 537, with respect to banks, as provided in sections 537.2303, 537.2305, and 537.6105.

2. The superintendent shall cooperate with the administrator, and shall assist the administrator whenever necessary to provide for the discharge of the duties of the administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall authorize to be furnished to the administrator, access to or copies of records in the

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possession of the superintendent or other persons which relate to a bank when necessary to enable the administrator to enforce chapter 537.

4. The superintendent shall make an annual report in writing to the administrator. A copy of the report shall be furnished at cost by the superintendent to each bank or other person upon request. The annual report shall contain:

a. A summary of applications to engage in the business of banking approved or denied by the superintendent since the last report.

b. An estimate of the disbursements of agency funds for consumer credit protection during the calendar year ending the preceding December 31.

c. Information which the superintendent may deem appropriate and advisable to disclose.

d. Information which the administrator may require to be included.

[C75, 77, 79, 81, §524.227]

91 Acts, ch 118, §1; 2003 Acts, ch 44, §114

524.228 Emergency cease and desist order — final order — suspension.

1. If it appears to the superintendent that a state bank, or any director, officer, employee, or substantial shareholder of the state bank is engaging in or is about to engage in an unsafe or unsound practice or dishonest act in conducting the business of the state bank that is likely to cause insolvency or substantial dissipation of assets or earnings of the state bank, or is likely to seriously weaken the condition of the state bank or otherwise seriously prejudice the interests of its depositors prior to the completion of the proceedings conducted pursuant to section 524.223, 524.606, subsection 2, or 524.707, subsection 2, the superintendent may issue an emergency order requiring the state bank, director, officer, employee, or substantial shareholder to cease and desist from any such practice or act, and to take affirmative action, including suspension of the director, officer, or employee to prevent such insolvency, dissipation, condition, or prejudice pending completion of the proceedings. The emergency order becomes effective upon service upon the state bank, or upon the director, officer, employee, or substantial shareholder of the state bank. Unless set aside, limited, or suspended by a court as provided in this chapter, the emergency order remains effective and enforceable pending the completion of the administrative proceedings pursuant to the emergency order and until such time as the superintendent dismisses the charges specified in the emergency order. If a final cease and desist order is issued against the state bank or the director, officer, employee, or substantial shareholder, the emergency order remains in effect until the effective date of the final order.

2. Within ten days after the state bank concerned or any director, officer, employee, or substantial shareholder is served with an emergency order, the state bank or such director, officer, employee, or substantial shareholder may apply to the district court of Polk county for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such emergency order pending the completion of the administrative proceedings. If serious prejudice to the interests of the superintendent, the state bank, the officer, director, employee, or substantial shareholder would result from such hearing, the court may order the judicial proceeding to be conducted in camera.

3. The emergency order shall contain a concise statement of the facts constituting the alleged unsafe or unsound practice or alleged dishonest act, and shall fix a time and place at which a hearing will be held to determine whether a final order to cease and desist should issue against the state bank or any director, officer, employee, or substantial shareholder. The hearing shall be fixed for a date not later than thirty days after service of the emergency order unless a later date is set at the request of the party so served. If the state bank, or the director, officer, employee, or substantial shareholder fails to appear at the hearing, the state bank, or the director, officer, employee, or substantial shareholder is deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at the hearing the superintendent finds that any unsafe or unsound practice or dishonest act specified in the emergency order has been established, the superintendent may issue and serve upon the state bank, or the director, officer, employee, or substantial shareholder a final order to cease and desist from any such practice or act. The order may require the state bank, or the director, officer, employee, or substantial shareholder to cease

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and desist from any such practice or act and, further, to take affirmative action, including suspension of the director, officer, or employee.

4. A hearing provided for in this section shall be presided over by an administrative law judge appointed in accordance with section 17A.11. The hearing shall be private, unless the superintendent determines after full consideration of the views of the party afforded the hearing, that a public hearing is necessary to protect the public interest. After the hearing, and within thirty days after the case has been submitted for decision, the superintendent shall review the proposed order of the administrative law judge and render a final decision, including findings of fact upon which the decision is predicated, and issue and serve upon each party to the proceeding an order consistent with this section.

5. Any final order issued by the superintendent pursuant to subsection 3 becomes effective upon service of the final order on the state bank, director, officer, employee, or substantial shareholder and shall remain effective except to the extent that it is stayed, modified, terminated, or set aside by action of the superintendent or of the district court of Polk county in accordance with the terms of chapter 17A.

6. In the case of violation or threatened violation of, or failure to obey, an emergency order issued pursuant to subsection 1 or a final order issued pursuant to subsection 3, the superintendent may apply to the district court of Polk county for the enforcement of the order and such court shall have jurisdiction and power to order and require compliance with the emergency order or final order.

7. For purposes of this section, "*substantial shareholder*" means a shareholder exercising a controlling influence over the management or policies of a state bank as determined by the superintendent.

91 Acts, ch 220, §2; 2022 Acts, ch 1062, §24; 2023 Acts, ch 66, §131

524.229 Emergency powers of superintendent.

Whenever the superintendent determines that an emergency affecting one or more state-chartered banks or bank offices exists, or is impending, in this state or in any part or parts of this state, the superintendent may temporarily suspend applicable rules or statutes to the extent necessary to allow the affected bank or banks to respond to the emergency.

2008 Acts, ch 1160, §6

524.230 Superintendent authority — supervision of state bank.

1. The superintendent may, by order and without prior notice, appoint a supervisor for a state bank if the superintendent determines that the state bank is in an unsafe and unsound condition and an order of supervision is necessary to protect the best interests of the state bank, its depositors, creditors, shareholders, or the public.

2. A state bank that is under an order of supervision shall not, without the prior approval of the superintendent or the supervisor, unless otherwise permitted by the order of supervision, do any of the following:

a. Dispose of, sell, transfer, convey, or encumber the state bank's assets.

b. Lend or invest the state bank's money.

c. Incur a debt, liability, or obligation.

d. Pay a cash dividend.

e. Remove an executive officer or director, effect any change in the positions of executive officer or director, or change the number of executive officers or directors.

3. The superintendent may serve as supervisor of a state bank or may appoint as supervisor any person, including an employee of the banking division, who the superintendent determines is qualified for the position.

4. The superintendent, during the period of supervision of the state bank, may require reimbursement by the state bank to the extent of the reasonable expenses attributable to the service of a supervisor, including costs incurred by the division of banking and expenses of the supervisor and any professional employees appointed to assist or represent the supervisor.

5. A supervisor appointed pursuant to this section shall serve until the date specified in the order of supervision or the date when the superintendent determines that the conditions

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necessary to terminate the order have been satisfied, whichever is earlier. The superintendent may terminate an order of supervision at any time.

6. When a state bank has adequately addressed the conditions that necessitated the order of supervision, the superintendent shall return the state bank to its former or new management under conditions reasonable and necessary to prevent a recurrence of the conditions that caused the order of supervision.

7. The superintendent, at any time during the period of supervision of a state bank, may order the state bank to cease to carry on its business in accordance with the provisions of section 524.224. Notwithstanding any other provision of law to the contrary, the banking division, the superintendent, the examiners, and all other employees of the banking division shall not be liable to any person if a state bank subject to a supervision order pursuant to this section ceases to carry on the business of banking pursuant to section 524.224 or closes or fails pursuant to any applicable provision of federal law.

2022 Acts, ch 1062, §25

524.231 through 524.300 Reserved.

SUBCHAPTER III

INCORPORATION

524.301 Incorporators.

A state bank may be incorporated under this chapter by one or more individuals eighteen years of age or older, a majority of whom shall be residents of this state and citizens of the United States.

[C97, §1840, 1863; C24, 27, 31, 35, 39, §**9155, 9204;** C46, 50, 54, 58, 62, 66, §526.1, 527.3; C71, 73, 75, 77, 79, 81, §524.301]

95 Acts, ch 148, §20; 2004 Acts, ch 1141, §49; 2022 Acts, ch 1062, §26

524.302 Articles of incorporation.

1. The articles of incorporation of a state bank, in the form prescribed by the superintendent, must set forth all of the following:

a. The name of the state bank, that it is incorporated for the purpose of conducting the business of banking, and that it is incorporated under the provisions of this chapter.

b. The physical address of its proposed principal place of business including the name of the municipal corporation, if any, and county.

c. The duration of the state bank which shall be perpetual.

d. (1) If the state bank will be a stock corporation, the aggregate number of common and preferred shares which the state bank shall have authority to issue and the par value of such shares. If such shares are to be divided into classes or series, the number of shares of each class or series and a statement of the par value of the shares of each class or series.

(2) If the state bank will be a mutual corporation, that the corporation will be a mutual corporation.

e. The number of directors constituting the initial board of directors and the names and addresses of the individuals who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualify.

f. The name and address of each incorporator.

g. The specific month in which the annual meeting of shareholders is to be held.

2. The articles of incorporation may set forth any or all of the following:

a. Provisions not inconsistent with law regarding:

(1) Managing the business and regulating the affairs of the corporation.

(2) Defining, limiting, and regulating the affairs of the corporation.

b. Any provision required or permitted by this chapter to be set forth in the bylaws.

c. A provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided

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that the provision does not eliminate or limit the liability of a director for any breach of the director's duty of loyalty to the corporation or its shareholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, for any transaction from which the director derives an improper personal benefit, or under section 524.605, subsection 1, paragraph *"a"* or *"b"*. A provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

3. The articles of incorporation need not set forth any of the corporate powers enumerated in this chapter. The articles of incorporation shall be signed by all of the incorporators.

[C97, §1842, 1863; S13, §1842; C24, 27, 31, 35, 39, §**9157, 9204;** C46, 50, 54, 58, 62, 66, §526.3, 527.3; C71, 73, 75, 77, 79, 81, §524.302]

84 Acts, ch 1032, §1; 87 Acts, ch 212, §12; 88 Acts, ch 1170, §10; 89 Acts, ch 257, §7, 8; 95 Acts, ch 148, §21; 96 Acts, ch 1056, §6; 2012 Acts, ch 1017, §5, 18; 2012 Acts, ch 1023, §155; 2022 Acts, ch 1062, §27, 28; 2023 Acts, ch 64, §87

Referred to in §524.527, 524.1411, 524.1508

524.302A Articles of incorporation — limited liability company. Repealed by 2022 Acts, ch 1062, §145.

524.303 Application for approval.

The incorporators or organizers shall make an application to the superintendent for approval of a proposed state bank in the manner prescribed by the superintendent and shall deliver to the superintendent, together with such application:

1. The articles of incorporation.

2. Applicable fees, payable to the secretary of state as specified in section 490.122 for filing articles of incorporation or section 489.122 for filing a certificate of organization.

[C97, §1842, 1863; S13, §1842; C24, 27, 31, 35, §9140-c1; C39, §**9140.1, 9158, 9205;** C46, 50, 54, 58, 62, 66, §524.11, 526.4, 527.4; C71, 73, 75, 77, 79, 81, §524.303]

90 Acts, ch 1205, §37; 95 Acts, ch 148, §22; 2004 Acts, ch 1141, §51; 2008 Acts, ch 1162, §147, 154, 155; 2022 Acts, ch 1062, §29; 2023 Acts, ch 152, §158, 161

Referred to in §9.11

524.304 Publication of notice.

1. The incorporators or organizers of a state bank shall, within thirty days of the acceptance of the application for processing, publish notice of the proposed incorporation or organization in a newspaper of general circulation published in the municipal corporation which is proposed as the principal place of business of the state bank, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the proposed state bank is to have its principal place of business. The notice shall set forth all of the following:

a. The name of the proposed state bank.

b. A statement that it is to be incorporated or organized under this chapter.

c. The purpose or purposes of the state bank.

d. The names and addresses of the incorporators or organizers and of the members of the initial board of directors or board of directors as they appear, or will appear, in the articles of incorporation.

e. The date the application was accepted for processing.

f. If the incorporation or organization of the state bank has been approved by the superintendent under section 524.305, subsection 8, the name and address of the bank with which the state bank will have merged, or the assets of which the state bank will have acquired or the condition of which in some other way provided a purpose for the incorporation or organization.

2. Proof of publication of the notice by affidavit of the publisher of the newspaper in which

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the notice appears shall be filed with the superintendent and is conclusive evidence of the publication.

[C97, §1842, 1863; S13, §1842; C24, 27, 31, 35, 39, §**9159, 9205;** C46, 50, 54, 58, 62, 66, §526.5, 527.4; C71, 73, 75, 77, 79, 81, §524.304]

95 Acts, ch 148, §23; 2004 Acts, ch 1141, §52; 2022 Acts, ch 1062, §30

Referred to in §524.305

524.305 Approval by superintendent.

1. Upon receipt of an application for approval of a state bank, the superintendent shall conduct an investigation as the superintendent deems necessary to ascertain whether:

a. The articles of incorporation and supporting items satisfy the requirements of this chapter.

b. The convenience and needs of the public will be served by the proposed state bank, including by accepting deposits from, lending money in, and processing payments in the area the proposed state bank will primarily serve.

c. The population density or other economic characteristics of the area primarily to be served by the proposed state bank afford reasonable promise of adequate support for the state bank.

d. The character and fitness of the incorporators or organizers and of the members of the initial board of directors are such as to command the confidence of the community and to warrant the belief that the business of the proposed state bank will be honestly and efficiently conducted.

e. The capital structure of the proposed state bank is adequate in relation to the amount of the anticipated business of the state bank and the safety of prospective depositors.

f. The proposed state bank will have sufficient personnel with adequate knowledge and experience to conduct the business of the state bank, and to administer fiduciary accounts, if the state bank is to be authorized to act in a fiduciary capacity.

2. Within one hundred eighty days after the application is accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation.

3. Within thirty days after the date of the publication of the notice required under section 524.304, any interested person may submit written comments and information to the superintendent concerning the application. Comments challenging the legality of an application must be submitted separately in writing. The superintendent may extend the thirty-day comment period, if, in the judgment of the superintendent, extenuating circumstances which justify the extension exist.

4. Within thirty days after the date of the publication of the notice required by section 524.304, any interested person may submit a written request of the superintendent for a hearing on the application. The request shall state the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the superintendent. If the reasons are related to factual disputes, the disputes shall be described. A written request for a hearing shall be evaluated by the superintendent, who may grant or deny the request in whole or in part. A hearing request shall generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the superintendent.

5. If a request for a hearing is denied, the superintendent shall notify the applicant and all interested persons and shall state the reasons for the denial. An interested person may submit additional written comments or information on the application to the superintendent, with copies to the applicant at the time of submission to the superintendent, within fourteen days after the date of the notice of denial. The applicant shall be provided an additional seven days, after the fourteen-day deadline has expired, within which to respond to any comments submitted within the fourteen-day period after the notice of denial. The superintendent may waive this seven-day period if requested by the applicant. A copy of any response submitted by the applicant shall also be mailed by the applicant to the interested persons at the time the response is submitted to the superintendent.

6. If the superintendent approves the application, the superintendent shall notify

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the incorporators or organizers, and such other persons who requested in writing that they be notified, of the approval. If the superintendent disapproves the application, the superintendent shall notify the incorporators or organizers of the action and the reason for the decision.

7. The actions of the superintendent shall be subject to judicial review in accordance with chapter 17A. The court may award damages to the incorporators or organizers if it finds that review is sought frivolously or in bad faith.

8. Subsections 3, 4, and 5 shall not apply if the superintendent finds that one of the purposes of the proposed state bank is the merger with, or the purchase of some or all of the assets of and assumption of some or all of the liabilities of, a bank for which a receiver has been appointed or which has been ordered, by authorities of this state or the United States, to cease to carry on its business, or if the superintendent finds for any other reason that immediate action on the pending application is advisable in order to protect the interests of depositors or the assets of any other bank.

9. As a condition of receiving the decision of the superintendent with respect to the application, the incorporators or organizers shall reimburse the superintendent for all expenses incurred by the superintendent in connection with the application.

[C24, 27, 31, 35, §9140-c1, 9141, 9142; C39, §**9140.1, 9141, 9142;** C46, 50, 54, 58, 62, 66, §524.11, 524.12, 524.13; C71, 73, 75, 77, 79, 81, §524.305]

92 Acts, ch 1161, §2; 95 Acts, ch 148, §24; 2004 Acts, ch 1141, §53, 54; 2022 Acts, ch 1062, §31, 32

Referred to in §524.304, 524.312, 524.1001, 533.305

524.306 Incorporation or organization of state bank.

1. Unless a delayed effective date or time is specified, the corporate or organizational existence of a state bank begins when the articles of incorporation, with the superintendent's approval indicated on the articles of incorporation, are filed with the secretary of state.

2. The secretary of state's filing of the articles of incorporation is conclusive proof that the incorporators or organizers satisfied all conditions precedent to incorporation or organization, except in a proceeding instituted by the superintendent to cancel or revoke the incorporation or involuntarily dissolve the corporation or organization.

[C97, §1842, 1863; S13, §1842; C24, 27, 31, 35, 39, §**9158, 9205;** C46, 50, 54, 58, 62, 66, §526.4, 527.4; C71, 73, 75, 77, 79, 81, §524.306]

90 Acts, ch 1205, §38; 91 Acts, ch 211, §11; 95 Acts, ch 148, §25; 96 Acts, ch 1034, §50; 2004 Acts, ch 1141, §55; 2022 Acts, ch 1062, §33

524.307 Initial organization of state bank.

Upon incorporation of the state bank, the initial board of directors shall hold an organizational meeting within this state, at the call of a majority of the directors, to complete the organization of the state bank by electing officers, adopting bylaws, if any are to be adopted, and conducting any other business properly brought before the board at the meeting.

[C97, §1845; C24, 27, 31, 35, 39, §**9168;** C46, 50, 54, 58, 62, 66, §526.11; C71, 73, 75, 77, 79, 81, §524.307]

95 Acts, ch 148, §26; 2004 Acts, ch 1141, §56; 2022 Acts, ch 1062, §34

524.308 Issuance of authorization to do business.

1. The state bank shall not accept deposits or transact any business except such business as is incident to commencement of business, or to the obtaining of subscriptions and payment for its shares until receipt of an authorization to do business from the superintendent. The superintendent shall issue an authorization to do business upon finding that the proposed state bank has complied with all the requirements of this chapter precedent to commencing business and has submitted to the superintendent a statement under oath, in the manner designated by the superintendent, showing that the capital, surplus and undivided profits required by the superintendent in accordance with this chapter have been fully paid in.

2. If a state bank transacts any business before receipt of an authorization to do business

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in violation of subsection 1, the directors, managers, and officers who willfully authorized or participated in the action are severally liable for the debts and liabilities of the state bank incurred prior to the receipt of the authorization to do business.

[C97, §1843, 1864; S13, §1843, 1864; C24, 27, 31, 35, 39, §**9161, 9207;** C46, 50, 54, 58, 62, 66, §526.6, 527.5; C71, 73, 75, 77, 79, 81, §524.308]

95 Acts, ch 148, §27, 28; 2004 Acts, ch 1141, §57

524.309 Publication of authorization to do business.

1. A state bank shall cause to be published once within two weeks after the issuance by the superintendent of the authorization to do business, in a newspaper of general circulation published in the municipal corporation which is the principal place of business of the state bank, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the state bank has its principal place of business, a notice which shall state all of the following:

a. The name of the state bank, the address of its principal place of business, and the date of the issuance of the authorization to do business.

b. The names and addresses of the members of the initial board of directors as designated in the articles of incorporation.

c. That the shareholders shall not be personally liable for the debts and obligations of the state bank.

2. Proof of publication, by affidavit of the publisher of the newspaper in which it was made, shall be filed with the superintendent, and is conclusive evidence of the fact.

[C97, §1843, 1864; S13, §1843, 1864; C24, 27, 31, 35, 39, §**9161, 9208;** C46, 50, 54, 58, 62, 66, §526.6, 527.6; C71, 73, 75, 77, 79, 81, §524.309]

95 Acts, ch 148, §29

524.310 Name of state bank.

1. The name of a state bank originally incorporated or organized after the effective date of this chapter shall include the word "bank" and may include the word "state" or "trust" in its name. A state bank using the word "trust" in its name must be authorized under this chapter to act in a fiduciary capacity. A national bank or federal savings association shall not use the word "state" in its legally chartered name.

2. The provisions of this section shall not require any state bank existing and operating on January 1, 1970, to add to, modify, or otherwise change its corporate or organizational name, either on January 1, 1970, or at any time thereafter.

3. If a state bank existing and operating on January 1, 1970, causes its corporate or organizational name to be changed, the name as changed shall comply with subsection 1 of this section.

4. *a.* A person may reserve the exclusive use of a corporate or organizational name for a state bank by delivering an application to the secretary of state for filing. The application must set forth the name and address of the applicant and the name proposed to be reserved. If the secretary of state finds that the corporate or organizational name applied for is available, the secretary of state shall reserve the name for the applicant's exclusive use for a nonrenewable one hundred twenty-day period.

b. The owner of a reserved corporate or organizational name may transfer the reservation to another person by delivering to the secretary of state a signed notice of the transfer that states the name and address of the transferee.

5. A state bank using a fictitious name to transact business in this state may file its fictitious name with the secretary of state by delivering to the superintendent for filing with the secretary of state a copy of the resolution of its board of directors certified by its secretary, adopting the fictitious name. A state bank using a fictitious name shall comply with the requirements of section 524.1206 and with any other regulatory requirements governing use of its name. The fictitious name must be distinguishable upon the record of the secretary of state from all of the following:

a. The corporate name of a business or nonprofit corporation incorporated or authorized to transact business in this state.

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b. A corporate or company name reserved, registered, or protected as provided in section 489.113, 489.114, 489.710, 490.402, 490.403, 504.402, or 504.403.

c. The fictitious name of another foreign business or nonprofit corporation authorized to transact business in this state.

[C97, §1861, 1889; S13, §1889, 1889-i; C24, 27, 31, 35, 39, §**9202, 9261, 9295, 9296;** C46, 50, 54, 58, 62, 66, §527.1, 528.54, 532.12, 532.13; C71, 73, 75, 77, 79, 81, §524.310]

84 Acts, ch 1202, §1; 91 Acts, ch 11, §1; 91 Acts, ch 258, §61; 95 Acts, ch 148, §30; 2004 Acts, ch 1141, §18, 58; 2005 Acts, ch 19, §108; 2010 Acts, ch 1028, §8; 2011 Acts, ch 34, §120; 2011 Acts, ch 131, §73, 158; 2022 Acts, ch 1062, §35; 2023 Acts, ch 152, §159, 161

Referred to in §524.1416

524.311 Commission for organizing state banks.

No person shall, directly or indirectly, receive or contract to receive any commission or bonus of any kind for organizing any state bank or for securing a subscription to the original capital of any state bank or to any increase thereof; provided that this section shall not be construed as prohibiting the payment of reasonable compensation for legal or accounting services in connection with organization.

[C24, 27, 31, 35, 39, §**9275;** C46, 50, 54, 58, 62, 66, §528.74; C71, 73, 75, 77, 79, 81, §524.311]

Referred to in §524.1610

524.312 Location of state bank — exceptions.

1. A state bank originally incorporated or organized pursuant to this chapter shall have its principal place of business within the state of Iowa.

2. A state bank may, with the prior written approval of the superintendent, change the location of its principal place of business to a new location within the state.

3. If a change in the location of the principal place of business of a state bank is proposed, application for approval of the superintendent shall be made as required by the superintendent pursuant to this section. A change in location of the principal place of business of a state bank, including a change from one municipal corporation to another municipal corporation within an urban complex, requires an amendment to the articles of incorporation pursuant to sections 524.1502, 524.1504, and 524.1506.

4. Within thirty days after acceptance of an application for approval of a change of location of the principal place of business of a state bank pursuant to subsection 3, the superintendent shall commence an investigation into the circumstances of the application as deemed necessary by the superintendent, giving due consideration to factors substantially similar to those set forth in section 524.305, subsection 1, paragraphs "*c*" through "*f*". Within ninety days after the application has been accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation. The superintendent shall give written notice of the decision to the state bank, and in the event of disapproval a statement of the reasons for the disapproval. If the superintendent approves the change in location the superintendent shall deliver the articles of amendment to the secretary of state. As a condition of receiving the decision of the superintendent with respect to the application, the state bank shall reimburse the superintendent for all expenses incurred by the superintendent in connection with the application.

5. A state bank approved under the provisions of section 524.305, subsection 8, shall not commence its business at any location other than the principal place of business or an office of the state bank the condition of which was the basis for the superintendent authorizing incorporation or organization of the new state bank.

[C71, 73, 75, 77, 79, 81, §524.312]

85 Acts, ch 13, §1; 95 Acts, ch 148, §31, 32; 2004 Acts, ch 1141, §59; 2006 Acts, ch 1015, §5; 2008 Acts, ch 1160, §7; 2022 Acts, ch 1062, §36

524.313 Bylaws.

A state bank may adopt bylaws. The power to adopt, amend, or repeal bylaws or adopt new bylaws is vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws of a state bank may contain any provisions for the regulation

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and management of the affairs of the state bank not inconsistent with law or the articles of incorporation.

[C97, §1844; C24, 27, 31, 35, 39, §**9162;** C46, 50, 54, 58, 62, 66, §526.7; C71, 73, 75, 77, 79, 81, §524.313]

95 Acts, ch 148, §33; 2004 Acts, ch 1141, §60; 2022 Acts, ch 1062, §37

524.314 Renewal of corporate existence of existing state bank. Repealed by 2022 Acts, ch 1062, §145.

524.315 State banks as limited liability companies. Repealed by 2022 Acts, ch 1062, §145.

524.316 State banks as mutual corporations.

The superintendent may adopt rules to ensure that a state bank incorporated as a mutual corporation is operating in a safe and sound manner and is subject to the superintendent's authority in the same manner as a state bank incorporated as a stock corporation.

2012 Acts, ch 1017, §6, 18

524.317 through 524.400 Reserved.

SUBCHAPTER IV

CAPITAL STRUCTURE

524.401 Minimum capital.

1. The minimum capital structure of a state bank existing and operating on July 1, 1995, shall not be less than the amount required by law prior to that date.

2. The minimum capital structure of a state bank incorporated after July 1, 1995, or organized after July 1, 2004, pursuant to the provisions of this chapter shall not be less than the amount required by the federal deposit insurance corporation, or its successor, or a greater amount which the superintendent may deem necessary in view of the deposit potential of the state bank and current banking standards relating to total capital requirements.

3. A state bank incorporated on or after July 1, 1995, or organized after July 1, 2004, pursuant to this chapter, prior to receiving authorization to do business from the superintendent, shall establish paid-in surplus and undivided profits as required by the superintendent.

4. A state bank originally incorporated or organized pursuant to this chapter shall establish, prior to receiving authorization to do business from the superintendent, paid-in surplus and undivided profits as required by the superintendent.

[C97, §1843, 1864; S13, §1843, 1864; C24, 27, §9160, 9206; C31, §9217-c1; C35, §9217-c1, 9283-f14; C39, §**9217.1, 9283.42;** C46, 50, 54, 58, 62, 66, §528.1, 528.127; C71, 73, 75, 77, 79, 81, §524.401]

95 Acts, ch 148, §35; 96 Acts, ch 1056, §7; 2004 Acts, ch 1141, §62

Referred to in §524.103

524.402 and 524.403 Reserved.

524.404 Capital notes and debentures.

1. A state bank, with the prior approval of the superintendent and the affirmative vote of the holders of a majority of the shares entitled to vote, may issue capital notes or debentures. The amounts, maturities, rate of interest, relative rights with other creditors, and other terms and conditions shall be set forth on the face of the capital notes or debentures or in an attendant agreement, and all terms and conditions are subject to the prior approval of the superintendent provided that all such capital notes and debentures shall be subordinated to the rights of other persons to the extent provided for in section 524.1312. The aggregate

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amount of all capital notes and debentures issued and outstanding pursuant to this section shall not exceed, at any one time, twenty-five percent of the aggregate capital of the state bank.

2. A state bank shall not make any payment of principal on any capital notes or debentures without the prior approval of the superintendent nor shall any payment of principal and interest be made on any such capital or debentures by a state bank when its capital is impaired or which would cause its capital to become impaired. Subject to the provisions of this section a state bank may issue capital notes or debentures with provision for installment or serial payment of capital notes or debentures according to an established schedule which shall be approved by the superintendent prior to issuance.

3. A state bank shall not issue capital notes or debentures within five years after it is originally authorized to do business.

[C71, 73, 75, 77, 79, 81, §524.404]

95 Acts, ch 148, §36

Referred to in §524.103, 524.814, 524.818

524.405 Increase or decrease of capital structure.

1. A state bank incorporated as a stock corporation may increase its capital structure or effect an allocation of amounts within its capital structure by the use of any of the following methods:

a. Sale of authorized but unissued shares.

b. Transfer of surplus or undivided profits to capital for authorized but unissued shares.

c. Transfer of undivided profits to surplus.

d. Authorization and issuance of common shares, preferred shares, or capital notes or debentures.

2. The superintendent, whenever it appears necessary to do so in the interest of the safety of the deposits of a state bank incorporated as a stock corporation, may require that the capital structure of the state bank be increased by either of the methods provided for in subsection 1, paragraphs "*a*" and "*d*".

3. Capital or surplus shall not be decreased except with the approval of the superintendent.

4. A state bank incorporated as a mutual corporation may raise capital by accepting payments on savings and demand accounts and by any other means authorized by the superintendent. Whenever it appears necessary to do so in the interest of the safety of the deposits of a state bank incorporated as a mutual corporation, the superintendent may require that the capital structure of the state bank be increased by any means authorized by the superintendent.

[C97, §1856; C24, 27, 31, 35, 39, §**9194, 9262, 9264, 9265;** C46, 50, 54, 58, 62, 66, §526.38, 528.56, 528.59, 528.60; C71, 73, 75, 77, 79, 81, §524.405]

95 Acts, ch 148, §37; 2004 Acts, ch 1141, §19; 2012 Acts, ch 1017, §7, 18

Referred to in §524.103, 524.521, 524.543

524.406 through 524.500 Reserved.

SUBCHAPTER V

SHARES, SHAREHOLDERS, AND DIVIDENDS

524.501 through 524.520 Reserved.

524.521 Authorized shares.

1. The articles of incorporation of a state bank incorporated as a stock corporation must prescribe the classes of shares and series of shares within a class and the number of shares of each class that the state bank is authorized to issue. If more than one class or series of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class or series, and before the issuance of shares of a class or series, describe the

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terms, including the preferences, rights, and limitations of that class or series. Except to the extent otherwise permitted by section 524.522, all shares of a class or series must have terms, including preferences, rights, and limitations identical with those of other shares of the same class or series.

2. The articles of incorporation of a state bank incorporated as a stock corporation must authorize both of the following:

a. One or more classes or series of shares that together have full voting rights.

b. One or more classes or series of shares, which may be the same class, classes, or series as those with voting rights, that together are entitled to receive the net assets of the state bank upon dissolution.

3. The articles of incorporation of a state bank incorporated as a stock corporation may authorize one or more classes or series of shares that have any of the following qualities:

a. Have special, conditional, or limited voting rights, or no right to vote, unless prohibited by this chapter.

b. Are redeemable or convertible as specified in the articles of incorporation in any of the following ways:

(1) At the option of the state bank, the shareholders, or another person or upon the occurrence of a specified event.

(2) For cash, indebtedness, securities, or other property.

(3) In a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events.

c. Preferred shares are redeemable only by resolution of the board of directors with the prior approval of the superintendent. Preferred shares which are redeemable according to the terms of their issuance shall be redeemed only in accordance with such terms. Preferred shares which are redeemed shall be canceled and shall not be reissued. Preferred shares which are not redeemable according to the terms of their issuance are redeemable only pro rata, by lot, or by such other equitable method as determined by the board of directors.

d. (1) If preferred shares are redeemed by a state bank, the redemption effects a cancellation of the shares, and a statement of cancellation shall be filed as provided in this paragraph. The filing of the statement of cancellation constitutes an amendment to the articles of incorporation and reduces the number of preferred shares of the class which the state bank is authorized to issue by the number which are canceled.

(2) The statement of cancellation shall be executed by the state bank by its president or a vice president and by its cashier or an assistant cashier, and acknowledged by one of the officers signing such statement, and shall set forth all of the following:

(a) The name of the state bank and the effective date of its articles of incorporation.

(b) The number of preferred shares canceled through redemption, itemized by classes.

(c) The aggregate number of issued shares, itemized by classes, after giving effect to the cancellation.

(d) The amount, expressed in dollars, of the stated capital of the state bank after giving effect to the cancellation.

(e) The number of shares which the state bank has authority to issue, itemized by classes, after giving effect to the cancellation.

(3) The statement of cancellation, together with the applicable filing fees, shall be delivered to the superintendent who shall, if the superintendent finds the statement of cancellation satisfies the requirements of this section, deliver it to the secretary of state for filing in the secretary of state's office. The capital of the state bank is deemed to be reduced by the par value of the shares canceled upon the effective date of the redemption.

e. Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative.

f. Have preference over any other class or series of shares with respect to distributions, including dividends and distributions upon the dissolution of the state bank.

4. The description of the designations, preferences, rights, and limitations of classes or series of shares in subsection 3 is not exhaustive.

5. Unless the articles of incorporation or bylaws otherwise provide, the board of directors, by resolution duly adopted and with the approval of the superintendent as provided in section

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524.405, may issue from time to time, in whole or in part, the shares authorized by the articles of incorporation.

[C97, §1853, 1865; C24, 27, §9192, 9209; C31, 35, §9192, 9209, 9261-c1; C39, §**9192, 9209, 9261.1;** C46, 50, 54, 58, 62, 66, §526.36, 527.7, 528.55; C71, 73, 75, 77, 79, 81, §524.501]

95 Acts, ch 148, §38

CS95, §524.521

2012 Acts, ch 1017, §8, 18; 2013 Acts, ch 90, §159; 2022 Acts, ch 1062, §38

Referred to in §524.522, 524.527

524.522 Terms of class or series determined by board of directors.

1. If the articles of incorporation provide for such, the board of directors may determine, in whole or in part, the preferences, rights, and limitations within the limits set forth in section 524.521, of either of the following:

a. A class of shares before the issuance of any shares of that class.

b. One or more series within a class before the issuance of any shares of that series.

2. Each series of a class must be given a distinguishing designation.

3. All shares of a series must have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.

4. Before issuing any shares of a class or series created under this section, the state bank shall deliver to the superintendent for filing with the secretary of state articles of amendment on forms prescribed by the superintendent, which are effective without shareholder action, that set forth all of the following:

a. The name of the state bank and the effective date of its articles of incorporation.

b. The text of the amendment determining the terms of the class or series of shares.

c. The date it was adopted.

d. A statement that the amendment was duly adopted by the board of directors.

95 Acts, ch 148, §39; 2022 Acts, ch 1062, §39

Referred to in §524.521

524.523 Certificates representing shares.

1. The shares of a state bank incorporated as a stock corporation shall be represented by certificates signed by such officers, employees, or agents as are authorized by the articles of incorporation or bylaws to sign. If no contrary provisions are made in the articles of incorporation or bylaws, the certificates shall be signed by the president or a vice president and the cashier or an assistant cashier of the state bank.

2. At a minimum, each share certificate must state on its face all of the following:

a. The name of the issuing state bank and that it is organized under the laws of this state.

b. The name of the person to whom issued.

c. The number and class of shares and the designation of the series, if any, which the certificate represents.

d. The par value of each share represented by the certificate.

3. *a.* If the state bank is authorized to issue different classes of shares or series of shares within a class, the front or back of each certificate must summarize all of the following:

(1) The preferences, rights, and limitations applicable to each class and series.

(2) Any variations in preferences, rights, and limitations among the holders of the same class or series.

(3) The authority of the board of directors to determine the terms of future classes or series.

b. Alternatively, each certificate may state conspicuously on its front or back that the state bank will furnish to the shareholder the information in paragraph *"a"* on request in writing and without charge.

4. Each share certificate must be signed by two officers as set forth in subsection 1, and may bear the corporate seal or its facsimile.

5. If the person who signed a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

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6. A certificate shall not be issued for any share until such share is fully paid.

[C71, 73, 75, 77, 79, 81, §524.502]
95 Acts, ch 148, §40
CS95, §524.523
2012 Acts, ch 1017, §9, 18; 2022 Acts, ch 1062, §40 – 42
Referred to in §524.526

524.524 Consideration for shares.

Except in the case of a distribution of shares authorized by section 524.543 or shares issued upon exchanges or conversion, common or preferred shares of a state bank may be issued only for cash in an amount not less than that approved by the superintendent.

[C97, §1853; C24, 27, 31, 35, 39, §**9192;** C46, 50, 54, 58, 62, 66, §526.36; C71, 73, 75, 77, 79, 81, §524.503]
95 Acts, ch 148, §41
CS95, §524.524
2022 Acts, ch 1062, §43

524.525 Subscription for shares before incorporation or organization.

1. A subscription for shares entered into before incorporation or organization of the state bank is irrevocable for six months unless the subscription agreement provides a longer or shorter period, or all subscribers agree to revocation.

2. The board of directors may determine the payment terms of subscriptions for shares that were entered into before incorporation or organization of the state bank unless the subscription agreement specifies the terms. A call for payment by the board of directors must be uniform so far as practicable as to all shares of the same class or series, unless the subscription agreement specifies otherwise.

3. Shares issued pursuant to subscriptions entered into before incorporation or organization of the state bank are fully paid and nonassessable when the state bank receives the consideration specified in the subscription agreement.

4. If a subscriber defaults in payment of money or property under a subscription agreement entered into before incorporation or organization of the state bank, the state bank may do either of the following:

a. Collect the amount owed as any other debt.

b. Unless the subscription agreement provides otherwise, the state bank may rescind the agreement and may sell the shares if the debt remains unpaid more than twenty days after the state bank delivers a written demand for payment to the subscriber.

[C71, 73, 75, 77, 79, 81, §524.504]
95 Acts, ch 148, §42
CS95, §524.525
2004 Acts, ch 1141, §63; 2022 Acts, ch 1062, §44
Referred to in §524.527

524.526 Fractional shares.

1. A state bank incorporated as a stock corporation may issue fractions of a share or in lieu of doing so may do any of the following:

a. Pay in cash the value of fractions of a share.

b. Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.

c. Arrange for disposition of fractional shares by the shareholders of the state bank.

2. Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by section 524.523, subsection 2.

3. The holder of a fractional share or scrip is entitled to exercise the rights of a shareholder, including the rights to vote, to receive dividends, and to participate in the assets of the state bank upon liquidation, but only if the fractional share or scrip provides for such rights.

4. The board of directors may authorize the issuance of scrip subject to any condition, including either of the following:

a. That the scrip will become void if not exchanged for full shares before a specified date.

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b. That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scrip holders.

95 Acts, ch 148, §43; 2012 Acts, ch 1017, §10, 18; 2022 Acts, ch 1062, §45

524.527 Liability of shareholders or members.

1. A purchaser of the shares of a state bank incorporated as a stock corporation is not liable to the state bank, its creditors, or depositors with respect to the shares except to pay the consideration for which the shares were authorized to be issued under section 524.521, or the consideration specified in the subscription agreement authorized under section 524.525.

2. A shareholder of a state bank is not personally liable for any liabilities of the state bank, including liabilities arising from the acts or debts of the state bank, its creditors, or depositors, subject to the following exceptions:

a. To the extent provided in a provision of the articles of incorporation permitted by section 524.302, subsection 2, paragraph *"c"*.

b. By reason of the shareholder's own acts or conduct.

3. A member of a state bank incorporated as a mutual corporation is not personally liable for the acts or debts of the state bank, its creditors, or depositors.

[C71, 73, 75, 77, 79, 81, §524.505]
95 Acts, ch 148, §44
CS95, §524.527
2012 Acts, ch 1017, §11, 18; 2022 Acts, ch 1062, §46

524.528 Shareholders' preemptive rights.

1. The shareholders of a state bank do not have a preemptive right to acquire the state bank's unissued shares except to the extent the articles of incorporation so provide.

2. A statement included in the articles of incorporation that "the state bank elects to have preemptive rights", or words of similar effect, means that the following principles apply except to the extent the articles of incorporation expressly provide otherwise:

a. The shareholders of a state bank have a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire a proportional amount of the state bank's unissued shares upon the decision of the board of directors to issue such shares.

b. A shareholder may waive the shareholder's preemptive right. A waiver evidenced in writing is irrevocable even though it is not supported by consideration.

c. There is no preemptive right with respect to any of the following:

(1) Shares issued as compensation to directors, managers, officers, employees, or agents of the state bank, its subsidiaries, or its affiliates.

(2) Shares issued to satisfy conversion or option rights created to provide compensation to directors, managers, officers, employees, or agents of the state bank, its subsidiaries, or its affiliates.

(3) Shares authorized in the articles of incorporation that are issued within six months from the effective date of incorporation or organization.

d. Holders of shares of any class or series without voting power but with preferential rights to distributions or assets have no preemptive rights with respect to shares of any class or series.

e. Holders of shares of any class or series with voting power but without preferential rights to distributions or assets have no preemptive rights with respect to shares of any class or series with preferential rights to distributions or assets unless the shares with preferential rights are convertible into or carry a right to subscribe for or acquire shares without preferential rights.

f. Shares subject to preemptive rights that are not acquired by shareholders may be issued to any person for a period of one year after being offered to shareholders at a consideration set by the board of directors that is not lower than the consideration set for the exercise of preemptive rights. An offer at a lower consideration or after the expiration of one year is subject to the shareholders' preemptive rights.

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3. For purposes of this section, *"shares"* includes a security convertible into or carrying a right to subscribe for or acquire shares.

[C71, 73, 75, 77, 79, 81, §524.506]
95 Acts, ch 148, §45
CS95, §524.528
2004 Acts, ch 1141, §64; 2017 Acts, ch 29, §167; 2022 Acts, ch 1062, §47

524.529 Preemptive rights for existing state banks. Repealed by 2017 Acts, ch 29, §164.

524.530 State bank's acquisition of its own shares.

1. With the prior approval of the superintendent, a state bank may acquire its own shares. Shares acquired pursuant to this section constitute authorized but unissued shares except as provided in subsection 2.
2. If the articles of incorporation prohibit the reissue of acquired shares, the number of authorized shares is reduced by the number of shares acquired, effective upon amendment of the articles of incorporation.

95 Acts, ch 148, §47

524.531 Loaning on its own shares.

A state bank shall not make any loan or extension of credit on the security of the shares of its own capital, unless such security is necessary to prevent loss upon a debt previously contracted in good faith.

[C97, §1850; S13, §1850; C24, 27, §9184; C31, 35, §9221-c2; C39, §**9221.2;** C46, 50, 54, 58, 62, 66, §528.9; C71, 73, 75, 77, 79, 81, §524.507]
95 Acts, ch 148, §48
CS95, §524.531

524.532 Meetings of shareholders.

Meetings of shareholders may be held at a place as provided in the articles of incorporation or the bylaws, or as fixed in accordance with their provisions. In the absence of any such provision, all meetings shall be held at the principal place of business of the state bank. An annual meeting of the shareholders shall be held during the specific month as shall be provided in the articles of incorporation, at the location, date, and time as stated in or fixed in accordance with the bylaws. Failure to hold the annual meeting during the month shall not work a forfeiture or dissolution of the state bank. Special meetings of the shareholders may be called by the president, the board of directors, the holders of not less than one-tenth of all the shares entitled to vote at the meeting, or other officers or persons as provided in the articles of incorporation or the bylaws. If a state bank holds a shareholder meeting at a location outside this state, the articles of incorporation or bylaws must permit any or all shareholders to participate by any means of communication as specified in section 524.533, subsection 4.

[C71, 73, 75, 77, 79, 81, §524.508]
84 Acts, ch 1032, §2
CS95, §524.532
2022 Acts, ch 1062, §48

524.533 Notice of shareholder meetings — waiver of notice generally.

1. Written notice stating the place, day, and hour of a meeting of the shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, by or at the direction of the president, the cashier, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at the meeting. As used in this section, the term *"notice"* means as defined in section 490.141. The written notice required by this section may be given by any method of delivery that is permitted in section 490.141, and the notice shall be deemed to be delivered when the notice becomes effective pursuant to section 490.141, subsection 9.

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2. A shareholder may waive any notice required by this chapter, the articles of incorporation, or bylaws before or after the date and time stated in the notice. The waiver must be in writing, be signed by the shareholder entitled to the notice, and be delivered to the state bank for inclusion in the minutes or filing with the corporate records.

3. A shareholder's attendance at a meeting results in all of the following:

a. Waives the shareholder's objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

b. Waives the shareholder's objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

4. Unless the articles of incorporation or bylaws provide otherwise, the shareholders may permit any or all shareholders to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all shareholders participating may simultaneously hear each other during the meeting. A shareholder participating in a meeting as provided in this subsection is deemed to be present in person at the meeting.

[C71, 73, 75, 77, 79, 81, §524.509]
95 Acts, ch 148, §49
CS95, §524.533
2022 Acts, ch 1062, §49; 2023 Acts, ch 29, §1
Referred to in §524.532, 524.1502, 524.1508

524.534 Action without meeting.

1. Unless the articles of incorporation or bylaws provide otherwise, action required or permitted to be taken under this chapter at a special shareholders' meeting may be taken without a meeting if the action is consented to by all shareholders. The action must be evidenced by one or more written consents describing the action taken, signed by each shareholder, and included in the minutes or filed with the corporate records reflecting the action taken.

2. Action taken under this section is effective when the last shareholder signs the consent, unless the consent specifies a different effective date.

3. A written consent signed under this section has the effect of a meeting vote and may be described as such in any document.

95 Acts, ch 148, §50

524.535 Transfer books — fixing record date.

1. The board of directors of a state bank shall cause adequate stock transfer books to be maintained.

2. The bylaws or, in the absence of an applicable bylaw, the board of directors may fix or provide the manner of fixing, the record date for any determination of shareholders entitled to notice of a shareholder's meeting, to demand a special meeting, to vote, or to take any other action at a meeting of shareholders. A record date fixed under this section shall not be more than seventy days and, in the case of a meeting of shareholders, not less than ten days before the date of the meeting or particular action requiring the determination of shareholders and shall not be retroactive. If a record date is not fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for the determination of shareholders. If a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, the determination applies to any adjournment of the meeting.

[C97, §1853; C24, 27, 31, 35, 39, §**9192;** C46, 50, 54, 58, 62, 66, §526.36; C71, 73, 75, 77, 79, 81, §524.510]

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95 Acts, ch 148, §51
CS95, §524.535
2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §50

524.536 Shareholders' voting list for meeting.

1. The officer or agent having charge of the stock transfer books for shares of a state bank shall, at least ten days before each meeting of shareholders, prepare a complete alphabetical list of the names of all its shareholders who are entitled to vote at the meeting or any adjournment of the meeting. The list shall be arranged by voting group and within each voting group by class or series of shares, and show the address of and the number of shares held by each shareholder. Nothing contained in this subsection shall require the state bank to include on such list the electronic mail address or other electronic contact information of a shareholder.

2. *a.* The shareholders' list shall be available for inspection by any shareholder beginning ten days before the meeting and continuing through the meeting. The shareholders' list shall be made available in at least one of the following locations:

(1) The state bank's principal place of business.

(2) A reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting. In the event that the state bank determines to make the list available on an electronic network, the state bank shall take reasonable steps to ensure that such information is available only to shareholders of the state bank.

b. A shareholder, or the shareholder's agent or attorney, is entitled on written demand to inspect the list at any time during usual business hours and at the shareholder's expense, during the period it is available for inspection.

3. The list of shareholders shall also be produced and kept open at the time and place of the meeting and is subject to the inspection of a shareholder, or a shareholder's agent or attorney, during the entire duration of the meeting. The original stock transfer books are prima facie evidence as to which shareholders are entitled to examine the list or transfer books or to vote at a meeting of shareholders.

4. Failure to comply with the requirements of this section shall not affect the validity of action taken at a meeting of shareholders.

[C71, 73, 75, 77, 79, 81, §524.511]
95 Acts, ch 148, §52
CS95, §524.536
2022 Acts, ch 1062, §51; 2023 Acts, ch 66, §132

524.537 Quorum of shareholders.

1. Unless otherwise provided in the articles of incorporation, a majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of shareholders. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the laws of this state or of the United States or by the articles of incorporation or bylaws.

2. Once a share is represented for any purpose at a meeting, it is deemed present for the purpose of determining a quorum for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

3. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the laws of this state or of the United States or by the articles of incorporation or bylaws. This requirement does not apply to the election of directors as provided in section 524.538, subsection 4.

[C71, 73, 75, 77, 79, 81, §524.512]
95 Acts, ch 148, §53
CS95, §524.537
2022 Acts, ch 1062, §52

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524.538 Voting of shares.

1. Each outstanding share of a state bank shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of a class or series may be limited or denied by the articles of incorporation.

2. Shares of a state bank purchased or acquired by such state bank pursuant to this chapter shall not be voted at any meeting and shall be excluded in determining whether matters voted upon by the shareholders were adopted by the requisite number of shares.

3. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by the shareholder's duly authorized attorney-in-fact. A proxy shall not be valid after eleven months from the date of its execution.

4. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by the shareholder for as many individuals as there are directors to be elected and for whose election the shareholder has a right to vote.

5. In an election of directors, a state bank shall not vote its own shares held by it as sole trustee unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how the shares shall be voted. When the shares of a state bank are held by such state bank and one or more persons as trustees, the shares may be voted by such other person or persons as trustees, in the same manner as if the person or persons were the sole trustee. Whenever shares cannot be voted by reason of being held by a state bank as sole trustee, the shares shall be excluded in determining whether matters voted upon by the shareholders were adopted by the requisite number of shares.

[C97, §1847; S13, §1889-e; C24, 27, 31, 35, 39, §**9175, 9289;** C46, 50, 54, 58, 62, 66, §526.18, 532.6; C71, 73, 75, 77, 79, 81, §524.513]

95 Acts, ch 148, §54

CS95, §524.538

2022 Acts, ch 1062, §53

Referred to in §524.537

524.538A Voting by member of mutual corporation.

All holders of savings, demand, or other authorized accounts of a state bank incorporated as or converted to be a mutual corporation are members of the state bank. In the consideration of all questions requiring action by the members of the state bank, each holder of an account shall be permitted to cast one vote for each one hundred dollars, or fraction thereof, of the withdrawal value of the member's account. No member, however, shall cast more than one thousand member votes. All accounts shall be nonassessable.

2012 Acts, ch 1017, §12, 18; 2022 Acts, ch 1062, §54

524.539 Voting trust.

1. Any number of shareholders of a state bank may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their shares, for a period of not to exceed ten years, by entering into a written voting trust agreement specifying the terms and conditions of the voting trust, by depositing a counterpart of the agreement with the state bank at its principal place of business, by delivery of a copy of the voting trust agreement to the superintendent and by transferring their shares to such trustee or trustees for the purposes of the agreement. The counterpart of the voting trust agreement so deposited with the state bank is subject to examination for any proper purpose during usual business hours by a shareholder of the state bank, in person or by agent or attorney, or by any holder of a beneficial interest in the voting trust, in person or by agent or attorney.

2. This section shall not affect the validity of any agreement, relative to the voting of shares, in effect prior to July 1, 1995.

[C71, 73, 75, 77, 79, 81, §524.514]

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95 Acts, ch 148, §55
CS95, §524.539
2019 Acts, ch 24, §104
Referred to in §524.540

524.540 Voting agreements.

1. Two or more shareholders may provide for the manner in which they will vote their shares by signing an agreement for that purpose. A voting agreement created under this section is not subject to section 524.539.

2. A voting agreement created under this section is subject to a judicial order for specific enforcement.

95 Acts, ch 148, §56

524.541 Lists — filing with superintendent.

1. Every state bank shall cause to be kept a full and correct list of the names and addresses of the officers, directors, and shareholders of the state bank, and the number of shares held by each. If an affiliate, as defined in section 524.1101, subsection 4, is a shareholder in a state bank, such list shall include the names, addresses, and percentage of ownership or interest in the affiliate of the shareholders, members, or other individuals possessing a beneficial interest in said affiliate.

2. A copy of the list as of the date of the adjournment of each annual meeting of shareholders, in the form of an affidavit signed by the president or cashier of the state bank, shall be transmitted to the superintendent within ten days after such annual meeting.

[C97, §1889; S13, §1889; C24, 27, 31, 35, 39, §**9255, 9256, 9257;** C46, 50, 54, 58, 62, 66, §528.47, 528.48, 528.49; C71, 73, 75, 77, 79, 81, §524.515]

CS95, §524.541
2003 Acts, ch 4, §1; 2015 Acts, ch 29, §81

524.542 Dividends.

1. The board of directors of a state bank may, from time to time, declare, and the state bank may pay, dividends on its outstanding shares subject to the restrictions of this chapter and to the restrictions, if any, in its articles of incorporation. Dividends may be declared and paid only out of undivided profits and may be paid in cash or property.

2. A dividend shall not be declared or paid if restricted by the superintendent.

[C97, §1852, 1888; S13, §1850-a, 1852, 1889-l; C24, 27, 31, 35, §9188, 9191, 9262, 9262-c1, 9263, 9283, 9299; C39, §**9188, 9191, 9262, 9262.1, 9263, 9283, 9299;** C46, 50, 54, 58, 62, 66, §526.33, 526.35, 528.56, 528.57, 528.58, 528.85, 532.16; C71, 73, 75, 77, 79, 81, §524.516]

95 Acts, ch 148, §57
CS95, §524.542

524.543 Distribution of shares of state bank.

1. The board of directors of a state bank may, subject to the provisions of section 524.405, distribute pro rata to holders of common shares authorized but unissued common shares of the state bank.

2. A distribution shall not be made in authorized but unissued shares of the state bank unless an amount equal to the total par value of the shares distributed is transferred to capital.

[C71, 73, 75, 77, 79, 81, §524.517]

95 Acts, ch 148, §58
CS95, §524.543
Referred to in §524.524

524.544 Change of control — certificate of approval — shares as security — reports.

1. Whenever any person proposes to purchase or otherwise acquire directly or indirectly any of the outstanding shares of a state bank, and the proposed purchase or acquisition would result in control or in a change in control of the state bank, the person proposing to purchase or acquire the shares shall first apply in writing to the superintendent for a certificate of approval for the proposed change of control. The superintendent shall grant the certificate

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if the superintendent is satisfied that the person who proposes to obtain control of the state bank is qualified by character, experience, and financial responsibility to control and operate the state bank in a sound and legal manner, and that the interests of the depositors, creditors, and shareholders of the state bank, and of the public generally, particularly the state bank's plans to accept deposits from, lend money in, and process payments in the area the state bank primarily serves, will not be jeopardized by the proposed change of control. A person which will become a bank holding company upon completion of an acquisition shall make application to the superintendent for a certificate of approval as provided in this section. Any other bank holding company shall comply with section 524.1804 in lieu of seeking a certificate of approval under this section. In any situation where the president or cashier of a state bank has reason to believe any of the foregoing requirements have not been complied with, it shall be the duty of the president or cashier to promptly report in writing such facts to the superintendent upon obtaining knowledge thereof.

2. As used in this section, the term *"control"* means owning, controlling, or having the power to vote twenty-five percent or more of any class of voting securities of a state bank or having the power, directly or indirectly, to elect the board of directors. If there is any doubt as to whether a change in the ownership of the outstanding shares is sufficient to result in control thereof, or to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the superintendent.

3. The reports required by subsection 1 of this section shall contain information, to the extent known by the person making the report, relative to the number of shares involved, the names of the sellers and purchasers or transferors and transferees, the purchase price, the name of the borrower, the amount, source, and terms of the loan, or other transaction, the name of the bank issuing the shares used as security, and the number of shares used as security.

4. The superintendent may require, at such times as the superintendent deems appropriate, the submission of a financial statement from a shareholder or shareholders of a state bank possessing, directly or indirectly, control of such state bank.

[C71, 73, 75, 77, 79, 81, §524.519]
CS95, §524.544
99 Acts, ch 6, §1; 2013 Acts, ch 30, §128; 2022 Acts, ch 1062, §55 – 57; 2023 Acts, ch 29, §2; 2023 Acts, ch 64, §88

524.545 Options for shares.

A state bank incorporated as a stock corporation may authorize the granting of options to officers and employees to purchase unissued shares of the state bank in accordance with a plan approved by the superintendent.

[C71, 73, 75, 77, 79, 81, §524.520]
95 Acts, ch 148, §59
CS95, §524.545
2012 Acts, ch 1017, §13, 18

524.546 through 524.600 Reserved.

SUBCHAPTER VI

DIRECTORS

524.601 Board of directors.

1. The business and affairs of a state bank shall be managed by a board of five or more directors eighteen years of age or older, a majority of whom shall be citizens of the United States, and at least three of whom shall be residents of the state of Iowa.

2. The number of directors may be increased, or decreased to a number not less than five,

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by the shareholders at the annual meeting, or at a special meeting called for that purpose, but no decrease shall have the effect of shortening the term of an incumbent director.

[C97, §1845, 1866; C24, 27, §9163, 9164, 9165, 9166, 9210 – 9212, 9213; C31, 35, §9163, 9164, 9165, 9210 – 9212, 9217-c2; C39, §**9163, 9164, 9165, 9210 – 9212, 9217.2;** C46, 50, 54, 58, 62, 66, §526.8, 526.9, 526.10, 527.8 – 527.10, 528.2; C71, 73, 75, 77, 79, 81, §524.601]

95 Acts, ch 148, §60; 2026 Acts, ch 1052, §1

Referred to in §524.103

Subsection 1 amended

524.602 Board of directors — election.

1. Except as provided in subsection 2, at the first annual meeting of shareholders and at each annual meeting thereafter the shareholders shall elect directors to hold office until the next succeeding annual meeting. Directors shall hold office for one year or until their successors have been elected and qualified, unless removed in accordance with provisions of section 524.606. When the shareholders determine the number of directors at an annual meeting or at a special meeting, they shall, at the same meeting, elect a director to fill each directorship.

2. The articles of incorporation of a state bank may authorize directors to be elected to staggered terms of three years. At the first meeting of shareholders or at an annual or special meeting where the shareholders adopt staggered terms for directors, and at each annual meeting thereafter, the shareholders shall elect directors to hold office for any vacant position. A director shall hold office until the director's term expires or until the director's successor has been elected and qualified, unless the director is removed in accordance with the provisions of section 524.606.

[C97, §1846; C24, 27, 31, 35, 39, §**9171, 9172;** C46, 50, 54, 58, 62, 66, §526.14, 526.15; C71, 73, 75, 77, 79, 81, §524.602]

95 Acts, ch 148, §61; 2010 Acts, ch 1028, §9

524.603 Vacancies.

Unless otherwise provided in the articles of incorporation, the bylaws, or by action of the shareholders, any vacancy occurring in the board of directors may be filled by the affirmative vote of the majority of the directors then in office, even if less than a quorum of the board of directors. A director so elected shall be elected for the unexpired term of the director's predecessor in office.

[C97, §1846; C24, 27, 31, 35, 39, §**9170;** C46, 50, 54, 58, 62, 66, §526.13; C71, 73, 75, 77, 79, 81, §524.603]

524.604 Duties and responsibilities.

1. The duties and responsibilities of a director or of the board of directors shall include, but are not limited to, the following:

a. Attendance at no less than seventy-five percent of the regular board meetings held during the calendar year.

b. Employment of officer personnel, and determination of their compensation.

c. Periodic review of the original records of the state bank, or comprehensive summaries thereof prepared by the officers of the state bank, pertaining to loans, discounts, security interests, and investments in bonds and securities.

d. Review of the adequacy of the state bank's internal controls and determination of the most appropriate method to satisfy the state bank's audit needs pursuant to section 524.608.

e. Periodic review of the utilization of security measures for the protection of the state bank and the maintenance of reasonable insurance coverage.

2. Directors of a state bank shall discharge the duties of their position in good faith and with that diligence, care, and skill which ordinarily prudent persons would exercise under similar circumstances in like positions. The directors shall have a continuing responsibility

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to assure themselves that the state bank is being managed according to law and that the practices and policies adopted by the board are being implemented.

[C27, 31, 35, §9283-b23; C39, §**9283.71;** C46, 50, 54, 58, 62, 66, §531.23; C71, 73, 75, 77, 79, 81, §524.604]

95 Acts, ch 148, §62; 2012 Acts, ch 1023, §157; 2022 Acts, ch 1062, §58, 59

524.605 Liability of directors in certain cases.

1. In addition to any other liabilities imposed by law upon directors of a state bank:

a. Directors of a state bank who vote for or assent to the declaration of any dividend or other distribution of the assets of a state bank to its shareholders in willful or negligent violation of the provisions of this chapter, of any restrictions contained in the articles of incorporation, or of any order by the superintendent restricting the payment of dividends or other distribution of assets, shall be jointly and severally liable to the state bank for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of this chapter, of the restrictions in the articles of incorporation, or of any order by the superintendent restricting the payment of dividends or other distribution of assets.

b. The directors of a state bank who vote for or assent to any distribution of assets of a state bank to its shareholders during the dissolution of the state bank without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the state bank shall be jointly and severally liable to the state bank for the value of such assets which are distributed, to the extent that such debts, obligations, and liabilities of the state bank are not thereafter paid and discharged.

c. The directors of a state bank who, willfully or negligently, vote for or assent to loans or extensions of credit in violation of the provisions of this chapter, shall be jointly and severally liable to the state bank for the total amount of any loss sustained.

d. The directors of a state bank who, willfully or negligently, vote for or assent to any investment of funds of the state bank in violation of the provisions of this chapter shall be jointly and severally liable to the state bank for the amount of any loss sustained on such investment.

2. A director of a state bank who is present at a meeting of its board of directors at which action on any matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless the director shall file the director's written dissent to such action with the individual acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the cashier of the state bank promptly after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3. A director shall not be liable under subsection 1, paragraph *"a"*, *"b"*, *"c"*, or *"d"* if the director relied and acted in good faith upon information represented to the director to be correct by an officer or officers of such state bank or stated in a written report by a certified public accountant or firm of such accountants. No director shall be deemed to be negligent within the meaning of this section if the director in good faith exercised that diligence, care, and skill which an ordinarily prudent person would exercise as a director under similar circumstances.

4. Any director against whom a claim shall be asserted under or pursuant to this section for the payment of a dividend or other distribution of assets of a state bank and who shall be held liable thereon, shall be entitled to contribution from the shareholders who accepted or received any such dividend or assets, knowing such dividend or distribution to have been made in violation of the provisions of this chapter, in proportion to the amounts received by them respectively. Further, any director against whom a claim shall be asserted pursuant to this section for the payment of any liability imposed by this section shall be entitled to contribution from any director found to be similarly liable.

5. Whenever the superintendent deems it necessary the superintendent may require, after affording an opportunity for a hearing upon adequate notice, that a director or directors whom the superintendent reasonably believes to be liable to a state bank pursuant to

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subsection 1, paragraph *"a"*, *"b"*, *"c"*, or *"d"*, to place in an escrow account in an insured bank located in this state, as directed by the superintendent, an amount sufficient to discharge any liability which may accrue pursuant to subsection 1, paragraph *"a"*, *"b"*, *"c"*, or *"d"*. The amount so deposited shall be paid over to the state bank by the superintendent upon final determination of the amount of such liability. Any portion of the escrow account which is not necessary to meet such liability shall be repaid on a pro rata basis to the directors who contributed to the fund.

6. Any action seeking to impose liability under this section, other than liability for contribution, shall be commenced only within five years of the action complained of and not thereafter.

[C71, 73, 75, 77, 79, 81, §524.605]

95 Acts, ch 148, §63; 2012 Acts, ch 1023, §134; 2022 Acts, ch 1062, §60

Referred to in §524.302, 524.702

524.606 Removal of directors.

1. At a meeting of shareholders expressly called for that purpose, individual directors or the entire board of directors may be removed, with or without cause, by the affirmative vote of the holders of a majority of the shares entitled to vote at an election of directors. The vacancies created may be filled at the same meeting at which the removal proceedings take place.

2. *a.* If, in the opinion of the superintendent, any director of a state bank or bank holding company has violated any law relating to such state bank or bank holding company, has engaged in unsafe or unsound practices in conducting the business of such state bank or bank holding company, or has caused such state bank or bank holding company to violate any provision of this chapter or any other law relating to banks or banking, the superintendent may cause notice to be served upon such director, to appear before the superintendent to show cause why the director should not be removed from office. A copy of such notice shall be sent to each director of the state bank or bank holding company affected, by registered or certified mail. If, after granting the accused director a reasonable opportunity to be heard, the superintendent finds that the director violated any law relating to such state bank or bank holding company, engaged in unsafe or unsound practices in conducting the business of such state bank or bank holding company, or has caused such state bank or bank holding company to violate any provision of this chapter or any other law relating to banks or banking, the superintendent, in the superintendent's discretion, may order that such director be removed from office, and that such director be prohibited from serving in any capacity in any other state bank, bank holding company, bank affiliate, trust company, or an entity licensed under chapter 533A, 533C, 533D, 535B, 536, or 536A. A copy of the order shall be served upon such director and upon the state bank or bank holding company of which the person is a director at which time the person shall cease to be a director of the state bank or bank holding company. The resignation, termination of employment, or separation of such director, including a separation caused by the closing of the state bank or bank holding company at which the person serves as a director, does not affect the jurisdiction and authority of the superintendent to cause notice to be served and proceed under this subsection against the director, if the notice is served before the end of the six-year period beginning on the date the director ceases to be a director with the state bank.

b. The decision of the superintendent shall be subject to judicial review in accordance with the terms of the Iowa administrative procedure Act, chapter 17A. No action taken by a director prior to the director's removal shall be subject to attack on the ground of the director's disqualification.

[C31, 35, §9224-c2; C39, §**9224.2;** C46, 50, 54, 58, 62, 66, §528.18; C71, 73, 75, 77, 79, 81, §524.606]

91 Acts, ch 220, §3; 93 Acts, ch 28, §1; 95 Acts, ch 148, §64; 2003 Acts, ch 44, §114; 2006 Acts, ch 1015, §6; 2012 Acts, ch 1023, §157; 2022 Acts, ch 1062, §61

Referred to in §524.228, 524.602, 524.707

Removal of officers and employees; §524.707

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524.607 Meetings — waiver of notice — quorum.

1. The board of directors shall hold at least six regular meetings each calendar year. At a minimum, one regular meeting shall be held in each quarter of a calendar year. A board of directors may be required to hold additional regular meetings as deemed necessary by the superintendent. Unless the articles of incorporation or bylaws provide otherwise, any director may participate in any meeting of the board of directors through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

2. A special meeting may be called by any executive officer or a director. Notice of a meeting shall be given to each director at least two days in advance of the meeting. Notice of a regular meeting shall not be required if the articles of incorporation, bylaws, or a resolution of the board of directors provide for a regular monthly meeting date. As used in this section, the term *"notice"* means as defined in section 490.141. The written notice required by this section may be given by any method of delivery that is permitted in section 490.141, and the notice is deemed to be delivered when the notice becomes effective pursuant to section 490.141, subsection 9.

3. A director may waive any notice required by this chapter, the articles of incorporation, or the bylaws before or after the date and time stated in the notice. Except as provided in subsection 4, the waiver must be in writing, signed by the director entitled to the notice, whether before or after the time stated in the notice, and delivered to the state bank for filing by the state bank with the minutes or corporate records.

4. A director's attendance at or participation in a meeting waives any required notice to the director of such meeting unless all of the following apply:

a. The director at the beginning of the meeting, or promptly upon arrival, objects to holding the meeting or transacting business at the meeting because the meeting is not lawfully called or convened.

b. The director does not, after objecting, vote for or assent to action taken at the meeting.

5. A majority of the board of directors shall constitute a quorum for the transaction of business unless a greater number is required by the articles of incorporation or the bylaws. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the laws of this state or of the United States, the articles of incorporation or the bylaws.

[C97, §1846, 1871; S13, §1871; C24, 27, §9174, 9224; C31, 35, §9174, 9224-c1; C39, §**9174, 9224.1;** C46, 50, 54, 58, 62, 66, §526.17, 528.17; C71, 73, 75, 77, 79, 81, §524.607]

95 Acts, ch 148, §65; 2015 Acts, ch 29, §114; 2022 Acts, ch 1062, §62 – 65; 2023 Acts, ch 29, §3; 2026 Acts, ch 1052, §2

Subsection 1 amended

524.607A Action without meeting.

1. Unless the articles of incorporation or bylaws provide otherwise, action required or permitted to be taken under this chapter at a board of directors' meeting may be taken without a meeting if the action is consented to by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. A consent may be signed by manual, facsimile, conformed, or electronic signature and may be delivered by electronic transmission. As used in this subsection, *"electronic signature"* means the same as defined in section 554D.103.

2. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date.

3. A written consent signed under this section has the effect of a meeting vote and may be described as such in any document.

2004 Acts, ch 1141, §20; 2022 Acts, ch 1062, §66

524.608 Auditing procedures.

1. In addition to any examination made by the banking division or other supervisory

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agency, the board of directors shall review the adequacy of the state bank's internal controls and cause to be made no less frequently than once each calendar year additional auditing procedures that the board deems to be appropriate. The board shall determine the state bank's audit needs and record in the board's minutes the extent to which audit procedures are to be employed.

2. The superintendent may require that more comprehensive auditing procedures be applied to a state bank's account records when deemed necessary. These auditing procedures may range from limited scope agreed-upon procedures to an unqualified audit opinion.

[C97, §1871; S13, §1871; C24, 27, §9224, 9225; C31, 35, §9224-c1, 9225, 9226; C39, §**9224.1, 9225, 9226;** C46, 50, 54, 58, 62, 66, §528.17, 528.19, 528.20; C71, 73, 75, 77, 79, 81, §524.608]

95 Acts, ch 148, §66; 96 Acts, ch 1056, §8; 2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §67

Referred to in §524.604

524.609 Executive and other committees.

If the articles of incorporation or the bylaws so provide, the board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution or in the articles of incorporation or the bylaws of the state bank shall have and may exercise all the authority of the board of directors, but no such committee shall have the authority of the board of directors in reference to amending the articles of incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the state bank, recommending to the shareholders a voluntary dissolution of the state bank or a revocation thereof, or amending the bylaws of the state bank. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

[C71, 73, 75, 77, 79, 81, §524.609]

524.610 Compensation of directors.

1. The shareholders of a state bank shall fix the reasonable compensation of directors for their services as members of the board of directors. Subject to approval by the shareholders at an annual or special meeting called for that purpose, the shareholders of a state bank may adopt a pension or profit-sharing plan, or both, or other plan of deferred compensation for directors, to which a state bank may contribute. Changes to such a pension or profit-sharing plan or other plan of deferred compensation, other than changes that affect eligibility requirements for directors under the plan, benefits provided to directors pursuant to the plan, and contributions required by the state bank or directors under the plan, may be adopted by the board of directors without shareholder approval.

2. Directors may be reimbursed for reasonable expenses incurred in the performance of their duties.

[C97, §1869, 1871; S13, §1869, 1871; C24, 27, 31, 35, 39, §**9219, 9227;** C46, 50, 54, 58, 62, 66, §528.5, 528.21; C71, 73, 75, 77, 79, 81, §524.610; 81 Acts, ch 173, §1]

95 Acts, ch 148, §67; 2004 Acts, ch 1141, §21; 2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §68

Referred to in §524.613

524.611 Oath of directors.

1. Each director of a state bank, before acting as a director, shall take an oath that the director will diligently, faithfully, and impartially perform the duties imposed upon the director by law, that the director will not knowingly violate or willingly permit a violation of any of the provisions of this chapter, and that the director meets the eligibility requirements of this chapter.

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2. The oath shall be signed by the director, acknowledged before an individual authorized to perform notarial acts, and delivered to the superintendent.

[C97, §1845; C24, 27, §9167; C31, 35, 39, §**9224;** C46, 50, 54, 58, 62, 66, §528.16; C71, 73, 75, 77, 79, 81, §524.611]

2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §69

524.612 Director dealing with state bank.

1. A director shall not receive terms or be paid a rate of interest on deposits, by a state bank of which the person is a director, which are more favorable than that provided to any other customer under similar circumstances. Any waiver of ordinary or customary charges related to deposit accounts shall not violate this subsection.

2. A director shall not purchase or lease any assets from or sell or lease any assets to a state bank of which the person is a director except upon terms not less favorable to the state bank than those offered to or by other persons. All purchases or leases from and sales or leases to a director shall receive the prior approval of a majority of the board of directors voting in the absence of the interested director.

[C97, §1869; S13, §1869; C24, 27, 31, 35, 39, §**9220;** C46, 50, 54, 58, 62, 66, §528.6; C71, 73, 75, 77, 79, 81, §524.612]

91 Acts, ch 14, §1; 95 Acts, ch 148, §68; 2017 Acts, ch 138, §2, 3

Referred to in §524.706, 524.1601, 524.1806

524.613 Prohibitions applicable to certain financial transactions involving directors.

A director of a state bank shall not receive anything of value, other than compensation and expense reimbursement authorized by section 524.610, for procuring, or attempting to procure, any loan or extension of credit, as defined in section 524.904, to the state bank or for procuring, or attempting to procure, an investment by the state bank.

[C31, 35, §9221-c3; C39, §**9221.3;** C46, 50, 54, 58, 62, 66, §528.10; C71, 73, 75, 77, 79, 81, §524.613]

95 Acts, ch 148, §69; 2017 Acts, ch 138, §4

Referred to in §524.1601, 524.1806

524.614 Honorary and advisory directors.

The board of directors of a state bank may appoint an individual as an honorary director, director emeritus, or member of an advisory board. An individual so appointed shall not vote at any meeting of the board of directors, shall not be counted in determining a quorum, and shall not be charged with any responsibilities or be subject to any liabilities imposed upon directors by this chapter.

[C71, 73, 75, 77, 79, 81, §524.614]

95 Acts, ch 148, §70

524.615 through 524.700 Reserved.

SUBCHAPTER VII

OFFICERS AND EMPLOYEES

524.701 Officers and employees.

1. A state bank shall have as officers a president, one vice president, and a cashier. No more than two of these positions may be held by the same individual. A state bank may have other officers as prescribed by the articles of incorporation or bylaws.

2. The board of directors shall elect one officer as the chief executive officer, who shall be a member of the board of directors.

3. Upon written notice by the superintendent, an individual who performs active executive or official duties for a state bank may be treated as an executive officer. A state bank may have a chairperson of the board of directors who, if the person does not perform executive

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or official duties or receive a salary, need not be considered an executive officer of the state bank.

4. An individual employed by a state bank, other than a director or an officer, is considered an employee for the purposes of this chapter.

[C97, §1845; C24, 27, 31, 35, 39, §**9162;** C46, 50, 54, 58, 62, 66, §526.7(4); C71, 73, 75, 77, 79, 81, §524.701]

91 Acts, ch 7, §1; 95 Acts, ch 148, §71

Referred to in §524.103

524.702 Officers — duties and liability.

1. All officers of a state bank shall have such authority and perform such duties in the management of the state bank as may be provided for in the articles of incorporation or the bylaws, or as may be determined by a resolution of the board of directors not inconsistent with the bylaws or the articles of incorporation.

2. If an officer willfully or negligently submits any incorrect information to a director or directors, and action by the board of directors contrary to the provisions of this chapter, or of any restrictions in the articles of incorporation, is taken in reliance thereon, the officer shall be liable to the same extent as if the officer were a director voting for or assenting to such action, as provided in section 524.605. An officer shall also be liable to the extent of any loss sustained by the state bank as a result of the officer's willful or negligent violation of any provision of this chapter. The superintendent may require an officer or officers whom the superintendent reasonably believes to be liable to a state bank pursuant to this section, to place in an escrow account an amount sufficient to discharge such liability in the manner provided for in section 524.605. No officer shall be deemed to be negligent within the meaning of this section if the officer exercised that diligence, care and skill which an ordinarily prudent person would exercise as an officer under similar circumstances.

[C97, §1886; C24, 27, 31, 35, 39, §**9281;** C46, 50, 54, 58, 62, 66, §528.83; C71, 73, 75, 77, 79, 81, §524.702]

524.703 Officers and employees — employment and compensation.

1. The board of directors may fix the tenure and provide for the reasonable compensation of officers. The chief executive officer or the chief executive officer's designee shall determine the employees' compensation and tenure. Officers and employees may be reimbursed for reasonable expenses incurred by them on behalf of the state bank.

2. Subject to approval by the shareholders at an annual or special meeting called for the purpose, the board of directors of a state bank may adopt a pension or profit-sharing plan, or both, or other plan of deferred compensation, for both officers and employees, to which the state bank may contribute. Changes to such a pension or profit-sharing plan or other plan of deferred compensation, other than changes that affect eligibility requirements for officers and employees under the plan, benefits provided to officers and employees pursuant to the plan, and contributions required by state banks, officers, or employees under the plan, may be adopted by the board of directors without shareholder approval.

[C97, §1844, 1869; S13, §1869; C24, 27, 31, 35, 39, §**9162, 9219;** C46, 50, 54, 58, 62, 66, §526.7(4), 528.5; C71, 73, 75, 77, 79, 81, §524.703]

95 Acts, ch 148, §72; 2004 Acts, ch 1141, §22; 2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §70

Referred to in §524.710

524.704 Reserved.

524.705 Bonds of officers and employees.

The officers and employees of a state bank having the care, custody, or control of any funds or securities for any state bank shall give a good and sufficient bond in a company authorized to do business in this state indemnifying the state bank against losses, which may be incurred by reason of any act or acts of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction, misapplication, misappropriation, or other unlawful act committed by such officer or employee directly or through connivance with others, until all

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of the officer's or employee's accounts with the state bank are fully settled and satisfied. The amounts and sureties are subject to the approval of the board of directors. The superintendent may require higher amounts as deemed necessary. If the agent of a bonding company issuing a bond under this section is an officer or employee of the state bank upon which the bond was issued, the bond so issued shall contain a provision that the bonding company shall not use, either as a grounds for rescission or as a defense to liability under the terms and conditions of the bond, the knowledge that the agent was so employed, whether or not the agent received any part of the premium for the bond as a commission.

[C97, §1845; C24, 27, §9169; C31, 35, §9169, 9217-c3; C39, §**9169, 9217.3;** C46, 50, 54, 58, 62, 66, §526.12, 528.3; C71, 73, 75, 77, 79, 81, §524.705]

95 Acts, ch 148, §73

524.706 Officer dealing with state bank.

1. Section 524.612 applies to executive officers.

2. Upon the request of the board of directors, an officer or employee of a state bank shall submit to the board of directors a personal financial statement which shall include the names of all persons to whom the officer or employee is obligated, the dates, terms, and amounts of each loan or other obligation, the security for the loan or obligation, and the purpose for which the proceeds of the loan or other obligation has been or is to be used.

3. Upon the request of the superintendent, a director or an officer of a state bank shall submit to the superintendent a personal financial statement which shall show the names of all persons to whom the director or officer is obligated, the dates, terms, and amounts of each loan or other obligation, the security for the loan or obligation, and the purpose for which the proceeds of the loan or other obligation has been or is to be used.

[C97, §1869; S13, §1869; C24, 27, 31, 35, 39, §**9220;** C46, 50, 54, 58, 62, 66, §528.6; C71, 73, 75, 77, 79, 81, §524.706; 82 Acts, ch 1253, §1]

83 Acts, ch 101, §109; 84 Acts, ch 1032, §3; 91 Acts, ch 7, §2; 95 Acts, ch 148, §74; 96 Acts, ch 1056, §9; 2017 Acts, ch 138, §5, 6

Referred to in §524.1601, 524.1806

524.707 Removal of officers or employees.

1. An officer or employee may be removed by the board of directors whenever in its judgment the best interests of the state bank shall be served by such removal, but the removal shall be without prejudice to the contract rights, if any, of the officer or employee so removed. Election of an officer shall not of itself create contract rights.

2. Section 524.606, subsection 2, which provides for the removal of directors by the superintendent, shall have equal application to officers and employees of a state bank, bank holding company, bank affiliate, or trust company.

[C71, 73, 75, 77, 79, 81, §524.707]

91 Acts, ch 220, §4; 95 Acts, ch 148, §75; 2006 Acts, ch 1015, §7; 2022 Acts, ch 1062, §71

Referred to in §524.228

524.708 Report of change in officer personnel.

A state bank shall promptly notify the superintendent of any change in the individuals holding the offices of chief executive officer or president.

[C97, §1889; S13, §1889; C24, 27, 31, 35, 39, §**9255, 9257;** C46, 50, 54, 58, 62, 66, §528.47, 528.49; C71, 73, 75, 77, 79, 81, §524.708]

95 Acts, ch 148, §76

524.709 Duty to make records available to superintendent.

The officers and employees of a state bank shall make all records of the state bank available to the superintendent for the purpose of examination or for any other reasonable purpose.

[C24, 27, 31, 35, 39, §**9147;** C46, 50, 54, 58, 62, 66, §524.20; C71, 73, 75, 77, 79, 81, §524.709]

Referred to in §524.1604

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524.710 Prohibitions applicable to certain financial transactions involving officers and employees.

An officer or employee of a state bank shall not do any of the following:

1. Receive anything of value, other than compensation as authorized by section 524.703, for procuring, or attempting to procure, any loan or extension of credit, as defined in section 524.904, for the state bank or for procuring, or attempting to procure, an investment by the state bank.

2. Engage, directly or indirectly, in the sale of any kind of insurance, shares of stock, bonds or other securities, or real property, or procure or attempt to procure for a fee or other compensation, a loan or extension of credit for any person from a person other than the state bank of which the person is an officer or employee, or act in any fiduciary capacity, unless authorized to do so by the board of directors of the state bank which shall also determine the manner in which the profits, fees, or other compensation derived therefrom shall be distributed.

[C31, 35, §9221-c3, 9222-c2, 9283-c1; C39, §**9221.3, 9222.2, 9283.01;** C46, 50, 54, 58, 62, 66, §528.10, 528.12, 528.86; C71, 73, 75, 77, 79, 81, §524.710]

95 Acts, ch 148, §77; 2017 Acts, ch 138, §7

Referred to in §524.912, 524.1601

524.711 through 524.800 Reserved.

SUBCHAPTER VIII

GENERAL BANKING POWERS

524.801 General powers.

1. A state bank, unless otherwise stated in its articles of incorporation, shall have power:

a. To sue and be sued, complain and defend, in its corporate or organizational name.

b. To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

c. To purchase, take, receive, lease, or otherwise acquire, own, hold, improve and use real or personal property, or an interest therein, in connection with the exercise of any power granted in this chapter.

d. To sell, convey, pledge, mortgage, grant a security interest, lease, exchange, transfer, and release from trust or mortgage or otherwise dispose of all or any part of real or personal property, or an interest therein, in connection with the exercise of any power granted in this chapter.

e. To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for the administration and regulation of the affairs of the state bank.

f. To make donations for the public welfare for religious, charitable, scientific or educational or community development purposes.

g. To indemnify a director, officer, or employee, or a former director, officer, or employee of the state bank in the manner and in the instances authorized by sections 490.850 through 490.859.

h. To elect officers or appoint agents of the state bank and define their duties and fix their compensation.

i. To cease its existence as a state bank in the manner provided for in this chapter.

j. To have and exercise all powers necessary and proper to effect any or all of the purposes for which the state bank is organized.

k. To contract indebtedness and incur liabilities to effect any or all of the purposes for which the state bank is organized, subject to the provisions of this chapter.

l. To set off a customer's account against any of the customer's debts or liabilities owed the state bank pursuant to an agreement entered into between the customer and the state bank.

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2. The powers granted in this section shall not be construed as limiting or enlarging any grant of authority made elsewhere in this chapter, or as a limitation on the purposes for which a state bank may be incorporated or organized.

[C97, §1841, 1844; S13, §1889-j; C24, 27, 31, 35, 39, §**9156, 9162, 9267;** C46, 50, 54, 58, 62, 66, §526.2, 526.7, 532.14; C71, 73, 75, 77, 79, 81, §524.801]

83 Acts, ch 71, §5; 90 Acts, ch 1205, §39; 95 Acts, ch 148, §78, 79; 2002 Acts, ch 1154, §112, 125; 2004 Acts, ch 1141, §65, 66; 2012 Acts, ch 1023, §157

Referred to in §524.802A

524.802 Additional powers of a state bank.

A state bank shall have in addition to other powers granted by this chapter, and subject to the limitations and restrictions contained in this chapter, the power to do all of the following:

1. Become an insured bank pursuant to the Federal Deposit Insurance Act and to take action as necessary to maintain the state bank's insured status.

2. Become a member of the federal reserve system, to acquire and hold shares in the appropriate federal reserve bank and to exercise all powers conferred on member banks by the federal reserve system that are not inconsistent with this chapter.

3. Become a member of a clearinghouse association.

4. Act as agent of the United States or of any instrumentality or agency of the United States.

5. Act as agent for a depository institution affiliate.

6. Buy and sell coin, currency, and bullion.

7. Organize, acquire, and hold shares of stock in an operations subsidiary, with the prior approval of the superintendent.

8. Engage in the brokerage of insurance and real estate subject to the prior approval of the superintendent. These activities are subject to regulation, including but not limited to regulation under subtitle 1 and subtitle 4 of this title.

9. Acquire and hold shares of stock in the appropriate federal home loan bank and to exercise all powers conferred on member banks of the federal home loan bank system that are not inconsistent with this chapter. A purchase of federal home loan bank shares which causes the state bank's holdings to exceed fifteen percent of aggregate capital, including where the ownership of shares exceeding fifteen percent of the state bank's aggregate capital is needed to support the state bank's participation in the federal home loan bank's acquired member assets program provided for in 12 C.F.R. pt. 955, requires the prior approval of the superintendent.

10. Acquire and hold shares of stock in the federal agricultural mortgage corporation or corporations engaged solely in the pooling of agricultural loans for the federal agricultural mortgage corporation guarantees.

11. Subject to section 524.109, subsection 2, become a member of a bankers' bank.

12. Subject to the prior approval of the superintendent, organize, acquire, or invest in a subsidiary for the purpose of engaging in any of the following:

a. Nondepository activities that a state bank is authorized to engage in directly under this chapter.

b. Activities that a bank service corporation is authorized to engage in under state or federal law or regulation.

c. Activities authorized pursuant to section 524.825.

13. Acquire, hold, and improve real estate for the sole purpose of economic or community development, provided that the state bank's aggregate investment in all acquisitions and improvements of real estate under this subsection shall not exceed fifteen percent of a state bank's aggregate capital, the state bank provides the superintendent with thirty days' prior written notice of its intention to acquire, hold, and improve the real estate, and the superintendent does not object to the state bank's proposed plan within thirty days. For purposes of this section, the term "*community development*" includes public welfare investments as defined in section 524.901, subsection 7, paragraph "*a*", and other investments as permitted under 12 U.S.C. §24 and its implementing regulations.

14. Provide customer financing for wind energy production facilities eligible for

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production tax credits pursuant to chapter 476B in a manner that maximizes the availability of production tax credits to the state bank, including structuring such financing as a membership investment whereby the state bank as equity investor may take a majority financial position, but not a management position, in each such facility, subject to the following:

a. Prior to providing financing, a creditworthiness review shall be conducted pursuant to the state bank's standard loan underwriting criteria.

b. The state bank shall not participate in the operation of the facility, the production of wind energy, or the sale of wind energy if such sale is contemplated by the customer.

c. If the facility does not perform as projected in the equity investment agreement, the state bank may either sell its interest in the facility or pursue liquidation.

d. The state bank shall not share in any appreciation in value of its interest in the facility or in any of the customer's real or personal assets.

e. At the end of any applicable holding period, the state bank shall sell at book value its ownership interest in the facility.

15. All other powers determined by the superintendent to be appropriate for a state bank.

[C97, §1841; SS15, §1889-o; C24, 27, 31, §9156, 9269, 9271; C35, §9156, 9269, 9271, 9283-g2, -g3, -g4, -g5; C39, §**9156, 9269, 9271, 9283.45, 9283.46, 9283.47, 9283.48;** C46, 50, 54, 58, 62, 66, §526.2, 528.67, 528.70, 530.2, 530.3, 530.4, 530.5; C71, 73, 75, 77, 79, 81, §524.802]

95 Acts, ch 148, §80; 2004 Acts, ch 1141, §23; 2008 Acts, ch 1128, §1, 15; 2012 Acts, ch 1017, §20; 2022 Acts, ch 1062, §72

Referred to in §524.802A, 524.825

524.802A Electronic activities of state bank.

1. A state bank may conduct in electronic form any activities that are expressly authorized for state banks under any provision of this chapter, including in sections 524.801, 524.802, and 524.804, and activities that are the functional equivalent of any activities expressly authorized for state banks under this chapter. A state bank may perform, provide, or deliver through electronic means any activity, function, product, or service it is authorized to perform by any provision of this chapter and must comply with all applicable laws and regulations.

2. A state bank that engages in any new or innovative electronic activities must conduct these activities in a safe and sound manner and must maintain adequate systems to identify, measure, monitor, and control the risks associated with its electronic activities. These systems must include policies, procedures, internal controls, and management information systems governing the electronic activities of the state bank and may be tailored to the specific risks presented by the electronic activities of the state bank. A state bank engaging in new or innovative electronic activities must also maintain adequate and effective information security infrastructure and controls.

3. The superintendent may adopt rules pursuant to chapter 17A to implement the provisions of this section, including but not limited to identifying the systems, processes, and technologies a state bank must maintain in order to engage in certain new or innovative electronic activities.

2022 Acts, ch 1062, §73; 2026 Acts, ch 1052, §3, 4

Subsection 2 stricken and former subsection 3 renumbered as 2

Former subsection 4 amended and renumbered as 3

524.803 Business property of state bank.

1. A state bank shall have power to do all of the following:

a. Acquire and hold, or lease as lessee, such personal property as is used, or is to be used, in its operations.

b. Subject to the prior approval of the superintendent, acquire and hold, or lease as lessee, only such real property as is used, or is to be used, wholly or substantially, in its operations or acquired for future use.

c. Subject to the prior approval of the superintendent, acquire and hold shares in a corporation engaged solely in holding or operating real property used wholly or substantially by a state bank in its operations or acquired for its future use.

d. Subject to the prior approval of the superintendent, acquire and hold shares in a

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corporation organized solely for the purpose of providing data processing services, as such services are defined in section 524.804.

e. Subject to the prior approval of the superintendent, acquire and hold shares in a corporation engaged in providing and operating facilities through which banks and customers may engage, by means of either the direct transmission of electronic impulses to and from a bank or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank, in transactions in which such banks are otherwise permitted to engage pursuant to applicable law.

2. The book value of all real and personal property acquired and held pursuant to this section, of all alterations to buildings on real property owned or leased by a state bank, of all shares in corporations acquired pursuant to paragraphs *"c"*, *"d"*, and *"e"* of subsection 1, and of any and all obligations of such corporations to the state bank, shall not exceed forty percent of the aggregate capital of the state bank or such larger amount as may be approved by the superintendent.

3. Any real property which is held by a state bank pursuant to this section and which it ceases to use for banking purposes, or is acquired for future use but not used within five years after title is vested in the state bank, shall be sold or disposed of by the state bank as directed by the superintendent. This deadline may be extended up to an additional five years with prior approval of the superintendent, but in no event may a state bank hold the property for more than ten years.

[C97, §1851; C24, 27, 31, 35, 39, §**9190;** C46, 50, 54, 58, §526.34; C62, 66, §524.31, 526.34; C71, 73, 75, 77, 79, 81, §524.803]

87 Acts, ch 171, §13; 95 Acts, ch 148, §81; 2022 Acts, ch 1062, §74

Referred to in §524.804

524.804 Data processing services.

A state bank which owns or leases equipment to perform such bank services as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or other clerical, bookkeeping, accounting, statistical, or other similar functions, may provide similarly related data processing services for others whether or not engaged in the business of banking. If a state bank holds shares in a corporation organized solely for the purpose of providing data processing services, pursuant to the authority granted by section 524.803, subsection 1, paragraph *"d"*, other than a bank service corporation as defined by the laws of the United States, such corporation shall be authorized to perform services for the state bank owning such interest and for others, whether or not engaged in the business of banking.

[C62, 66, §524.31; C71, 73, 75, 77, 79, 81, §524.804]

95 Acts, ch 148, §82

Referred to in §524.802A, 524.803, 524.1201

524.805 Deposits.

1. A state bank may receive money for deposit and may provide, by resolution of the board of directors, for the payment of interest on such deposit and shall repay the deposit in accordance with the terms and conditions of its acceptance.

2. The terms and conditions attending an agreement to pay interest on deposits shall be furnished to each customer at the time of the acceptance by the state bank of the initial deposit. No change made in the terms and conditions attending an agreement to pay interest which adversely affects the interest of a depositor shall be retroactively effective. Savings account depositors and holders and payees of automatic renewal time certificates of deposit shall be given reasonable notice of any change in the terms and conditions attending an agreement to pay interest prior to the effective date thereof.

3. A state bank may make such charges for the handling or custody of deposits as may be fixed by its board of directors provided that a schedule of the charges shall be furnished to the customer at the time of acceptance by the state bank of the initial deposit. Any change in the charges shall be furnished to the customer within a reasonable period of time before the effective date of the change.

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4. A state bank shall not accept deposits or renew certificates of deposit when insolvent.

5. Except as provided in section 524.807, a state bank may receive deposits by or in the name of a minor and may deal with a minor with respect to a deposit account without the consent of a parent, guardian or conservator and with the same effect as though the minor were an adult. Any action of the minor with respect to such deposit account shall be binding on the minor with the same effect as though an adult.

6. A state bank may receive deposits from a person acting as fiduciary or in an official capacity which shall be payable to such person in such capacity.

7. A state bank may receive deposits from a corporation, trust, estate, association or other similar organization which shall be payable to any person authorized by its board of directors or other persons exercising similar functions.

8. A state bank may receive deposits from one or more persons with the provision that upon the death of the depositors the deposit account shall be the property of the person or persons designated by the deceased depositors as shown on the deposit account records of the state bank. After payment by the state bank, the proceeds shall remain subject to any debts of the decedent and subject to any payment of Iowa inheritance tax resulting from a death occurring prior to January 1, 2025. A state bank paying the person or persons designated shall not be liable as a result of that action for any debts of the decedent or for any estate, inheritance, or succession taxes which may be due this state.

[C97, §1844, 1848, 1849, 1852, 1854, 1884; S13, §1848, 1852; C24, 27, §9162, 9177, 9178, 9179, 9180, 9181, 9182, 9191, 9193, 9279; C31, 35, §9162, 9177, 9178, 9179, 9180, 9181, 9182, 9191, 9193, 9222-c1, 9279; C39, §**9162, 9177, 9178, 9179, 9180, 9181, 9182, 9191, 9193, 9222.1, 9279;** C46, 50, 54, 58, 62, 66, §526.7, 526.19 – 526.24, 526.35, 526.37, 528.11, 528.81; C71, 73, 75, 77, 79, 81, §524.805; 81 Acts, ch 173, §2]

95 Acts, ch 148, §83, 84; 2002 Acts, ch 1002, §1; 2025 Acts, ch 148, §35, 53, 54; 2026 Acts, ch 1048, §1

Referred to in §524.1608

2025 amendment to subsection 8 applies retroactively to January 1, 2025, to the estates of decedents dying on or after January 1, 2025; 2025 Acts, ch 148, §54

Subsection 8 amended

524.806 Deposit in the names of two or more individuals.

When a deposit is made in any state bank in the names of two or more individuals, payable to any one or more of them, or payable to the survivor or survivors, the deposit, including interest, or any part thereof, may be paid to any one or more of the individuals whether the others be living or not, and the receipt or acquittance of the individuals so paid is a valid and sufficient release and discharge to the state bank for any payment so made.

[S13, §1889-b; C24, 27, 31, 35, 39, §**9267;** C46, 50, 54, 58, 62, 66, §528.64; C71, 73, 75, 77, 79, 81, §524.806; 81 Acts, ch 173, §3]

524.807 Payment of deposited funds.

When any deposit shall be made by any individual in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given to the state bank, in the event of the death of the trustee, the same or any part thereof, together with interest thereon, may be paid to the individual for whom the deposit was made, or to the individual's legal representatives; provided that the individual for whom the deposit was made, if a minor, shall not draw the same during the individual's minority without the consent of the legal representatives of said trustee.

[SS15, §1889-d; C24, 27, 31, 35, 39, §**9287;** C46, 50, 54, 58, 62, 66, §532.4; C71, 73, 75, 77, 79, 81, §524.807]

Referred to in §524.805

524.808 Adverse claims to deposits.

1. A state bank shall not be required, in the absence of a court order or indemnity required by this section, to recognize any claim to, or any claim of authority to exercise control over, a deposit account made by a person or persons other than:

a. The customer in whose name the account is held by the state bank.

b. An individual or group of individuals who are authorized to draw on or control the

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account pursuant to certified corporate resolution or other written arrangement with the customer, currently on file with the state bank, which has not been revoked by valid corporate action in the case of a corporation, or by a valid agreement or other valid action appropriate for the form of legal organization of any other customer, of which the state bank has received notice and which is not the subject of a dispute known to the state bank as to its original validity. The deposit account records of a state bank shall be presumptive evidence as to the identity of the customer on whose behalf the money is held.

2. To require a state bank to recognize an adverse claim to, or adverse claim of authority to control, a deposit account, whoever makes the claim must either:

a. Obtain and serve on the state bank an appropriate court order or judicial process directed to the state bank, restraining any action with respect to the account until further order of such court or instructing the state bank to pay the balance of the account, in whole or in part, as provided in the order or process; or

b. Deliver to the state bank a bond, in form and amount and with sureties satisfactory to the state bank, indemnifying the state bank against any liability, loss or expense which it might incur because of its recognition of the adverse claim or because of its refusal by reason of such claim to honor any check or other order of anyone described in paragraphs *"a"* and *"b"* of subsection 1 of this section.

[C71, 73, 75, 77, 79, 81, §524.808]

524.809 Authority to lease safe deposit boxes.

1. A state bank may lease safe deposit boxes for the storage of property on terms and conditions prescribed by the state bank. The terms and conditions shall not bind a customer or the customer's successors or legal representatives to whom the state bank does not give notice of such terms and conditions by delivery of a lease and agreement in writing containing the terms and conditions. A state bank may limit its liability provided such limitations are set forth in the lease and agreement in at least the same size and type as the other substantive provisions of the lease and agreement.

2. The lease and agreement of a safe deposit box may provide that evidence tending to prove that property was left in any such box upon the last entry by the customer or the customer's authorized agent, and that the same or any part thereof was found missing upon subsequent entry, shall not be sufficient to raise a presumption that the same was lost by any negligence or wrongdoing for which such state bank is responsible, or put upon the state bank the burden of proof that such alleged loss was not the fault of the state bank.

3. A state bank may lease a safe deposit box to a minor. A state bank may deal with a minor with respect to a safe deposit lease and agreement without the consent of a parent, guardian or conservator and with the same effect as though the minor were an adult. Any action of the minor with respect to such safe deposit lease and agreement shall be binding on the minor with the same effect as though an adult.

4. A state bank which has on file a power of attorney of a customer covering a safe deposit lease and agreement, which has not been revoked by the customer, shall incur no liability as a result of continuing to honor the provisions of the power of attorney in the event of the death or incompetence of the donor of the power of attorney until it receives written notice of the death, or written notice of adjudication by a court of the incompetence of the customer and the appointment of a guardian or conservator.

[C31, 35, §9267-c1; C39, §**9267.1;** C46, 50, 54, 58, 62, 66, §528.65; C71, 73, 75, 77, 79, 81, §524.809]

95 Acts, ch 148, §85

Referred to in §524.108

524.810 Search procedure on death. Repealed by 97 Acts, ch 60, §1, 2.

524.810A Safe deposit box access.

1. A bank shall permit a person named in and authorized by a court order to open, examine, and remove the contents of a safe deposit box located at the bank. If a court order has not been delivered to the bank, the following persons may access and remove any or all

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contents of a safe deposit box located at a state bank which box is described in an ownership or rental agreement or lease between the bank and a deceased owner or lessee:

a. A co-owner or co-lessee of the safe deposit box.

b. A person designated in the safe deposit box agreement or lease to have access to the safe deposit box upon the death of the lessee, to the extent provided in the safe deposit box agreement or lease.

c. An executor or administrator of the estate of a deceased owner or lessee upon delivery to the state bank of a certified copy of letters of appointment.

d. A person named as an executor in a copy of a purported will produced by the person, provided such access shall be limited to the removal of a purported will, and no other contents shall be removed.

e. A trustee of a trust created by the deceased owner or lessee upon delivery to the state bank of either of the following:

(1) A certification of trust pursuant to section 633A.4604 which certifies that the trust property is reasonably believed to include property in the safe deposit box.

(2) A copy of the trust with an affidavit by the trustee which certifies that a copy of the trust delivered to the state bank with the affidavit is an accurate and complete copy of the trust, that the trustee is the duly authorized and acting trustee under the trust, that the trust property is reasonably believed to include property in the safe deposit box, and that, to the knowledge of the trustee, the trust has not been revoked.

2. A person removing any contents of a safe deposit box pursuant to subsection 1 shall deliver any writing purported to be a will of the decedent to the court having jurisdiction over the decedent's estate.

3. *a.* If a person authorized to have access under subsection 1 does not request access to the safe deposit box within the thirty-day period immediately following the date of death of the owner or lessee of a safe deposit box, and the state bank has knowledge of the death of the owner or lessee of the safe deposit box, the safe deposit box may be opened by or in the presence of two employees of the state bank. If no key is produced, the state bank may cause the safe deposit box to be opened and the state bank shall have a claim against the estate of the deceased owner or lessee and a lien upon the contents of the safe deposit box for the costs of opening and resealing the safe deposit box.

b. If a safe deposit box is opened pursuant to paragraph *"a"*, the bank employees present at such opening shall do all of the following:

(1) Remove any purported will of the deceased owner or lessee.

(2) Unseal, copy, and retain in the records of the state bank a copy of a purported will removed from the safe deposit box. An additional copy of such purported will shall be made, dated, and signed by the bank employees present at the safe deposit box opening and placed in the safe deposit box. The safe deposit box shall then be resealed.

(3) The original of a purported will shall be sent by registered or certified mail or personally delivered to the district court in the county of the last known residence of the deceased owner or lessee, or the court having jurisdiction over the testator's estate. If the residence is unknown or last known and not in this state, the purported will shall be sent by registered or certified mail or personally delivered to the district court in the county where the safe deposit box is located.

4. The state bank may rely upon published information or other reasonable proof of death of an owner or lessee. A state bank has no duty to inquire about or discover, and is not liable to any person for failure to inquire about or discover, the death of the owner or lessee of a safe deposit box. A state bank has no duty to open or cause to be opened, and is not liable to any person for failure to open or cause to be opened, a safe deposit box of a deceased owner or lessee. Upon compliance with the requirements of subsection 1 or 3, the state bank is not liable to any person as a result of the opening of the safe deposit box, removal and delivery of the purported will, or retention of the unopened safe deposit box and contents.

99 Acts, ch 148, §1; 2004 Acts, ch 1102, §1, 2; 2005 Acts, ch 38, §55; 2022 Acts, ch 1062, §75

Referred to in §524.108

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524.811 Adverse claims to property in safe deposit and safekeeping.

1. A state bank shall not be required, in the absence of a court order or indemnity required by this section, to recognize any claim to, or claim of authority to exercise control over, property held in safe deposit or property held for safekeeping pursuant to section 524.813 made by a person or persons other than:

a. The customer in whose name the property is held by the state bank.

b. An individual or group of individuals who are authorized to have access to the safe deposit box, or to the property held for safekeeping, pursuant to a certified corporate resolution or other written arrangement with the customer, currently on file with the state bank, which has not been revoked by valid corporate action in the case of a corporation, or by a valid agreement or other valid action appropriate for the form of legal organization of any other customer, of which the state bank has received notice and which is not the subject of a dispute known to the state bank as to its original validity. The safe deposit and safekeeping account records of a state bank shall be presumptive evidence as to the identity of the customer on whose behalf the money is held.

2. To require a state bank to recognize an adverse claim to, or adverse claim of authority to control, property held in safe deposit or for safekeeping, whoever makes the claim must either:

a. Obtain and serve on the state bank an appropriate court order or judicial process directed to the state bank, restraining any action with respect to the property until further order of such court or instructing the state bank to deliver the property, in whole or in part, as provided in the order or process; or

b. Deliver to the state bank a bond, in form and amount and with sureties satisfactory to the state bank, indemnifying the state bank against any liability, loss or expense which it might incur because of its recognition of the adverse claim or because of its refusal to deliver the property to any person described in paragraphs *"a"* and *"b"* of subsection 1 of this section.

[C71, 73, 75, 77, 79, 81, §524.811]

Referred to in §524.108

524.812 Remedies and proceedings for nonpayment of rent on safe deposit box.

1. A state bank shall have a lien upon the contents of a safe deposit box for past due rentals and any expense incurred in opening the safe deposit box, replacement of the locks thereon, and of any sale made pursuant to this section. If the rental of any safe deposit box is not paid within six months from the day it is due, at any time thereafter and while such rental remains unpaid, the state bank shall mail a notice by certified or registered mail to the customer at the customer's last known address as shown upon the records of the state bank, stating that if the amount due for such rental is not paid on or before a specified day, which shall be at least thirty days after the date of mailing such notice, the state bank will remove the contents thereof and hold the same for the account of the customer.

2. If the rental for the safe deposit box has not been paid prior to the expiration of the period specified in a notice mailed pursuant to subsection 1 of this section, the state bank may, in the presence of two of its officers, cause the box to be opened and the contents removed. An inventory of the contents of the safe deposit box shall be made by the two officers present and the contents held by the state bank for the account of the customer.

3. If the contents are not claimed within two years after their removal from the safe deposit box, the state bank may proceed to sell so much of the contents as is necessary to pay the past due rentals and the expense incurred in opening the safe deposit box, replacement of the locks thereon, and the sale of the contents. The sale shall be held at the time and place specified in a notice published prior to the sale once each week for two successive weeks in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the state bank has its principal place of business, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the state bank has its principal place of business. The state bank shall also post this notice on the state bank's internet site for at least two weeks prior to the sale. A copy of the notice so published shall be mailed to the customer at the customer's last known address as shown upon the records of the state bank. The notice shall contain the name of the customer and

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need only describe the contents of the safe deposit box in general terms. The contents of any number of safe deposit boxes may be sold under one notice of sale and the cost thereof apportioned ratably among the several safe deposit box customers involved. At the time and place designated in said notice the contents taken from each respective safe deposit box shall be sold separately to the highest bidder for cash and the proceeds of each sale applied to the rentals and expenses due to the state bank and the residue from any such sale shall be held by the state bank for the account of the customer or customers. Any amount so held as proceeds from such sale shall be credited with interest at the customary annual rate for savings accounts at said state bank, or in lieu thereof, at the customary rate of interest in the community where such proceeds are held. The crediting of interest shall not activate said account to avoid an abandonment as unclaimed property under chapter 556.

4. Notwithstanding any of the provisions of this section, shares, bonds, or other securities which, at the time of a sale pursuant to subsection 3 of this section, are listed on any established stock exchange in the United States, shall not be sold at public sale but may be sold through an established stock exchange. Upon the making of a sale of any such securities, an officer of the state bank shall execute and attach to the securities so sold an affidavit reciting facts showing that such securities were sold pursuant to this section and that the state bank has complied with the provisions of this section. The affidavit shall constitute sufficient authority to any corporation whose shares are so sold or to any registrar or transfer agent of such corporation to cancel the certificates of shares so sold and to issue a new certificate or certificates representing such shares to the purchaser thereof, and to any registrar, trustee, or transfer agent of registered bonds or other securities, to register any such bonds or other securities in the name of the purchaser thereof.

5. The proceeds of any sale made pursuant to this section, after the payment of any amounts with respect to which the state bank has a lien, any property which was not offered for sale and property which, although offered for sale, was not sold, shall be retained by the state bank until such time as the property is presumed abandoned according to the provisions of section 556.2, and shall thereafter be handled in accordance with the provisions of that chapter.

[C71, 73, 75, 77, 79, 81, §524.812]
95 Acts, ch 148, §86; 2022 Acts, ch 1062, §76
Referred to in §524.108, 524.813

524.813 Authority to receive property for safekeeping.

1. A state bank may accept property for safekeeping if, except in the case of night depositories, it issues a receipt therefor. A state bank accepting property for safekeeping shall purchase and maintain reasonable insurance coverage to insure against loss incurred in connection with the acceptance of property for safekeeping. Property held for safekeeping shall not be commingled with the property of the state bank or the property of others.

2. A state bank shall have a lien upon any property held for safekeeping for past due charges for safekeeping and for expenses incurred in any sale made pursuant to this subsection. If the charge for the safekeeping of property is not paid within six months from the day it is due, at any time thereafter and while such charge remains unpaid, the state bank may mail a notice to the customer at the customer's last known address as shown upon the records of the state bank, stating that if the amount due is not paid on or before a specified day, which shall be at least thirty days after the date of mailing such notice, the state bank will remove the property from safekeeping and hold the same for the account of the customer. After the expiration of the period specified in such notice, if the charge for safekeeping has not been paid, the state bank may remove the property from safekeeping, cause the property to be inventoried and hold the same for the account of the customer. If the property is not claimed within two years after its removal from safekeeping the state bank may proceed to sell so much thereof as is necessary to pay the charge which remains unpaid and the expense incurred in making the sale in the manner provided for in subsections 3 and 4 of section 524.812. The proceeds of any sale made pursuant to this section, after payment of any amounts with respect to which the state bank has a lien, any property which was not offered for sale and property which, although offered for sale, was not sold, shall be

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retained by the state bank until such time as the property is presumed abandoned according to the provisions of section 556.2, and shall thereafter be handled in accordance with the provisions of that chapter.

[C71, 73, 75, 77, 79, 81, §524.813]

Referred to in §524.811

524.814 Loan or pledge of assets.

Pursuant to a resolution of its board of directors, a state bank may lend or pledge its assets for the following purposes, and for no other purposes:

1. To secure deposits of the state bank or a bank that is an affiliate of the state bank when a customer is required to obtain such security, or a bank is required to provide security, by the laws of the United States, by any agency or instrumentality of the United States, by the laws of the state of Iowa or another state, by the state board of regents, by a resolution or ordinance relating to the issuance of bonds, by the terms of any interstate compact, or by order of any court of competent jurisdiction. The lending of securities to a bank that is an affiliate, or the pledging of securities for the account of a bank that is an affiliate, shall be on terms and conditions that are consistent with safe and sound banking practices.
2. To secure transactions to hedge risks associated with interest rate exposure, subject to the approval of the superintendent.
3. To secure money borrowed by the state bank, provided that capital notes or debentures issued pursuant to section 524.404 shall not in any event be secured by a pledge of assets or otherwise.
4. To secure participations sold to the federal agricultural mortgage corporation.

[S13, §1889-c; C24, 27, §9268; C31, 35, §9222-c2, 9222-c3, 9268; C39, §**9222.2, 9222.3, 9268;** C46, 50, 54, 58, 62, 66, §528.12, 528.13, 528.66; C71, 73, 75, 77, 79, 81, §524.814]

89 Acts, ch 257, §9; 2002 Acts, ch 1175, §92, 103; 2010 Acts, ch 1028, §10; 2010 Acts, ch 1189, §41

Referred to in §524.1601

524.815 Deposits by a state bank.

A state bank may deposit its funds in a depository which is selected by, or in a manner authorized by, the directors of a state bank and which is authorized by law to receive deposits and is subject to supervision by banking authorities of the United States or of any state, and, with the prior approval of the superintendent, in any other depository.

[C71, 73, 75, 77, 79, 81, §524.815]

524.816 Deposit account insurance.

A state bank organized under this chapter shall be an insured bank and shall acquire and maintain insurance from the federal deposit insurance corporation, or its successor, to protect each depositor against loss of funds held on account by the state bank to the extent the federal deposit insurance corporation insures such deposits.

84 Acts, ch 1196, §1; 91 Acts, ch 16, §1; 2022 Acts, ch 1062, §77

524.817 Reserved.

524.818 Indebtedness of state bank.

A state bank may borrow money or otherwise contract indebtedness for necessary expenses in managing and transacting its business, to maintain proper cash reserves, and for other corporate purposes, provided, however, the superintendent may prohibit or place restrictions upon money borrowed or other indebtedness which would, in the superintendent's judgment, constitute an unsafe or unsound practice in view of the condition and circumstances of the state bank. Nothing contained in this section shall limit the right of a state bank to issue capital notes or debentures pursuant and subject to the provisions of section 524.404.

[S13, §1889-j; C24, 27, 31, 35, 39, §**9297;** C46, 50, 54, 58, 62, 66, §532.14; C71, 73, 75, 77, 79, 81, §524.818]

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524.819 Clearing checks at par.

Checks drawn on a state bank shall be cleared at par by the state bank on which they are drawn. This section shall not be applicable where checks are received by a state bank as special collection items.

[C46, 50, 54, 58, 62, 66, §528.63; C71, 73, 75, 77, 79, 81, §524.819]

2022 Acts, ch 1062, §78

Referred to in §524.1601

524.820 Money received for transmission.

1. A state bank shall have power to receive money for transmission. Upon receiving money for transmission, a state bank shall give the customer a receipt setting forth the date of receipt of the money, the amount of the money in dollars and cents, and if the money is to be transmitted to a foreign country in the currency of such country, the amount of the money in such currency.

2. In an action by a customer against a state bank for recovery of money delivered for transmission, the burden of proof of delivery of the money in accordance with the instructions of the customer shall be on the state bank but an affidavit by an agent or depository of the state bank that the money was delivered in accordance with the instructions of the customer and a receipt for the money signed in the name of the recipient designated by the customer shall be prima facie evidence of the delivery of the money in accordance with the instructions of the customer.

[C71, 73, 75, 77, 79, 81, §524.820]

524.821 Electronic transmission of funds — restrictions.

1. A state bank may engage in any transaction incidental to the conduct of the business of banking and otherwise permitted by applicable law, by means of either the direct transmission of electronic impulses to or from customers and banks or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank. Subject to the provisions of chapter 527, except as preempted by other applicable law, a state bank may utilize, establish, or operate, alone or with one or more other banks, federal savings associations, credit unions incorporated under the provisions of chapter 533 or federal law, or third parties, the satellite terminals permitted under chapter 527, by means of which customers and banks may transmit and receive electronic impulses constituting transactions pursuant to this section. However, except as preempted by other applicable law, such utilization, establishment, or operation shall be lawful only when in compliance with chapter 527. Nothing in this section shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this section be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any bank.

2. A state bank which offers its customers, or any of them, the opportunity to engage in transactions with or through the state bank in the manner authorized by subsection 1 shall not require a customer to deal with or through the state bank in that manner in lieu of writing checks in the usual manner upon a conventional checking account, and shall not impose any extraordinary charge upon customers who choose to write checks in the usual manner upon a conventional checking account maintained at that state bank. The term *"extraordinary charge"*, as used in this subsection, is a charge in excess of a fair and reasonable charge, based upon the costs to the state bank of providing and maintaining checking account services.

[C77, 79, 81, §524.821; 82 Acts, ch 1094, §1]

2012 Acts, ch 1017, §108; 2022 Acts, ch 1062, §79

524.822 through 524.824 Reserved.

524.825 Securities activities.

1. Subject to the prior approval of the superintendent and as authorized by rules adopted by the superintendent pursuant to chapter 17A, a state bank or a subsidiary of a state bank organized or acquired pursuant to section 524.802, subsection 12, may engage in directly,

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or may organize, acquire, or invest in a subsidiary for the purpose of engaging in securities activities and any aspect of the securities industry, including but not limited to any of the following:

a. Issuing, underwriting, selling, or distributing stocks, bonds, debentures, notes, interest in mutual funds or money-market-type mutual funds, or other securities.

b. Organizing, sponsoring, and operating one or more mutual funds.

c. Acting as a securities broker-dealer licensed under chapter 502. The business relating to securities shall be conducted through, and in the name of, the broker-dealer. The requirements of chapter 502 apply to any business of the broker-dealer transacted in this state.

2. A subsidiary engaging in activities authorized by this section may also engage in any other authorized activities under section 524.802, subsection 12.

87 Acts, ch 171, §14; 95 Acts, ch 148, §87; 2012 Acts, ch 1023, §157
Referred to in §524.802

524.826 through 524.900 Reserved.

SUBCHAPTER IX

INVESTMENT AND LENDING POWERS

524.901 Investments.

1. For purposes of this section, unless the context otherwise requires:

a. "Investment securities" means marketable obligations in the form of bonds, notes, or debentures which have been publicly offered, are of sound value, or are secured so as to be readily marketable at a fair value, and are within the four highest grades according to a reputable rating service or represent unrated issues of equivalent value. *"Investment securities"* does not include investments which are predominately speculative in nature.

b. "Shares" means proprietary units of ownership of a corporation.

2. A state bank shall not invest for its own account more than fifteen percent of its aggregate capital in investment securities of any one obligor. The par value of the investment securities shall be used to determine the amount that may be invested under this subsection, and any premium paid by a state bank for any investment securities shall not be included in determining the amount that may be invested under this subsection.

3. Subject only to the exercise of prudent banking judgment, a state bank may invest for its own account without regard to the limitation provided in subsection 2 in any of the following:

a. Investment securities of the United States of which the payment of principal and interest is fully and unconditionally guaranteed by the United States.

b. Investment securities issued, insured, or guaranteed by a department or an agency of the United States government, provided that the securities, insurance, or guarantee commits the full faith and credit of the United States for the repayment of the securities.

c. Investment securities of the federal national mortgage association or the association's successor.

d. Investment securities of the federal home loan mortgage corporation or the corporation's successor.

e. Investment securities of the student loan marketing association or the association's successor.

f. Investment securities of a federal home loan bank.

g. Investment securities of a farm credit bank.

h. Investment securities representing general obligations of the state of Iowa or of political subdivisions of the state.

4. A state bank may invest without limit in the shares or units of investment companies or investment trusts registered under the federal Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., the portfolio of which is limited to United States investment securities described in subsection 3 or repurchase agreements fully collateralized by United States

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investment securities described in subsection 3, if delivery of the collateral is taken either directly or through an authorized custodian and the dollar-weighted average maturity of the portfolio is not more than five years. All other investments by a state bank in the shares or units of investment companies or investment trusts registered under the federal Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., whose portfolios exclusively contain investment securities permissible pursuant to subsections 2 and 3, shall not exceed fifteen percent of the state bank's aggregate capital.

5. To the extent necessary to meet minimum membership or participation criteria, a state bank may invest for its own account in the shares of the appropriate federal reserve bank, the appropriate federal home loan bank, the federal national agricultural mortgage corporation or corporations engaged solely in the pooling of agricultural loans for federal agricultural mortgage corporation guarantees, and other similar investments acceptable to the superintendent and approved in writing by the superintendent. The bank's investment in the shares of each of the organizations is limited to fifteen percent of its aggregate capital or a higher amount as approved by the superintendent. Notwithstanding the specific requirements of this section, any shares of government-sponsored entities held by a state bank on or before July 1, 1995, shall be authorized.

6. A state bank, upon the approval of the superintendent, may acquire and hold the shares of any corporation which a state bank is authorized to acquire and hold pursuant to this chapter.

7. *a.* A state bank, upon the approval of the superintendent, may invest up to five percent of its aggregate capital in the shares or equity interests of any of the following:

(1) Economic development corporations organized under chapter 496B to the extent authorized by and subject to the limitations of that chapter.

(2) Public welfare investments to the same extent a national bank may invest in such corporations or projects pursuant to 12 U.S.C. §24 and its implementing regulations.

(3) Venture capital funds which invest an amount equal to at least fifty percent of a state bank's investment in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state.

(4) Small businesses having a principal office within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. An investment by a state bank in a small business under this subparagraph shall be included with the obligations of the small business to the state bank that are incurred as a result of the exercise by the state bank of the powers conferred in section 524.902 for the purpose of determining the total obligations of the small business pursuant to section 524.904. A state bank's equity interest investment in a small business, pursuant to this subparagraph, shall not exceed a twenty percent ownership interest in the small business.

(5) Other entities, acceptable to the superintendent, whose sole purpose is to promote economic or civic developments within a community or this state.

(6) Tax equity financing transactions in which a state bank provides equity financing to fund a project or projects that generate tax credits or other tax benefits and the equity-based structure of the transaction permits the transfer of such tax credits or other tax benefits to the state bank. A state bank may take a majority financial position in a project, but shall be a passive investor and shall not take a management position. The investment of state bank funds in a tax credit-generating project are subject to the following restrictions:

(a) The state bank shall not participate in the operation of any project or facility resulting from such a transaction or the sale of energy, if any, derived from the project.

(b) The state bank shall obtain a legal opinion or otherwise demonstrate a good-faith determination that the tax credits or other tax benefits are available before engaging in a tax equity financing transaction.

(c) The tax credits, tax benefits, or other payments the state bank receives from the transaction shall repay the state bank's investment and provide the expected rate of return at the time of the investment.

(d) Except as provided under subparagraph division (c), the state bank shall not share in

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any appreciation in value of its interests in the project or in any of the real or personal assets associated with the project.

b. A state bank's total investment in any combination of the shares or equity interests of the entities identified in paragraph *"a"*, subparagraphs (1) through (6) shall be limited to twenty percent of its aggregate capital.

c. For purposes of this subsection:

(1) The term *"equity interests"* means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

(2) The term *"public welfare investment"* means an investment that primarily benefits low and moderate-income individuals, low and moderate-income areas, or other areas targeted by a governmental entity for redevelopment. *"Public welfare investment"* includes investments that primarily support any of the types of activities identified in 12 C.F.R. §24.6. *"Public welfare investment"* includes an investment that would receive consideration under 12 C.F.R. pt. 25 as a qualified investment. *"Public welfare investment"* includes an investment in any of the following areas:

(a) A targeted service area as defined in section 8.76.

(b) A small city as defined in section 15.352, subsection 10.

(c) An area of the state that is not part of a federally designated standard metropolitan statistical area.

(3) The term *"small business"* means a corporation, partnership, proprietorship, or other entity which meets the appropriate United States small business administration definition of small business and which is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to the state.

(4) The term *"venture capital fund"* means a corporation, partnership, proprietorship, or other entity whose principal business is or will be the making of investments in, and the providing of significant managerial assistance to, small businesses.

8. A state bank, in the exercise of the powers granted in this chapter, may purchase cash value life insurance contracts which may include provisions for the lump sum payment of premiums and which may include insurance against the loss of the lump sum payment. State banks may only purchase cash value life insurance contracts if the contract is tied to an employee benefit the state bank is obligated to pay. The cash value life insurance contracts, together with the investment in annuity contracts authorized in subsection 9, purchased from any one company shall not exceed fifteen percent of aggregate capital of the state bank, and in the aggregate from all companies, together with the investment in annuity contracts authorized in subsection 9, shall not exceed twenty-five percent of aggregate capital of the state bank unless the state bank has obtained the approval of the superintendent prior to the purchase of any cash value life insurance contract in excess of this limitation. Purchase and sale of such contracts shall be conducted in accordance with safe and sound banking practices.

9. A state bank, in the exercise of the powers granted in this chapter, may purchase annuity contracts so long as the annuity contract is tied to an employee benefit the state bank is obligated to pay. The total investment in annuity contracts purchased from any one company, together with the cash value of life insurance contracts authorized in subsection 8, shall not exceed fifteen percent of aggregate capital of the state bank, and in the aggregate from all companies, together with the cash value of life insurance contracts authorized in subsection 8, shall not exceed twenty-five percent of aggregate capital of the state bank unless the state bank has obtained the approval of the superintendent prior to the purchase of any cash value life insurance contract in excess of this limitation. Purchase and sale of such contracts shall be conducted in accordance with safe and sound banking practices.

10. A state bank may invest without limitation for its own account in futures, forward, and standby contracts to purchase and sell any of the instruments a state bank is authorized to purchase and sell, subject to the prior approval of the superintendent and pursuant to applicable federal laws and regulations governing such contracts. Purchase and sale of

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such contracts shall be conducted in accordance with safe and sound banking practices and with the level of the activity being reasonably related to the state bank's business needs and capacity to fulfill its obligations under the contracts.

11. A state bank, upon the approval of the superintendent, may invest in the shares or equity interests of any corporation or other entity which develops or utilizes new or innovative technologies that are or may be applicable to the provision of banking or other financial products or services, including the covered services identified in section 524.218, subsection 2. A state bank's total investment in any combination of shares or equity interests of the entities identified in this paragraph shall not exceed five percent of its aggregate capital.

[C97, §1844, 1850; S13, §1850; SS15, §1889-o; C24, 27, 31, 35, 39, §**9162, 9183, 9269, 9271;** C46, 50, 54, 58, 62, 66, §526.7, 526.25, 528.15, 528.67, 528.70; C71, 73, 75, 77, 79, 81, §524.901; 81 Acts, ch 173, §10; 82 Acts, ch 1017, §1, 2]

83 Acts, ch 124, §14, 15; 83 Acts, ch 152, §1; 85 Acts, ch 136, §3; 85 Acts, ch 252, §35; 87 Acts, ch 171, §15 – 19; 88 Acts, ch 1075, §1; 89 Acts, ch 49, §1; 89 Acts, ch 257, §10 – 15; 91 Acts, ch 220, §5, 6; 94 Acts, ch 1140, §1, 2; 95 Acts, ch 148, §88; 2010 Acts, ch 1028, §11; 2012 Acts, ch 1023, §135; 2014 Acts, ch 1092, §188; 2022 Acts, ch 1062, §80 – 84; 2023 Acts, ch 29, §4 – 6; 2024 Acts, ch 1185, §185

Referred to in §12C.22, 524.802, 524.904, 524.907, 524.1002, 524.1602, 536A.25

524.902 General lending powers of a state bank.

1. A state bank may, subject to any applicable restrictions under other provisions of this chapter, loan money, extend credit and discount or purchase evidences of indebtedness and agreements for the payment of money.

2. Nothing in this chapter is deemed to permit a state bank to purchase a vendee's interest in a real property sales contract, provided, however, that a state bank may loan or extend credit on the security of such an interest.

[C97, §1844, 1850, 1870; S13, §1850; SS15, §1870; C24, 27, 31, 35, 39, §**9162, 9184, 9223;** C46, 50, 54, 58, 62, 66, §526.7, 526.29, 528.14; C71, 73, 75, 77, 79, 81, §524.902]

92 Acts, ch 1161, §3

Referred to in §524.901

524.903 Purchase and sale of drafts and bills of exchange.

1. A state bank shall have power to accept drafts drawn upon it having not more than six months after sight to run, exclusive of days of grace:

a. Which grow out of transactions involving the importation or exportation of goods.

b. Which grow out of transactions involving the domestic shipment of goods, provided documents of title are attached thereto at the time of acceptance.

c. In which a security interest is perfected at the time of acceptance covering readily marketable staples.

2. A state bank shall not accept such drafts in an amount which exceeds at any time in the aggregate for all drawers thirty percent of the state bank's aggregate capital.

3. A state bank may accept drafts, having not more than three months after sight to run, drawn upon it by banks or bankers in foreign countries, or in dependencies or insular possessions of the United States, for the purpose of furnishing dollar exchange as required by the usages of trade where the drafts are drawn in an aggregate amount which shall not at any time exceed for all such acceptance on behalf of a single bank or banker seven and one-half percent of the state bank's aggregate capital, and for all such acceptances, thirty percent of the state bank's aggregate capital.

[C24, 27, 31, 35, 39, §**9272, 9273, 9274;** C46, 50, 54, 58, 62, 66, §528.71, 528.72, 528.73; C71, 73, 75, 77, 79, 81, §524.903]

95 Acts, ch 148, §89; 2004 Acts, ch 1141, §24

Referred to in §524.904, 524.1602

524.904 Loans and extensions of credit to one borrower.

1. For purposes of this section, *"loans and extensions of credit"* means a state bank's direct or indirect advance of funds to a borrower based on an obligation of that borrower to repay the funds or repayable from specific property pledged by the borrower and shall include:

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a. A contractual commitment to advance funds, as defined in section 524.103.

b. A maker or endorser's obligation arising from a state bank's discount of commercial paper.

c. A state bank's purchase of securities subject to an agreement that the seller will repurchase the securities at the end of a stated period.

d. A state bank's purchase of third-party paper subject to an agreement that the seller will repurchase the paper upon default or at the end of a stated period. The amount of the state bank's loan is the total unpaid balance of the paper owned by the state bank less any applicable dealer reserves retained by the state bank and held by the state bank as collateral security. Where the seller's obligation to repurchase is limited, the state bank's loan is measured by the total amount of the paper the seller may ultimately be obligated to repurchase. A state bank's purchase of third-party paper without direct or indirect recourse to the seller is not a loan or extension of credit to the seller.

e. An overdraft.

f. Amounts paid against uncollected funds.

g. Loans or extensions of credit that have been charged off the books of the state bank in whole or in part, unless the loan or extension of credit has become unenforceable by reason of discharge in bankruptcy; or is no longer legally enforceable because of expiration of the statute of limitations or a judicial decision; or forgiven under an executed written agreement by the state bank and the borrower.

h. The aggregate rentals payable by the borrower under leases of personal property by the state bank as lessor.

i. Loans and extensions of credit to one borrower consisting of investments in which the state bank has invested pursuant to section 524.901.

j. Amounts invested by a state bank for its own account in the shares and obligations of a corporation which is a customer of the state bank.

k. All other loans and extensions of credit to one borrower of the state bank not otherwise excluded by subsection 6, whether directly or indirectly, primarily or secondarily.

2. A state bank may grant loans and extensions of credit to one borrower in an amount not to exceed fifteen percent of the state bank's aggregate capital as defined in section 524.103, unless the additional lending provision described in subsection 3 applies.

3. A state bank may grant loans and extensions of credit to one borrower in an amount not to exceed twenty-five percent of the state bank's aggregate capital if any amount that exceeds the lending limitation described in subsection 2 is fully secured by one or any combination of the following:

a. Shipping documents or instruments that secure title to or give a first lien on livestock. At inception, the current value of the livestock securing the loans must equal at least one hundred percent of the amount of the outstanding loans and extensions of credit. For purposes of this section, *"livestock"* includes dairy and beef cattle, hogs, sheep, and poultry, whether or not held for resale. For livestock held for resale, current value means the price listed for livestock in a regularly published listing or actual purchase price established by invoice. For livestock not held for resale, the value shall be determined by the local slaughter price. The state bank must maintain in its files evidence of purchase or an inspection and valuation for the livestock pledged that is reasonably current, taking into account the nature and frequency of turnover of the livestock to which the documents relate.

b. Mortgages, deeds of trust, or similar instruments granting a first lien on farmland or on single-family or two-family residences, subject to the provisions of section 524.905, provided the amount loaned shall not exceed fifty percent of the appraised value of such real property.

4. *a.* A state bank may grant loans and extensions of credit to a borrowing group in an amount not to exceed twenty-five percent of the state bank's aggregate capital if all loans and extensions of credit to any one borrower within a borrowing group conform to subsection 2 or 3, and the financial strength, assets, guarantee, or endorsement of any one borrowing group member is not relied upon as a basis for loans and extensions of credit to any other borrowing group member. While not to be construed as an endorsement of the quality of any loan or extension of credit, the superintendent may authorize a state bank to grant loans and extensions of credit to a borrowing group in an amount not to exceed fifty

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percent of aggregate capital if all loans and extensions of credit to any one borrower within a borrowing group conform to subsection 2 or 3, and the financial strength, assets, guarantee, or endorsement of any one borrowing group member is not relied upon as a basis for loans and extensions of credit to any other borrowing group member.

b. For the purposes of this subsection, a borrowing group includes a person and any legal entity, including but not limited to corporations, limited liability companies, partnerships, trusts, and associations where the following exist:

(1) One or more persons own or control fifty percent or more of the voting securities or membership interests of the borrowing entity or a member of the group.

(2) One or more persons control, in any manner, the election of a majority of the directors, managers, trustees, or other persons exercising similar functions of the borrowing entity or a member of the group.

(3) One or more persons have the power to vote fifty percent or more of any class of voting securities or membership interests of the borrowing entity or a member of the group.

c. To demonstrate compliance with this subsection, a state bank shall maintain in its files, at a minimum, all of the following:

(1) Documentation demonstrating the current ownership of the borrowing entity.

(2) Documentation identifying the persons who have voting rights in the borrowing entity.

(3) Documentation identifying the board of directors and senior management of the borrowing entity.

(4) The state bank's assessment of the borrowing entity's means of servicing the loan or extension of credit, including specific reasons in support of that assessment. The assessment shall include an analysis of the borrowing entity's financial history, its present and projected economic and financial performance, and the significance of any financial support provided to the borrowing entity by members of the borrowing group and third parties.

5. For purposes of this section:

a. Loans and extensions of credit to one person will be attributed to another person and will be considered one borrower if either of the following apply:

(1) The proceeds, or assets purchased with the proceeds, benefit another person, other than a bona fide arm's length transaction where the proceeds are used to acquire property, goods, or services.

(2) The expected source of repayment for each loan or extension of credit is the same for each borrower and no borrower has another source of income from which the loan may be fully repaid.

b. Loans and extensions of credit to a partnership, joint venture, or association are deemed to be loans and extensions of credit to each member of the partnership, joint venture, or association. This provision does not apply to limited partners in limited partnerships or to members of joint ventures or associations if the partners or members, by the terms of the partnership or membership agreement or other written agreement, are not to be held generally liable for the debts or actions of the partnership, joint venture, or association, and those provisions are valid under applicable law.

c. Loans and extensions of credit to members of a partnership, joint venture, or association are not attributed to the partnership, joint venture, or association unless loans and extensions of credit are made to the member to purchase an interest in the partnership, joint venture, or association, or the proceeds are used for a common purpose with the proceeds of loans and extensions of credit to the partnership, joint venture, or association.

d. Loans and extensions of credit to one borrower which are endorsed or guaranteed by another borrower will not be combined with loans and extensions of credit to the endorser or guarantor unless the endorsement or guaranty is relied upon as a basis for the loans and extensions of credit. A state bank shall not be deemed to have violated this section if the endorsement or guaranty is relied upon after inception of loans and extensions of credit, but the state bank shall, if required by the superintendent, dispose of loans and extensions of credit to one borrower in the amount in excess of the limitations of this section within a reasonable time as fixed by the superintendent.

e. When the superintendent determines the interests of a group of more than one borrower, or any combination of the members of the group, are so interrelated that they

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should be considered a unit for the purpose of applying the limitations of this section, some or all loans and extensions of credit to that group of borrowers existing at any time shall be combined and deemed loans and extensions of credit to one borrower. A state bank shall not be deemed to have violated this section solely by reason of the fact that loans and extensions of credit to a group of borrowers exceed the limitations of this section at the time of a determination by the superintendent that the indebtedness of that group must be combined, but the state bank shall, if required by the superintendent, dispose of loans and extensions of credit to the group in the amount in excess of the limitations of this section within a reasonable time as fixed by the superintendent.

6. Total loans and extensions of credit to one borrower for the purpose of applying the limitations of this section shall not include any of the following:

a. Additional funds advanced for taxes or for insurance if the advance is for the protection of the state bank.

b. Accrued and discounted interest on existing loans or extensions of credit.

c. Any portion of a loan or extension of credit sold as a participation by a state bank on a nonrecourse basis, provided that the participation results in a pro rata sharing of credit risk proportionate to the respective interests of the originating and participating lenders. Where a participation agreement provides that repayment must be applied first to the portions sold, a pro rata sharing will be deemed to exist only if the agreement also provides that in the event of a default or comparable event defined in the agreement, participants must share in all subsequent repayments and collections in proportion to their percentage participation at the time of the occurrence of the event. If an originating state bank funds the entire loan, it must receive funding from the participants on the same day or the portions funded will be treated as loans by the originating state bank to the borrower.

d. Loans and extensions of credit to one borrower to the extent secured by a segregated deposit account which the state bank may lawfully set off. An amount held in a segregated deposit account in the name of more than one customer shall be counted only once with respect to all borrowers. Where the deposit is eligible for withdrawal before the secured loan matures, the state bank must establish internal procedures to prevent release of the security without the state bank's prior consent.

e. Loans and extensions of credit to one borrower which is a bank.

f. Loans and extensions of credit to one borrower which are fully secured by bonds and securities of the kind in which a state bank is authorized to invest for its own account without limitation under section 524.901, subsection 3.

g. Loans and extensions of credit to a federal reserve bank or to the United States, or of any department, bureau, board, commission, agency, or establishment of the United States, or to any corporation owned directly or indirectly by the United States, or loans and extensions of credit to one borrower to the extent that such loans and extensions of credit are fully secured or guaranteed or covered by unconditional commitments or agreements to purchase by a federal reserve bank or by the United States, or any department, bureau, board, commission, agency, or establishment of the United States, or any corporation owned directly or indirectly by the United States. Loans and extensions of credit to one borrower secured by a lease on property under the terms of which the United States, or any department, bureau, board, commission, agency, or establishment of the United States, or any corporation owned directly or indirectly by the United States, or the state of Iowa, or any political subdivision of the state, is lessee and under the terms of which the aggregate rentals payable to the borrower will be sufficient to satisfy the amount loaned are considered to be loans and extensions of credit secured or guaranteed as provided for in this paragraph.

h. Loans and extensions of credit to one borrower as the drawer of drafts drawn in good faith against actually existing values in connection with a sale of goods which have been endorsed by the borrower with recourse or which have been accepted.

i. Loans and extensions of credit arising out of the discount of commercial paper actually owned by a borrower negotiating the same and endorsed by a borrower without recourse and which is not subject to repurchase by a borrower.

j. Loans and extensions of credit drawn by a borrower in good faith against actually existing values and secured by nonnegotiable bills of lading for goods in process of shipment.

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k. Loans and extensions of credit in the form of acceptances of other banks of the kind described in section 524.903, subsection 3.

l. Loans and extensions of credit of the borrower by reason of acceptances by the state bank for the account of the borrower pursuant to section 524.903, subsection 1.

m. A renewal or restructuring of a loan as a new loan or extension of credit following the exercise by a state bank of reasonable efforts, consistent with safe and sound banking practices, to bring the loan into conformance with the lending limit, unless new funds are advanced by the state bank to the borrower or unless a new borrower replaces the original borrower or unless the superintendent determines that the renewal or restructuring was undertaken as a means to evade the state bank's lending limit.

[C97, §1870; SS15, §1870; C24, 27, 31, 35, 39, §**9223;** C46, 50, 54, 58, 62, 66, §528.14, 528.15; C71, 73, 75, 77, 79, 81, §524.904; 81 Acts, ch 173, §4]

89 Acts, ch 257, §16; 95 Acts, ch 148, §90; 96 Acts, ch 1056, §10; 99 Acts, ch 6, §2; 2004 Acts, ch 1141, §25; 2011 Acts, ch 102, §3, 4, 10; 2012 Acts, ch 1021, §102 – 104; 2013 Acts, ch 5, §2; 2013 Acts, ch 30, §129, 130; 2022 Acts, ch 1062, §85 – 88

Referred to in §524.103, 524.613, 524.710, 524.901, 524.907, 524.1602

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

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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

524.906 Reserved.

524.907 Participations.

A state bank may purchase and may sell, subject to the provisions of sections 524.901, 524.904, and 524.905, and to such regulations as the superintendent may prescribe, participations in one or more evidences of indebtedness and agreements for the payment of money, and pools of bonds, securities, evidences of indebtedness and agreements for the payment of money.

[C71, 73, 75, 77, 79, 81, §524.907]

89 Acts, ch 257, §17

Referred to in §524.1602

524.908 Leasing of personal property.

A state bank may make leases as authorized by rules adopted by the superintendent under chapter 17A.

[C71, 73, 75, 77, 79, 81, §524.908]

95 Acts, ch 148, §91

524.909 Loans and investments by officer.

No loan or investment shall be made from the funds of any state bank, directly or indirectly, except by an officer of the state bank who is authorized to do so by the board of directors.

[C97, §1869; S13, §1869; C24, 27, §9220; C31, 35, §9220, 9221-c3; C39, §**9220, 9221.3;** C46, 50, 54, 58, 62, 66, §528.6, 528.10; C71, 73, 75, 77, 79, 81, §524.909]

524.910 Property acquired to satisfy debts previously contracted.

A state bank may acquire property of any kind to secure, protect, or satisfy a loan or investment previously made in good faith. Property acquired pursuant to this section shall be held and disposed of subject to the following conditions and limitations:

1. Shares in a corporation and other personal property, the acquisition of which is not otherwise authorized by this chapter, shall be sold or otherwise disposed of within six months unless the time is extended by the superintendent.

2. Real property purchased by a state bank at sales upon foreclosure of mortgages or deeds of trust owned by it, or acquired upon judgments or decrees obtained or rendered for debts due it, or real property conveyed to it in satisfaction of debts previously contracted in the course of its business, or real property obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within five years after title is vested in the state bank, unless the time is extended by the superintendent. This deadline may be extended up to an additional five years with prior approval of the superintendent, but in no event shall a state bank hold such property for more than ten years.

[C97, §1851; C24, 27, 31, 35, 39, §**9190;** C46, 50, 54, 58, 62, 66, §526.34; C71, 73, 75, 77, 79, 81, §524.910]

85 Acts, ch 252, §34; 90 Acts, ch 1245, §1; 92 Acts, ch 1161, §4; 2022 Acts, ch 1062, §90

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524.911 Letters of credit.

A state bank shall have the power to issue, advise, and confirm letters of credit authorizing a beneficiary thereof to draw on or demand payment of the state bank or its correspondent banks.

[C71, 73, 75, 77, 79, 81, §524.911]

2016 Acts, ch 1011, §101

524.912 Customer shall be free to obtain own insurance and loan.

In any case in which any kind of insurance is required by the state bank as a condition for lending money or in connection with any other transaction, the customer shall be free to obtain such insurance from a source of the customer's selection. In the case of a sale of shares of stock, bonds, or other securities, or real property by an officer or employee, which is authorized by the board of directors of a state bank in the manner provided for in section 524.710, subsection 2, the purchaser shall be free to obtain a loan for the purchase of such stock, bonds, or other securities, or real property from a lender of the purchaser's selection.

[C71, 73, 75, 77, 79, 81, §524.912]

98 Acts, ch 1036, §1

524.913 Consumer loans.

1. The provisions of the Iowa consumer credit code, chapter 537, shall apply to consumer loans made by a bank, and provisions of that code shall supersede any conflicting provision of this chapter with respect to consumer loans.

2. This section shall not apply to a consumer loan which is a real property improvement loan insured wholly or in part by the federal housing administration of the United States.

3. Notwithstanding subsection 1, a state bank may offer voluntary debt cancellation coverage, whether insurance or debt waiver, to consumers. The amount charged for the coverage shall be included in the amount financed, as defined in section 537.1301. However, the charge for such coverage may be excluded from the finance charge under the federal Truth in Lending Act as defined in section 537.1302.

[C75, 77, 79, 81, §524.913]

2003 Acts, ch 44, §114; 2006 Acts, ch 1039, §1

524.914 through 524.1000 Reserved.

SUBCHAPTER X

FIDUCIARY POWERS

Referred to in §633.203

524.1001 Power to act as fiduciary.

When approving a proposed state bank, or at any time subsequent thereto upon amendment of its articles of incorporation, the superintendent may authorize a state bank to act in a fiduciary capacity. In determining whether the superintendent shall authorize a state bank to act in a fiduciary capacity, the superintendent may consider any of the relevant criteria referred to in section 524.305, and other appropriate facts and circumstances. In any fiduciary capacity in which a state bank may act pursuant to this section, it shall have all the rights and duties which an individual has in such capacity under applicable law and under the terms upon which the state bank is designated to act in such capacity. In authorizing a state bank to act in a fiduciary capacity, the superintendent may limit such authorization to such capacities as the superintendent deems appropriate.

[S13, §1889-g; SS15, §1889-d; C24, 27, 31, 35, 39, §**9284, 9291;** C46, 50, 54, 58, 62, 66, §532.1, 532.8; C71, 73, 75, 77, 79, 81, §524.1001]

Referred to in §633.63

524.1002 Actions required, permitted, or prohibited in a fiduciary capacity.

The following rules shall be applicable to a state bank acting in the capacity of fiduciary:

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1. A state bank shall segregate from its assets all property held as fiduciary, other than items in the course of collection, and shall keep separate records of all such property for each account for which such property is held.

2. Funds of a fiduciary account may be deposited in the state bank which is acting as fiduciary, either as demand deposits, savings deposits or time deposits having a single or multiple maturity.

3. A state bank may provide any oath or affidavit required of the state bank as fiduciary through an officer acting on behalf of the state bank.

4. A state bank shall not make a loan or extension of credit of any funds held as fiduciary, directly or indirectly, to or for the benefit of a director, officer, or employee of the state bank or of an affiliate, a partnership or other unincorporated association of which such director, officer, or employee is a partner or member, or a corporation in which such officer, director, or employee has a controlling interest, except a loan specifically authorized by the terms upon which the state bank was designated as fiduciary.

5. Unless otherwise authorized by the instrument creating the relationship, court order, or the laws of this state, a state bank, as fiduciary, shall not, directly or indirectly, sell any asset to the state bank for its own account, or to an officer, director, or employee, nor purchase from the state bank, or an officer, director, or employee, any asset or any security issued by the state bank except, in the case of a state bank, any of the following:

a. Investments in which a state bank may invest without limitation pursuant to section 524.901, subsection 3.

b. Assets purchased by the state bank pursuant to an agreement whereby the state bank is bound to sell, and the state bank as fiduciary is bound to buy, at a date not more than one year from the date of acquisition by the state bank, such assets at a price agreed upon at the time of acquisition by the state bank.

c. Any asset sold to the state bank for its own account or purchased in a fiduciary capacity from the state bank with the prior approval of the superintendent.

[S13, §1889-f; C24, 27, 31, 35, 39, §**9290;** C46, 50, 54, 58, 62, 66, §532.7; C71, 73, 75, 77, 79, 81, §524.1002]

98 Acts, ch 1036, §2; 2016 Acts, ch 1011, §102

Referred to in §524.1601

524.1003 Removal of fiduciary powers.

1. *a.* If the superintendent at any time concludes that a state bank authorized to act in a fiduciary capacity is managing its accounts in an unsafe or unsound manner, or in a manner in conflict with the provisions of this chapter, and such state bank refuses to correct such practices following notice to do so, the superintendent may direct that the state bank cease to act as a fiduciary.

b. After directing the state bank to cease to act as a fiduciary, the superintendent shall file a petition in the district court of Polk county setting forth in general terms that the state bank is acting as fiduciary with respect to certain property and that it is necessary and desirable that successor fiduciaries be appointed for such property.

c. Following the filing of a petition pursuant to paragraph *"b"* by the superintendent, the district court shall issue an order requiring all persons interested in the state bank's fiduciary accounts to appoint a successor fiduciary by a specific date, acknowledge the fiduciary succession as described in the will, trust instrument, or other governing instrument of the fiduciary account, or show cause why the district court should not appoint a successor fiduciary. Such order may also appoint a temporary fiduciary for the fiduciary accounts held by the state bank who shall be obligated to take possession of the fiduciary accounts and perform necessary tax, investment, distribution, asset protection, and reporting obligations required of the fiduciary accounts and perform necessary tax, investment, distribution, asset protection, and reporting obligations required of the fiduciary until a permanent successor is appointed. Neither the temporary nor permanent successor fiduciary shall be liable for the actions of the state bank and shall not be responsible for reviewing the action or inaction of the preceding fiduciary. The state bank's liability for any action or inaction in its former fiduciary positions shall not be impacted by the transfer of fiduciary duties pursuant to this

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section. The district court may assess the fees and costs of the temporary fiduciary against the state bank.

d. Following the appointment of a temporary fiduciary, the district court shall enter an order directing the temporary fiduciary to provide notice of the petition and the order described in this section, through a means approved by the district court, to all persons shown in the records of the state bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, 633B, or other applicable statute under which the state bank has been operating as a fiduciary. The district court may also order publication of the notice for two consecutive weeks in newspapers of general circulation in one or more counties as prescribed by the district court, and publication on the temporary fiduciary's internet site for at least twenty days, to the extent the district court deems such published notice necessary to protect the interests of absent or remote beneficiaries.

2. At least twenty days after providing notice of a petition and order appointing the temporary fiduciary as described in this section, the district court shall appoint a permanent successor fiduciary for any fiduciary account where appropriate parties have failed to cause a successor fiduciary to be appointed. A successor fiduciary appointed in accordance with the terms of this section shall succeed to all the rights, powers, titles, duties, and responsibilities of the state bank except that the successor fiduciary shall not exercise the powers given in the instrument creating the powers that by its express terms are personal to the state bank previously designated and except claims or liabilities arising out of the management of the fiduciary account prior to the date of the transfer.

[C39, §**9283.38;** C46, 50, 54, 58, 62, 66, §528.123; C71, 73, 75, 77, 79, 81, §524.1003]
2015 Acts, ch 29, §82; 2022 Acts, ch 1062, §91 – 94

524.1004 Voluntary relinquishment of fiduciary capacity.

1. A state bank desiring to completely surrender its authorization to act in any fiduciary capacity shall file with the superintendent a certified copy of a resolution by the board of directors signifying such intent.

2. Following the filing with the superintendent of the resolution to surrender its authorization to act in a fiduciary capacity, the state bank shall file a petition in the district court in which the state bank has its principal place of business setting forth in general terms that the state bank is acting as fiduciary with respect to certain property, that the state bank desires to cease its fiduciary function and resign its fiduciary positions, and that it is necessary and desirable that successor fiduciaries be appointed for such property.

3. The filing of the petition shall operate as a resignation of the state bank from all of its fiduciary positions. During the adjudication of the petition, the state bank shall retain all fiduciary rights, powers, titles, duties, responsibilities, and accounts it held prior to filing the petition. The state bank's liability for any action or inaction in its former fiduciary positions shall not be impacted by the transfer of fiduciary duties pursuant to this section.

4. Following the filing of the petition, the district court shall issue an order requiring all persons interested in such fiduciary accounts to appoint a successor fiduciary by a specific date, acknowledge the fiduciary succession as described in the will, trust instrument, or other governing instrument of the fiduciary account, or show cause why the district court should not appoint a successor fiduciary. The district court shall also enter an order directing the state bank to provide notice of the petition and the order described in this section, through a means approved by the district court, to all persons shown in the records of the state bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, 633B, or other applicable statute under which the state bank has been operating as a fiduciary. The district court may also order publication of the notice for two consecutive weeks in newspapers of general circulation in one or more counties as prescribed by the district court, and publication on the state bank's internet site for at least twenty days, to the extent the district court deems such published notice necessary to protect the interests of absent or remote beneficiaries.

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5. At least twenty days after the state bank provides notice of the petition and order as described in this section, the district court shall appoint a permanent successor fiduciary for any fiduciary account where appropriate parties have failed to cause a successor fiduciary to be appointed. A successor fiduciary appointed in accordance with the terms of this section shall succeed to all the rights, powers, titles, duties, and responsibilities of the state bank except that the successor fiduciary shall not exercise powers given in the instrument creating the powers that by its express terms are personal to the state bank previously designated and except claims or liabilities arising out of the management of the fiduciary account prior to the date of the transfer.

6. Following the adjudication of the petition described in this section, the state bank shall proceed to amend its articles of incorporation, in accordance with the provisions of this chapter, in a manner to indicate that it is no longer authorized to act in a fiduciary capacity. The superintendent shall approve the proposed amendment, in the manner provided for in this chapter, if the superintendent is satisfied that the state bank has properly relieved itself of its fiduciary responsibilities.

[S13, §1889-h; C24, 27, 31, 35, 39, §**9292;** C46, 50, 54, 58, 62, 66, §532.9; C71, 73, 75, 77, 79, 81, §524.1004]

2018 Acts, ch 1041, §127; 2022 Acts, ch 1062, §95

524.1005 Trust companies operating on January 1, 1970.

1. A trust company existing and operating on January 1, 1970 and which was authorized to act only as a trust company may continue to act only in a fiduciary capacity according to the terms of its articles of incorporation. The articles of incorporation of the trust company may be renewed in perpetuity. When applicable, this chapter applies to the operations of the trust company. Section 524.107, subsection 2, regarding the use of the word "trust" does not apply to a trust company subject to this section.

2. Notwithstanding subsection 1, a trust company shall have the power to do all of the following:

a. Acquire and hold, or lease as lessee, such personal property as is used, or is to be used, in its operations.

b. Subject to the prior approval of the superintendent, acquire and hold, or lease as lessee, only such real property as is used, or is to be used, wholly or substantially, in its operations or acquired for future use.

c. Subject to the prior approval of the superintendent, acquire and hold shares of a corporation engaged solely in holding and operating real property used wholly or substantially by the trust company in its operation or acquired for its future use.

d. Subject to the prior approval of the superintendent, acquire and hold shares of a corporation organized to perform, or performing, functions or activities that may be performed by a trust company, including activities of a fiduciary, agency, or custodial nature, in the manner authorized by federal or state law, as long as the corporation is not a bank and does not make loans and investments or accept deposits other than the following permitted deposits:

(1) Deposits that are generated from trust funds not currently invested and that are properly secured to the extent required by law.

(2) Deposits representing funds received for a special use in the capacity of managing agent or custodian for an owner of, or investor in, real property, securities, or other personal property; or for such owner or investor as agent or custodian of funds held for investment or as escrow agent; or for an issuer of, or broker or dealer in securities, in a capacity such as a paying agent, dividend disbursing agent, or securities clearing agent. However, such deposits shall not be employed by or for the account of the customer in the manner of a general purpose checking account or interest-bearing account.

(3) Making call loans to securities dealers or purchasing money market instruments such as certificates of deposit, commercial paper, government or municipal securities, and bankers acceptances. Such authorized loans and investments, however, shall not be used as a method of channeling funds to nontrust company affiliates of the trust company.

e. Subject to the prior approval of the superintendent, acquire and hold shares of a

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corporation organized to perform, or performing, the collection of charges and premiums from, or adjusting and settling claims on, residents of this state and any other state where authorized or qualified to conduct such activity, in connection with life or health insurance coverage or annuities.

[C97, §1889; S13, §1889; C24, 27, 31, 35, 39, §**9259, 9261;** C46, 50, 54, 58, 62, 66, §528.52, 528.54; C71, 73, 75, 77, 79, 81, §524.1005]

85 Acts, ch 25, §1; 89 Acts, ch 257, §18

Referred to in §524.103, 633.63

524.1005A Nonresident corporate fiduciaries.

An out-of-state bank or a trust company chartered or organized under the laws of another state may only act in a fiduciary capacity in this state if it satisfies the requirements for nonresident corporate fiduciaries pursuant to section 633.64.

2022 Acts, ch 1062, §96

524.1006 Banks depositing securities in federally regulated corporation.

1. A bank, either acting as a fiduciary or holding securities as a managing agent or custodian, including a custodian for a fiduciary, may deposit securities in a federally regulated clearing corporation as provided in section 633.89, and in addition may deposit securities, the principal and interest of which the United States or any United States department, agency, or instrumentality either has agreed to pay or has guaranteed, in a federal reserve bank.

2. The records of a depositing bank at all times must identify the persons on whose behalf securities have been deposited in a federal reserve bank. An interest in deposited securities may be transferred by entry on the books of the federal reserve bank without physical delivery of the securities. A depositing bank is subject to rules adopted by the superintendent of banking, with respect to state banks, and by the comptroller of the currency, with respect to national banking associations. On demand by the owner, a bank acting as a managing agent or as a custodian shall identify in writing the securities deposited in a federal reserve bank for the account of the owner. On demand by any party to the accounting of a bank acting as a fiduciary, the bank shall identify in writing the securities deposited in a federal reserve bank for its account as fiduciary.

3. This section applies regardless of the date of the agreement, instrument, or court order under which the bank was appointed.

[C75, 77, 79, 81, §524.1006]

2018 Acts, ch 1041, §127

524.1007 Succession of fiduciary accounts to another financial institution.

1. A state bank or other entity authorized to act in a fiduciary capacity may enter into an agreement for the succession of any fiduciary accounts with one or more other banks or trust companies, including trust companies organized under the laws of another state, that are authorized to act in a fiduciary capacity under the laws of this state, the laws of another state, or a national bank to the extent permitted by the laws of the United States. In the agreement, the succeeding bank or trust company may agree to succeed the relinquishing bank or trust company as a fiduciary to those fiduciary accounts which are designated in the agreement. The designation of accounts may be by general class or description and may include fiduciary accounts subject and not subject to court administration and fiduciary accounts to arise in the future under wills, trusts, court orders, or other documents under which the relinquishing bank or trust company is named as a fiduciary or is named to become a fiduciary upon the death of a testator or settlor or upon the happening of any other subsequent event.

2. The relinquishing bank or trust company shall provide, at least twenty days preceding the effective date for the succession of the fiduciary accounts, notice of the pending succession, as required by chapter 633, 633A, 633B, or any other applicable chapter, to all persons shown in the records of the relinquishing bank or trust company to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account,

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chapter 633, 633A, or 633B, or other applicable statute under which the relinquishing bank or trust company has been operating as a fiduciary. In order to account for unknown or prospective appointments, the relinquishing bank or trust company shall publish a notice of the succession to fiduciary accounts in a newspaper published in the county of the principal place of business of the relinquishing bank or trust company, and the notice must be published on the relinquishing bank or trust company's internet site for at least twenty days preceding the effective date of the agreement for the succession of fiduciary accounts. For any fiduciary accounts that are employee benefit plans, the relinquishing bank or trust company may satisfy this subsection by sending the required notice to the plan sponsors.

3. Following the publication and notice described in this section, the succeeding bank or trust company shall, on the effective date of the agreement for the succession of fiduciary accounts and without further notice, approval, or authorization, succeed to the relinquishing bank or trust company as to the fiduciary accounts and the fiduciary powers, rights, privileges, duties, and liabilities for the fiduciary accounts. On the effective date of the succession to fiduciary accounts, the relinquishing bank or trust company is released from the fiduciary duties under the fiduciary accounts and shall discontinue its exercise of fiduciary powers over the fiduciary accounts. Notice of such fiduciary succession shall be filed of record for each parcel of real estate in this state subject to such fiduciary succession unless all of the fiduciary accounts held by the relinquishing bank or trust company are subject to the agreement for succession of fiduciary accounts, in which case the relinquishing bank or trust company shall file notice of the succession in the county recorder's office of all counties in which the fiduciary accounts of the relinquishing bank or trust company owned real estate prior to the effective date of the agreement. This subsection does not absolve a relinquishing bank or trust company from liabilities arising out of a breach of fiduciary duty occurring prior to the effective date of the succession to fiduciary accounts.

4. Within sixty days after the mailing and publication of the notice, a person with an interest in a fiduciary account included within the notice and agreement required by subsection 1 may apply to the district court in the county in which the notice is published for the appointment of a new fiduciary on the ground that the succeeding fiduciary will adversely affect the administration of the fiduciary account. After notice to all interested parties and a hearing on the issues, the court may appoint a new fiduciary to replace the succeeding fiduciary if it finds that the substitution of the succeeding fiduciary will adversely affect the administration of the account and that the appointment of a new fiduciary would be in the best interests of the beneficiaries of the fiduciary account. This subsection is in addition to section 633.65 and any other applicable provision governing the removal of a fiduciary.

5. The privilege of succeeding to fiduciary accounts that is extended to a state bank or trust company by this section is also extended on the same terms and conditions to a national bank organized under 12 U.S.C. §21 et seq. to engage generally in the banking business, and to out-of-state banks and trust companies that are authorized to serve as a fiduciary in this state pursuant to section 633.64.

6. For a fiduciary account governed by Iowa law, a relinquishing bank or trust company may transfer the situs of the fiduciary account to a jurisdiction other than Iowa if the will, trust instrument, or other governing instrument of the fiduciary account so provides, if all persons interested in the fiduciary account consent to the transfer, or as otherwise authorized by applicable law.

84 Acts, ch 1167, §1; 96 Acts, ch 1056, §11; 2022 Acts, ch 1062, §97

524.1008 Succession of fiduciary accounts to an independent bank. Repealed by 2022 Acts, ch 1062, §145. See §524.1007.

524.1009 Succession to fiduciary accounts and appointments — merger.

1. If a party to a plan of merger was authorized to act in a fiduciary capacity and if the resulting bank is similarly authorized, the resulting bank shall be automatically substituted by reason of the merger as fiduciary of all accounts held in that capacity by such party to the plan of merger, without further action and without any order or decree of any court or

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public officer, and shall have all the rights and be subject to all the obligations of such party as fiduciary.

2. No designation, nomination, or appointment as fiduciary of a party to a plan of merger shall lapse by reason of the merger. The resulting bank, if authorized to act in a fiduciary capacity, shall be entitled to act as fiduciary pursuant to each designation, nomination, or appointment to the same extent as the party to the plan of merger so named could have acted in the absence of the merger.

3. The relinquishing bank shall provide, at least twenty days preceding the effective date for the succession of the fiduciary accounts, notice of the pending succession, as required by chapter 633, 633A, 633B, or any other applicable chapter, to all persons shown in the records of the relinquishing bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, or 633B, or other applicable statute under which the relinquishing bank has been operating as a fiduciary. In order to account for unknown or prospective appointments, the relinquishing bank shall publish a notice of the succession to fiduciary accounts in a newspaper published in the county of the principal place of business of the relinquishing bank, and the notice must be published on the relinquishing bank's internet site for at least twenty days preceding the effective date of the merger. For any fiduciary accounts that are employee benefit plans, the relinquishing bank may satisfy this subsection by sending the required notice to the plan sponsors.

4. Any person with an interest in an account held in a fiduciary capacity by a party to a plan of merger may, within sixty days after the mailing and publication of the notice, apply to the district court in the county in which the notice is published for the appointment of a new fiduciary to replace the resulting bank on the ground that the merger will adversely affect the administration of the fiduciary account. The court shall have the discretion to appoint a new fiduciary to replace the resulting bank if it should find, upon hearing after notice to all interested parties, that the merger will adversely affect the administration of the fiduciary account and that the appointment of a new fiduciary will be in the best interests of the beneficiaries of the fiduciary account. This provision is in addition to any other provision of law governing the removal of fiduciaries and is subject to the terms upon which the party to the plan of merger which held the fiduciary account was designated as fiduciary.

5. The resulting bank shall record a copy of the articles of merger in the county recorder's office of all counties in which the fiduciary accounts of the relinquishing bank owned real estate prior to the effective date of the merger.

95 Acts, ch 148, §92; 2022 Acts, ch 1062, §98
Referred to in §524.1418

524.1010 through 524.1100 Reserved.

SUBCHAPTER XI

AFFILIATES

524.1101 Definitions.

For the purposes of this chapter, an *"affiliate"* of a state bank shall include any corporation, trust, estate, association, or other similar organization:

1. Of which a state bank, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the number of shares voted for the election of its directors, trustees, or other individuals exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other individuals exercising similar functions.

2. Of which control is held, directly or indirectly, through share ownership or in any other manner, by the shareholders of a state bank who own or control either a majority of the shares of such state bank or more than fifty percent of the number of shares voted for the election

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of directors of such state bank at the preceding election, or by trustees for the benefit of the shareholders of any such state bank.

3. Of which a majority of its directors, trustees, or other individuals exercising similar functions are directors of any one state bank.

4. Which owns or controls, directly or indirectly, either a majority of the voting shares of a state bank or more than fifty percent of the number of shares voted for the election of directors of a state bank at the preceding election, or controls in any manner the election of a majority of the directors of a state bank, or for the benefit of whose shareholders or members all or substantially all of the outstanding voting shares of a state bank is held by trustees.

5. Which is a bank holding company, as defined by the laws of the United States, of which a state bank is a subsidiary, and any other subsidiary, as defined by the laws of the United States, of a bank holding company.

[C71, 73, 75, 77, 79, 81, §524.1101]
Referred to in §12C.22, 524.103, 524.541, 537.1301

524.1102 Loans and other transactions with affiliates.

1. A state bank shall not make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or invest any of its funds in the shares, bonds, capital securities, or other obligations of an affiliate, or accept the shares, bonds, capital securities, or other obligations of an affiliate as collateral security for advances made to any customer, if the aggregate amount of the loans, extensions of credit, repurchase agreements, investments and advances against such collateral security will exceed:

a. In the case of any one affiliate, ten percent of the aggregate capital of the state bank.

b. In the case of all such affiliates, twenty percent of the aggregate capital of the state bank.

2. Within the foregoing limitations, each loan or extension of credit of any kind or character to an affiliate shall be secured by collateral in the form of shares of stock, bonds, capital securities or other such obligations having a market value at the time of making the loan or extension of credit of at least twenty percent more than the amount of the loan or extension of credit, or of at least ten percent more than the amount of the loan or extension of credit if it is secured by obligations of any state, or of any political subdivision or agency of the state, or of at least one hundred percent of the amount of the loan or extension of credit if it is secured by a segregated deposit account which the state bank may set off.

3. A loan or extension of credit to a director, officer, clerk, or other employee or any representative of any affiliate is deemed to be a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

4. The provisions of this section shall not apply to loans or extensions of credit fully secured by obligations of the United States, or the farm credit banks, or the federal home loan banks, or obligations fully guaranteed by the United States as to principal and interest. The provisions of this section shall not apply to indebtedness of any affiliate for unpaid balances due a state bank on assets purchased from the state bank.

5. For purposes of this section, the terms *"extension of credit"* and *"extensions of credit"* are deemed to include any purchase of securities under a repurchase agreement, other assets or obligations under a repurchase agreement, and the discount of promissory notes, bills of exchange, conditional sales contracts, or similar paper, whether with or without recourse.

[C71, 73, 75, 77, 79, 81, §524.1102]
89 Acts, ch 257, §19, 20; 91 Acts, ch 20, §1; 95 Acts, ch 148, §93; 2012 Acts, ch 1023, §157
Referred to in §524.1103, 524.1104, 524.1602

524.1103 Exceptions.

1. The provisions of section 524.1102 shall not apply to any affiliate:

a. Engaged solely in holding or operating real estate used wholly or substantially by the state bank in its operations or acquired for its future use.

b. Engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation eligible to discount loans with a farm credit bank.

c. Engaged solely in holding obligations of the United States, the farm credit banks, the

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federal home loan banks, or obligations fully guaranteed by the United States as to principal and interest.

d. Where the affiliate relationship has arisen as a result of shares acquired in satisfaction of a bona fide debt contracted prior to the date of the creation of such relationship provided that such shares shall be sold at public or private sale within one year from the date of the creation of the relationship, unless the time is extended by the superintendent.

e. Where the affiliate relationship exists by reason of the ownership or control of any voting shares thereof by a state bank as executor, administrator, trustee, receiver, agent, depository, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of the shareholders of such state bank.

f. Which is a bank.

g. Which is an operations subsidiary or other subsidiary in which the state bank owns or controls eighty percent or more of the voting shares. However, an operations subsidiary shall not conduct any activity at any location where the state bank itself would not be permitted to conduct that activity without the prior approval of the superintendent.

2. *a.* The superintendent may, in the superintendent's discretion, by regulation or order, exempt transactions or relationships from the requirements of section 524.1102 if the superintendent finds such exemptions to be in the public interest and consistent with the purposes of section 524.1102.

b. A state bank may request an exemption from the requirements of section 524.1102 by submitting a written request to the superintendent including all of the following:

(1) A detailed description of the transaction or relationship for which the state bank seeks an exemption.

(2) A statement of the reasons for exemption of the transaction or relationship.

(3) An explanation of how the exemption would be in the public interest and consistent with the purposes of section 524.1102.

[C71, 73, 75, 77, 79, 81, §524.1103]

89 Acts, ch 257, §21, 22; 95 Acts, ch 148, §94; 2012 Acts, ch 1017, §21

524.1104 Applicability of general loan limitations.

Any loan or extension of credit to an affiliate, and any investment in the shares, bonds, capital securities or other obligations of an affiliate, excepted by the provisions of section 524.1102 from the requirements of that section, shall continue to be subject to the other provisions of this chapter applicable to loans or extensions of credit by a state bank and investments by a state bank in shares, bonds, capital securities, or other such obligations.

[C71, 73, 75, 77, 79, 81, §524.1104]

Referred to in §524.1602

524.1105 Examination of affiliates and reports.

1. For the purpose of determining the condition of a state bank and information concerning the state bank, the superintendent shall have the power to make or cause to be made an examination of any affiliate to the same extent as the superintendent may examine a state bank under this chapter.

2. If the superintendent has reasonable cause to believe that any corporation, trust, estate, association, or other similar organization is an affiliate, the superintendent may require the organization to furnish such information as may enable the superintendent to determine whether the organization is an affiliate.

[C71, 73, 75, 77, 79, 81, §524.1105]

Referred to in §524.217, 524.219

524.1106 Fees paid to an affiliate — approval by superintendent.

Any contract or arrangement for management or financial services which involves payment for these services by a state bank to a person who owns shares in that state bank, or to any other affiliate, must be made in compliance with 12 U.S.C. §371c and 12 U.S.C. §371c-1, and may be reviewed by the superintendent at any time. Any contract or arrangement for consultation or other services which involve payment of those services by a state bank to any person who individually or whose spouse or immediate family or any combination thereof

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owns fifteen percent or more of the outstanding shares of that state bank or is an officer or director thereof, or to an affiliate may be reviewed by the superintendent. Fees paid to an affiliate must be substantially the same as those prevailing at the time for comparable transactions involving nonaffiliated companies in accordance with the provisions of 12 U.S.C. §371c-1. The superintendent shall have authority to determine whether or not such fees are reasonable in relation to the services performed, and if the superintendent determines they are unreasonable, to require that they be reduced to a reasonable amount or eliminated and the excess refunded, or that such contract or arrangement not be entered into by the state bank.

[C71, 73, 75, 77, 79, 81, §524.1106]
2022 Acts, ch 1062, §99

524.1107 through 524.1200 Reserved.

SUBCHAPTER XII

OFFICES

524.1201 General provisions.

1. A state bank may establish and operate any number of bank offices at any location subject to the approval and regulation of the superintendent. The superintendent shall supervise and regulate all out-of-state branches and offices of a state bank. A bank office may furnish all banking services ordinarily furnished to customers and depositors at the principal place of business of the state bank which operates the office.

2. Data processing services referred to in section 524.804 may be performed for the state bank at some other secure location.

3. Notwithstanding any of the other provisions of this section, original loan documentation and trust recordkeeping functions may be located at any authorized bank office or at any other secure location approved by the superintendent.

[C27, 31, 35, §9258-b1; C39, §**9258.1;** C46, 50, 54, 58, 62, 66, §528.51; C71, 73, 75, 77, 79, 81, §524.1201; 81 Acts, ch 173, §6]

89 Acts, ch 257, §23; 91 Acts, ch 72, §1; 95 Acts, ch 32, §1; 96 Acts, ch 1056, §13, 14; 2001 Acts, ch 4, §1, 11; 2004 Acts, ch 1141, §26; 2005 Acts, ch 19, §109; 2006 Acts, ch 1015, §8; 2011 Acts, ch 102, §5; 2022 Acts, ch 1062, §100
Referred to in §524.1203, 524.1204, 524.1419, 524.1603

524.1202 Location of offices. Repealed by 2001 Acts, ch 4, §10, 11.

524.1203 Cancellation of approval of offices.

Whenever an examination by the superintendent or other supervisory agencies discloses that the operation of a bank office is being conducted in violation of section 524.1201, the superintendent may forthwith revoke the approval of the bank office.

[C71, 73, 75, 77, 79, 81, §524.1203]
Referred to in §524.1419

524.1204 Privileges extended to national banks.

The privileges extended to state banks by sections 524.1201 and 524.1212 and chapter 527 shall be available on the same conditions to national banks to the extent they are so authorized by federal law.

[C71, §524.1201(3); C73, 75, 77, 79, 81, §524.1204]
2001 Acts, ch 4, §3, 11

524.1205 Establishment of branch or office in other state — superintendent's authority to regulate. Repealed by 2022 Acts, ch 1062, §145. See §524.1201.

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524.1206 Identification of legally chartered name of bank — required use of name.

A bank, at its locations in this state, shall identify its principal place of business, any bank office, or any bank branch in a manner which includes its legally chartered name or a reasonable variation of such name. A bank doing business in this state electronically shall identify its legally chartered name in any online, mobile, or digital customer interface. The legally chartered name of the state bank, out-of-state bank, or national bank shall be used in all legal documents of such bank.

98 Acts, ch 1036, §3; 2022 Acts, ch 1062, §101
Referred to in §524.310

524.1207 through 524.1211 Reserved.

524.1212 Location of satellite terminals.

Any state bank may utilize a satellite terminal, as defined in section 527.2, when that satellite terminal is lawfully being operated, at any location within this state. Any transaction engaged in through the use of a satellite terminal shall be deemed to take place at the principal place of business of a bank whose accounts and records are affected by the transaction.

[C77, 79, 81, §524.1212; 81 Acts, ch 173, §8]
2001 Acts, ch 4, §6, 11
Referred to in §524.1204

524.1213 United community bank offices. Repealed by 2001 Acts, ch 4, §10, 11.

524.1214 through 524.1300 Reserved.

SUBCHAPTER XIII

DISSOLUTION

524.1301 Dissolution by incorporators, organizers, or initial directors.

A majority of the incorporators, organizers, or initial directors of a state bank that has not issued shares or has not commenced business may dissolve the state bank by delivering articles of dissolution to the superintendent, together with the applicable filing fees, for filing with the secretary of state that set forth all of the following:

1. The name of the state bank.
2. The date of its incorporation or organization.
3. Either of the following:

a. That the state bank has not issued any shares.

b. That the state bank has not commenced business.

4. That no debt of the state bank remains unpaid.
5. If shares were issued, that the net assets of the state bank remaining after the payment of all necessary expenses have been distributed to the shareholders.
6. That a majority of the incorporators, organizers, or initial directors authorized the dissolution.

[C97, §1857; S13, §1857; C24, 27, 31, 35, 39, §**9277;** C46, 50, 54, 58, 62, 66, §528.76; C71, 73, 75, 77, 79, 81, §524.1301]

90 Acts, ch 1205, §40; 95 Acts, ch 148, §96; 2004 Acts, ch 1141, §67; 2022 Acts, ch 1062, §102; 2023 Acts, ch 66, §133

524.1302 Involuntary dissolution prior to commencement of business.

Prior to the issuance of an authorization to do business, the superintendent may cause the dissolution of a state bank if there exists any reason why it should not have been incorporated or organized under this chapter or if an authorization to do business has not been issued within one year after the date of its incorporation or organization, or such longer time as the superintendent may allow for satisfaction of conditions precedent to its issuance. After

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giving the state bank adequate notice and an opportunity for hearing, the superintendent shall certify the applicable facts by the filing of a statement with the secretary of state, who shall thereafter issue a certificate of dissolution. Upon the issuance of such certificate of dissolution by the secretary of state, the corporate or organizational existence of the state bank shall cease.

[C31, 35, §9142-c1; C39, §**9142.1;** C46, 50, 54, 58, 62, 66, §524.14; C71, 73, 75, 77, 79, 81, §524.1302]

2004 Acts, ch 1141, §68

524.1303 Voluntary dissolution after commencement of business.

1. A state bank which has commenced business may propose to voluntarily dissolve upon the affirmative vote of the holders of at least a majority of the shares entitled to vote on the voluntary dissolution, adopting a plan of dissolution involving both a provision for acquisition of its assets and assumption of its liabilities by another state bank, national bank, or other financial institution insured by the federal deposit insurance corporation and a provision for continuance of its business if acquisition of its assets and assumption of its liabilities is not effected, or any other plan of dissolution providing for full payment of its liabilities.

2. Upon acceptance for processing of an application for approval of a plan of dissolution on forms prescribed by the superintendent, the superintendent shall conduct such investigation as the superintendent may deem necessary to determine whether the plan of dissolution adequately protects the interests of depositors, other creditors, and shareholders and, if the plan of dissolution involves an acquisition of assets and assumption of liabilities by another state bank, whether such acquisition and assumption would be consistent with adequate and sound banking and in the public interest, on the basis of factors substantially similar to those set forth in section 524.1403, subsection 1, paragraph *"d"*.

[C97, §1857; S13, §1857; C24, 27, 31, 35, 39, §**9277;** C46, 50, 54, 58, 62, 66, §528.76; C71, 73, 75, 77, 79, 81, §524.1303]

92 Acts, ch 1161, §5; 95 Acts, ch 148, §97; 2004 Acts, ch 1141, §27; 2005 Acts, ch 19, §110; 2022 Acts, ch 1062, §103, 104

Referred to in §524.1309

524.1304 Voluntary dissolution — approval.

1. Within ninety days after acceptance of the application for processing, the superintendent shall approve or disapprove the application for voluntary dissolution on the basis of the superintendent's investigation. As a condition of receiving the decision of the superintendent with respect to the application, the applying state bank shall reimburse the superintendent for all expenses incurred by the superintendent in connection with the application. The superintendent shall give to the applying state bank written notice of the superintendent's decision. The decision of the superintendent shall be subject to judicial review pursuant to chapter 17A.

2. Upon approval of the plan of voluntary dissolution by the superintendent, the superintendent shall file with the secretary of state articles of dissolution prepared by the applicant in conformance with section 524.1304A. Upon filing of the articles of dissolution with the secretary of state, the state bank shall cease to accept deposits or carry on its business, except insofar as may be necessary for the proper winding up of the business of the state bank in accordance with the approved plan of dissolution. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that has voluntarily dissolved pursuant to this section and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

3. If applicable state or federal laws require approval by an appropriate state or federal agency, the superintendent may withhold delivery of the approved articles of dissolution until the superintendent receives notice of the decision of such agency. If the final approval of the agency is not given within six months of the superintendent's approval, then the

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superintendent shall notify the applying state bank that the approval of the superintendent has been rescinded for that reason.

[C97, §1857; S13, §1857; C24, 27, 31, 35, 39, §**9277;** C46, 50, 54, 58, 62, 66, §528.76; C71, 73, 75, 77, 79, 81, §524.1304]

95 Acts, ch 148, §98; 2022 Acts, ch 1062, §105

Referred to in §524.1309

524.1304A Articles of dissolution.

1. At any time after the dissolution of a state bank is authorized, the state bank may dissolve by delivering to the superintendent for filing with the secretary of state articles of dissolution setting forth all of the following:

a. The name of the state bank.

b. The date dissolution was authorized.

c. The number of votes entitled to be cast by the shareholders on the proposal to dissolve.

d. The total number of shareholder votes cast for and against dissolution, or the total number of undisputed votes cast for dissolution and a statement that the number cast for dissolution was sufficient for approval.

e. If voting by voting groups was required, the information required by paragraphs "*c*" and "*d*" must be separately provided for each voting group entitled to vote separately on the plan to dissolve.

f. That all debts, obligations, and liabilities of the state bank will be paid or otherwise discharged or that adequate provision will be made for such discharge.

g. That all the remaining property and assets of the state bank will be distributed among its shareholders in accordance with their respective rights and interests.

h. That there are no legal actions pending against the state bank in any court or that adequate provision has been made for the satisfaction of any judgment, order, or decree which may be entered against it in any pending legal action.

2. A state bank is dissolved upon the effective date of its articles of dissolution.

95 Acts, ch 148, §99

Referred to in §524.1304, 524.1309

524.1305 Voluntary dissolution proceedings — winding up.

1. The board of directors shall have full power to wind up and settle the affairs of a state bank in voluntary dissolution proceedings, including the power to do all of the following:

a. Collecting the assets of the state bank.

b. Disposing of its properties that will not be distributed in kind to its shareholders.

c. Discharging or making provision for discharging its liabilities.

d. Making distributions of its remaining assets among its shareholders according to their interests.

e. Doing every other act necessary to wind up and liquidate its business and affairs.

2. Dissolution of a state bank does not result in any of the following:

a. Transferring title to the state bank's property.

b. Preventing transfer of its shares or securities, although the authorization to dissolve may provide for closing the state bank's share transfer records.

c. Subjecting its directors or officers to standards of conduct different from those prescribed by this chapter prior to dissolution.

d. Changing any of the following:

(1) Quorum or voting requirements for its board of directors or shareholders.

(2) Provisions for selection, resignation, or removal of its directors or officers or both.

(3) Provisions for amending its bylaws.

e. Preventing commencement of a proceeding by or against the state bank in its name.

f. Abating or suspending a proceeding pending by or against the state bank on the effective date of dissolution.

3. Within thirty days after filing of the articles of dissolution with the secretary of state, the state bank shall give notice of its dissolution:

a. By mail to each depositor and creditor, except those as to whom the liability of the

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state bank has been assumed by another financial institution insured by the federal deposit insurance corporation pursuant to the plan of dissolution, at their last address of record as shown upon the books of the state bank, including a statement of the amount shown by the books of the state bank to be due to such depositor or creditor and a demand that any claim for a greater amount be filed with the state bank any time before a specified date at least ninety days after the date of the notice.

b. By mail to each lessee of a safe deposit box and each customer for whom property is held in safekeeping, except those as to whom the liability of the state bank has been assumed by another financial institution insured by the federal deposit insurance corporation pursuant to the plan of dissolution, at their last address of record as shown upon the books of the state bank, including a demand that all property held in a safe deposit box or held in safekeeping by the state bank be withdrawn by the person entitled to the property before a specified date which is at least ninety days after the date of the notice.

c. By mail to each person, at the person's last known address as shown upon the books of the state bank, interested in funds held in a fiduciary account or other representative capacity.

d. By a conspicuous posting at each office of the state bank and by posting on the state bank's internet site for at least thirty days following the filing of the articles of dissolution.

e. By such publication as the superintendent may prescribe.

4. As soon after the approval of the plan of dissolution and the filing of the articles of dissolution as feasible, the state bank shall resign all fiduciary appointments and take such action as may be necessary to settle its fiduciary accounts.

5. All known depositors and creditors shall be paid promptly after the date specified in the notice given under paragraph *"a"* of subsection 3 of this section. Unearned portions of rentals for safe deposit boxes shall be rebated to the lessees thereof.

6. Safe deposit boxes, the contents of which have not been removed by the owners after the date specified in the notice given under paragraph *"b"* of subsection 3 of this section, shall be opened under the supervision of the superintendent and the contents placed in sealed packages which, together with unclaimed property held by the state bank in safekeeping, shall be transmitted to the treasurer of state. Amounts due to depositors who are unknown, or who are under a disability and there is no person legally competent to receive the amount, or who cannot be found after the exercise of reasonable diligence, shall be transmitted to the treasurer of state, together with a statement giving the name of the person, if known, entitled to the amount, the person's last known address, the amount due the person, and other information about the person as the treasurer of state may reasonably require. All property transmitted to the treasurer of state pursuant to this subsection shall be treated as abandoned, retained by the treasurer of state, and subject to claim, in the manner provided for in sections 556.14 through 556.21. All amounts due creditors described in section 490.1440 shall be deposited with the treasurer of state in accordance with that section. Such amounts shall be retained by the treasurer of state and are subject to claim in the manner provided for in section 490.1440.

7. Upon approval by the superintendent, assets remaining after the performance of all obligations of the state bank under subsections 4, 5, and 6 of this section shall be distributed to its shareholders according to their respective rights and preferences. Partial distributions to shareholders may be made prior to such time only if, and to the extent, approved by the superintendent. All amounts due shareholders described in section 490.1440 shall be deposited with the treasurer of state in accordance with that section. Such amounts shall be retained by the treasurer of state and are subject to claim in the manner provided for in said section 490.1440.

8. During the course of dissolution proceedings the state bank shall make such reports as the superintendent may require, and shall continue to be subject to the provisions of this chapter, including those relating to examination of state banks, until completion of the dissolution of the state bank.

9. If at any time during the course of dissolution proceedings the superintendent finds that the assets of the state bank will not be sufficient to discharge its obligations, the superintendent shall tender to the federal deposit insurance corporation the receivership in the manner required by section 524.1310, and the dissolution shall thereafter be treated

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as an involuntary dissolution in accordance with the terms of that section and sections 524.1311 and 524.1312.

[C71, 73, 75, 77, 79, 81, §524.1305]

90 Acts, ch 1205, §41; 95 Acts, ch 148, §100; 2012 Acts, ch 1017, §22, 28; 2021 Acts, ch 80, §337; 2022 Acts, ch 1062, §106 – 108

Referred to in §524.1309, 524.1310

524.1306 Revocation of voluntary dissolution proceedings.

1. A state bank may, at any time prior to the filing of the articles of dissolution with the secretary of state, revoke voluntary dissolution proceedings as provided for in section 490.1404.

2. The statement of revocation of voluntary dissolution proceedings, whether by consent of shareholders or by act of the state bank, shall be delivered to the superintendent, together with the applicable filing fee, who shall, if the superintendent finds that they satisfy the requirements of this section, deliver them to the secretary of state for filing in the secretary of state's office.

[C71, 73, 75, 77, 79, 81, §524.1306]

90 Acts, ch 1205, §42; 95 Acts, ch 148, §101; 2022 Acts, ch 1062, §109

Referred to in §524.1309

524.1307 and 524.1308 Reserved.

524.1308A Known claims against dissolved state bank.

1. A dissolved state bank may dispose of the known claims against it pursuant to this section.

2. The dissolved state bank shall notify its known claimants in writing of the dissolution at any time after the effective date of the dissolution. The written notice must include all of the following:

a. A description of information that must be included in a claim.

b. The mailing address where a claim may be sent.

c. The deadline for submitting a claim, which may not be fewer than one hundred twenty days from the effective date of the written notice, by which the dissolved state bank must receive the claim.

d. A statement that the claim will be barred if not received by the deadline.

3. A claim against the dissolved state bank is barred if either of the following occur:

a. A claimant who was given written notice under subsection 2 does not deliver the claim to the dissolved state bank by the deadline.

b. A claimant whose claim was rejected by the dissolved state bank does not commence a proceeding to enforce the claim within ninety days from the effective date of the rejection notice.

4. For purposes of this section, *"claim"* does not include a contingent liability or a claim based upon an event occurring after the effective date of dissolution.

5. As used in this section, the term *"notice"* means as defined in section 490.141. The written notice required by subsection 2 may be given by any method of delivery that is permitted in section 490.141, and the notice is deemed to be delivered when the notice becomes effective pursuant to section 490.141, subsection 9.

95 Acts, ch 148, §102; 2022 Acts, ch 1062, §110; 2023 Acts, ch 29, §7

Referred to in §524.1308B

524.1308B Unknown claims against dissolved state bank.

1. A dissolved state bank may publish notice of its dissolution and request that persons with claims against the state bank present them in accordance with the notice.

2. The notice made pursuant to this section must satisfy all of the following requirements:

a. Be published in accordance with all of the following:

(1) One time in a newspaper of general circulation in the county where the dissolved state bank's principal office is or was located.

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(2) Be posted conspicuously for at least thirty days on the dissolved state bank's internet site.

b. Include a description of the information that must be included in a claim and provide a mailing address where the claim may be sent.

c. Include a statement that a claim against the state bank will be barred unless a proceeding to enforce the claim is commenced within two years after the publication of the notice.

3. If the dissolved state bank publishes a newspaper notice pursuant to subsection 2, the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved state bank within two years after the publication date of the newspaper notice:

a. A claimant who did not receive written notice under section 524.1308A.

b. A claimant whose claim was timely sent to the dissolved state bank but not acted on.

c. A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

4. A claim may be enforced under this section as follows:

a. Against the dissolved state bank, to the extent of its undistributed assets.

b. If the assets have been distributed in liquidation, against a shareholder of the dissolved state bank to the extent of the shareholder's pro rata share of the claim or the state bank's assets distributed to the shareholder in liquidation, whichever is less, but a shareholder's total liability for all claims under this section shall not exceed the total amount of assets distributed to the shareholder in liquidation.

95 Acts, ch 148, §103; 2022 Acts, ch 1062, §111, 112

524.1309 Becoming subject to chapter 490.

In lieu of the dissolution procedure prescribed in sections 524.1303 through 524.1306, a state bank may cease to carry on the business of banking and, after compliance with this section, continue as a corporation subject to chapter 490.

1. A state bank that has commenced business may propose to voluntarily cease to carry on the business of banking and become a corporation subject to chapter 490 upon the affirmative vote of the holders of at least a majority of the shares entitled to vote on such proposal, adopting a plan involving both a provision for acquisition of its assets and assumption of its liabilities by another state bank, national bank, or other financial institution insured by the federal deposit insurance corporation, and a provision for continuance of its business if acquisition of its assets and assumption of its liabilities is not effected, or any other plan providing for the cessation of banking business and the payment of its liabilities.

2. The application to the superintendent for approval of a plan described in subsection 1 shall be treated by the superintendent in the same manner as an application for approval of a plan of dissolution under section 524.1303, subsection 2, and shall be subject to section 524.1305, subsections 8 and 9.

3. Immediately upon adoption and approval of a plan to voluntarily cease to carry on the business of banking and become a corporation subject to chapter 490, the state bank shall submit an application for the required approval by the superintendent in the manner prescribed by the superintendent. As part of this application, the state bank shall deliver to the superintendent a plan to cease the business of banking and become a corporation subject to chapter 490 which shall be signed by two of its duly authorized officers and shall contain the name of the state bank, the post office address of its principal place of business, the name and address of its officers and directors, the number of shares entitled to vote on the plan and the number of shares voted for or against the plan, respectively, the nature of the business to be conducted by the corporation under chapter 490, and the general nature of the assets to be held by the corporation or company. As part of the application, the state bank shall also deliver to the superintendent articles of intent to be subject to chapter 490, together with the applicable filing fees, which shall set forth that the state bank has complied with this section, that it intends to cease to carry on the business of banking, and the information required by section 490.202 relative to the contents of articles of incorporation under chapter 490.

4. Upon approval of the plan by the superintendent, the state bank shall immediately

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surrender to the superintendent its authorization to do business as a bank and shall cease to accept deposits and carry on the banking business except insofar as may be necessary for it to complete the settlement of its affairs as a state bank in accordance with subsection 5. Upon request, the superintendent shall expressly revoke the state bank's authorization to do business and return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

5. The board of directors has full power to complete the settlement of the affairs of the state bank. Within thirty days after approval by the superintendent of the plan to cease the business of banking and become a corporation subject to chapter 490 the state bank shall give notice of its intent to persons identified in section 524.1305, subsection 3, in the manner provided for in that subsection. In completing the settlement of its affairs as a state bank, the state bank shall also follow the procedure prescribed in section 524.1305, subsections 4, 5, and 6.

6. If the superintendent finds that the state bank has complied with all requirements of this section and that the articles of intent to be subject to chapter 490 satisfy the requirements of this section, the superintendent shall deliver them to the secretary of state for filing in the secretary of state's office.

7. Upon the filing of the articles of intent to be subject to chapter 490, the state bank shall immediately cease to be a state bank subject to this chapter, and shall immediately cease to have the powers of a state bank subject to this chapter and shall become a corporation subject to chapter 490. The secretary of state shall issue a certificate as to the filing of the articles of intent to be subject to chapter 490 and send the certificate to the corporation or its representative. The articles of intent to be subject to chapter 490 shall be the articles of incorporation of the corporation. The provisions of chapter 490 becoming applicable to a corporation formerly doing business as a state bank shall not affect any right accrued or established, or liability or penalty incurred under this chapter prior to the filing with the secretary of state of the articles of intent to be subject to chapter 490.

8. A shareholder of a state bank who objects to adoption by the state bank of a plan to cease to carry on the business of banking and to continue as a corporation subject to chapter 490 is entitled to appraisal rights provided for in chapter 490, subchapter XIII.

9. A state bank, at any time prior to the approval of the articles of intent to become subject to chapter 490, may revoke the proceedings in the manner prescribed by section 524.1306.

[C71, 73, 75, 77, 79, 81, §524.1309]

90 Acts, ch 1205, §43; 95 Acts, ch 148, §104 – 106; 2002 Acts, ch 1154, §114, 125; 2004 Acts, ch 1141, §69; 2005 Acts, ch 19, §111; 2008 Acts, ch 1162, §149, 150, 154, 155; 2019 Acts, ch 24, §104; 2020 Acts, ch 1063, §302; 2022 Acts, ch 1062, §113

524.1310 Involuntary dissolution after commencement of business — federal deposit insurance corporation as receiver.

1. *a.* In a situation in which the superintendent has required, in accordance with section 524.224, that the state bank cease to carry on its business, the superintendent shall immediately tender to the federal deposit insurance corporation the receivership for the state bank. The affairs of the state bank shall thereafter be governed by this section, section 524.1311, and the provisions of federal law, and shall be subject to federal court jurisdiction, and the assets of the state bank shall be distributed in accordance with section 524.1312. If there is a conflict between the provisions of state and federal law, federal law shall govern.

b. All amounts due creditors and shareholders described in section 490.1440 shall be deposited with the treasurer of state in accordance with that section. Such amounts shall be retained by the treasurer of state and subject to claim in the manner provided for in section 490.1440. Amounts due to depositors who are unknown, or who are under a disability and there is no person legally competent to receive the amount, or who cannot be found after the exercise of reasonable diligence, shall be transmitted to the treasurer of state in the manner required by section 524.1305, subsection 6. Such property shall be treated as abandoned, retained by the treasurer of state, and is subject to claim, in the manner provided for in sections 556.14 through 556.21.

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2. Under the receivership, the rights of depositors and other creditors of the insured state bank shall be determined in accordance with the laws of this state.

3. The federal deposit insurance corporation as receiver shall possess all the powers, rights, and privileges provided under section 524.1311, except insofar as that section may be in conflict with the laws of the United States.

4. If the federal deposit insurance corporation pays or makes available for payment the insured deposit liabilities of an insured state bank, the federal deposit insurance corporation shall be subrogated by operation of law to all rights against such insured state bank of the owners of such deposits in the same manner and to the same extent as subrogation of the federal deposit insurance corporation is provided for in applicable federal law in the case of a national bank.

[C73, §1572; C97, §1877; C24, 27, 31, §9239, 9240, 9242; C35, §9154-f3, 9239, 9240, 9242; C39, §**9154.03, 9239, 9240, 9242, 9283.35, 9283.36;** C46, 50, 54, 58, 62, 66, §524.30, 528.33, 528.41, 528.43, 528.120, 528.121; C71, 73, 75, 77, 79, 81, §524.1310]

90 Acts, ch 1205, §44; 2012 Acts, ch 1017, §23, 28; 2020 Acts, ch 1063, §303; 2022 Acts, ch 1062, §114

Referred to in §524.224, 524.1305

524.1311 Involuntary dissolution after commencement of business — receivership procedure.

1. Under the receivership, a diligent effort shall be made to collect and realize on the assets of the state bank and to make distribution of the proceeds from time to time to those entitled thereto. The federal deposit insurance corporation may execute assignments, releases, and satisfactions to effectuate sales and transfers as receiver or after the receivership has terminated. The federal deposit insurance corporation may sell or compound all bad or doubtful debts, and may sell all the real and personal property of such state bank.

2. After the involuntary dissolution of a state bank, the superintendent shall file notice of the dissolution with the secretary of state. No fee shall be charged by the secretary of state for the filing. The corporate existence of the state bank shall cease upon filing of the notice of dissolution with the secretary of state.

[C73, §1572; C97, §1857, 1877; S13, §1857; C24, §9239, 9278; C27, §9239, 9239-a5, 9278; C31, 35, §9239, 9239-a5, 9278, 9278-c1; C39, §**9239, 9239.6, 9278, 9278.1 – 9278.3;** C46, 50, 54, 58, 62, 66, §528.33, 528.39, 528.77 – 528.80; C71, 73, 75, 77, 79, 81, §524.1311]

2012 Acts, ch 1017, §24, 28; 2022 Acts, ch 1062, §115

Referred to in §524.1305, 524.1310

524.1312 Distribution of assets upon insolvency.

In the distribution of the assets of a state bank which is dissolved under this chapter, or by any other method, the order of payment of the liabilities of the state bank, in the event that its assets are insufficient to pay in full all its liabilities for which claims are made, shall be:

1. The payment of costs and expenses of the administration of the dissolution.

2. The payment of claims for public funds deposited pursuant to chapter 12C and the payment of claims which are given priority by applicable statutes. If the assets are insufficient for payment of the claims in full, then priority shall be determined as specified by the statutes or, in the absence of conflicting provisions, on a pro rata basis.

3. Amounts due to depositors.

4. The payment of all other claims pro rata, exclusive of claims on capital notes and debentures.

5. The payment of capital notes and debentures.

[C73, §1572; C97, §1857, 1877; S13, §1857; C24, §9239, 9243, 9278; C27, §9239, 9239-a6, 9243, 9278; C31, 35, §9239, 9239-a6, 9243, 9278, 9278-c1; C39, §**9239, 9239.7, 9243, 9278, 9278.1, 9278.2, 9278.3;** C46, 50, 54, 58, 62, 66, §528.33, 528.40, 528.44, 528.77, 528.78, 528.79, 528.80; C71, 73, 75, 77, 79, 81, §524.1312]

85 Acts, ch 194, §9

Referred to in §12C.23A, 524.404, 524.1305, 524.1310

Claims entitled to priority; §680.7 – 680.9

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524.1313 Involuntary dissolution after commencement of business — tender of receivership to F.D.I.C. Repealed by 2012 Acts, ch 1017, §27, 28. See §524.1311.

524.1314 Survival of rights and remedies after dissolution or expiration — preservation of records.

1. The dissolution of a state bank, or the expiration of its period of duration, shall not take away or impair any remedy available to or against such state bank, its directors, officers, or shareholders, for any right or claim existing, or any liability incurred prior to such dissolution or expiration, if action or other proceeding thereon is commenced within two years after the date of such dissolution or expiration. Any such action or proceeding by or against the state bank may be prosecuted or defended by the state bank in its corporate name. The shareholders, directors and officers shall have power to take such corporate or other action as shall be appropriate to protect such remedy, right or claim.

2. Subsequent to the dissolution of a state bank, other than through the adoption of a plan involving a provision for acquisition of its assets and assumption of its liabilities by another state bank, national bank, or other financial institution insured by the federal deposit insurance corporation, the superintendent may assume custody of the records of the state bank and, if so, shall retain them in accordance with the provisions of section 524.221. The superintendent may make copies of such records in accordance with the provisions of section 524.221, subsection 1.

[C71, 73, 75, 77, 79, 81, §524.1314]
95 Acts, ch 148, §107

524.1315 through 524.1400 Reserved.

SUBCHAPTER XIV

MERGER, CONSOLIDATION, AND CONVERSION

524.1401 Authority to merge.

1. Upon compliance with the requirements of this chapter, one or more state banks, one or more out-of-state banks, one or more national banks, one or more federal savings associations, one or more corporations, or any combination of these entities, with the approval of the superintendent, may merge into a state bank pursuant to a plan of merger.

2. Upon compliance with the requirements of this chapter, one or more state banks may merge into a national bank, federal savings association, or out-of-state bank. The authority of a state bank to merge into a national bank or federal savings association is subject to the condition that at the time of the transaction the laws of the United States shall authorize a national bank or federal savings association located in this state, without approval by the comptroller of the currency of the United States, to merge into a state bank under limitations no more restrictive than those contained in this chapter with respect to the merger of a state bank into a national bank or federal savings association. The authority of a state bank to merge into an out-of-state bank is subject to the condition that at the time of the transaction the laws of the home state of the resulting bank shall authorize a bank organized under the laws of such home state, without approval by the home state's bank regulatory authority, to merge into a state bank under limitations no more restrictive than those contained in this chapter with respect to the merger of a state bank into an out-of-state bank.

3. As used in this section, the term *"merger"* or *"merge"* means any plan by which the assets and liabilities of an entity are combined with those of one or more other entities, including transactions in which one of the corporate entities survives and transactions in which a new corporate entity is created.

[C54, 58, 62, 66, §528B.1 – 528B.3; C71, 73, 75, 77, 79, 81, §524.1401]
95 Acts, ch 148, §108; 2012 Acts, ch 1017, §109; 2022 Acts, ch 1062, §116

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524.1402 Requirements for a merger.

The requirements for a merger which must be satisfied by the parties to the merger are as follows:

1. The parties shall adopt a plan of merger which must include all of the following:

a. As to each party to the merger, the party's name, jurisdiction of formation, and type of entity.

b. The resulting bank's name, jurisdiction of formation, and type of entity, and, if the resulting bank is to be created in the merger, a statement to that effect.

c. The terms and conditions of the proposed merger.

d. The manner and basis of converting the shares of each party into any combination of shares or other securities, obligations, rights to acquire shares or other securities, cash, or other property.

e. The rights of the shareholders of each of the parties.

f. An agreement concerning the merger.

g. Such other provisions with respect to the proposed merger which are deemed necessary or desirable.

2. In the case of a state bank which is a party to the plan of merger, if the proposed merger will result in a state bank subject to this chapter, adoption of the plan of merger by such state bank requires the affirmative vote of at least a majority of the directors and approval by the shareholders, in the manner and according to the procedures prescribed in section 490.1104, at a meeting called in accordance with the terms of that section. In the case of a national bank, or if the proposed merger will result in a national bank, adoption of the plan of merger by each party to the merger shall require the affirmative vote of at least such directors and shareholders whose affirmative vote on the plan of merger is required under the laws of the United States. Subject to applicable requirements of the laws of the United States in a case in which a national bank is a party to a plan of merger, any modification of a plan of merger which has been adopted shall be made by any method provided in the plan of merger, or in the absence of such provision, by the same vote as required for adoption.

3. If a proposed merger will result in a state bank, application for the required approval by the superintendent shall be made in the manner prescribed by the superintendent. There shall also be delivered to the superintendent, when available, the following:

a. Articles of merger.

b. Applicable fees payable to the secretary of state, as specified in section 490.122, for the filing of the articles of merger.

c. If there is any modification of the plan of merger at any time prior to the approval by the superintendent under section 524.1403, an amendment of the application and, if necessary, of the articles of merger, signed in the same manner as the originals, setting forth the modification of the plan of merger, the method by which the modification was adopted and any related change in the provisions of the articles of merger.

4. The articles of merger shall be signed by a duly authorized officer of each party to the plan of merger and shall contain all of the following:

a. The name, jurisdiction of formation, and type of entity of each party to the plan of merger.

b. The name, jurisdiction of formation, and type of entity of the resulting state bank.

c. The location and the post office address of the principal place of business of each party to the plan of merger, and of each additional office maintained by the parties to the plan of merger, and the location and post office address of the principal place of business of the resulting state bank, and of each additional office to be maintained by the resulting state bank.

d. The votes by which the plan of merger was adopted, and the date and place of each meeting in connection with such adoption.

e. The number of directors constituting the board of directors, and the names of the individuals who are to serve as directors until the next annual meeting of the shareholders or until their successors be elected and qualify.

f. Any amendment of the articles of incorporation of the resulting state bank.

5. If a proposed merger will result in a national bank, federal savings association, or

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out-of-state bank, a state bank which is a party to the plan of merger shall do all of the following:

a. Notify the superintendent of the proposed merger.

b. Provide such evidence of the adoption of the plan of merger as the superintendent may request.

c. Notify the superintendent of any abandonment or disapproval of the plan of merger.

d. File with the superintendent and with the secretary of state evidence of approval of the merger by the comptroller of the currency of the United States if the merger results in a national bank or federal savings association, or the approval of the merger by the home state chartering authority of the resulting out-of-state bank if the merger results in an out-of-state bank.

e. Notify the superintendent of the date upon which the merger is to become effective.

[C54, 58, 62, 66, §528B.4, 528B.5; C71, 73, 75, 77, 79, 81, §524.1402]

90 Acts, ch 1076, §1; 90 Acts, ch 1205, §45, 46; 95 Acts, ch 148, §109; 2002 Acts, ch 1154, §115, 125; 2004 Acts, ch 1141, §28; 2005 Acts, ch 19, §112; 2022 Acts, ch 1062, §117

Referred to in §524.1403

524.1403 Approval of merger by superintendent.

1. Upon receipt of an application for approval of a merger and of the supporting items required by section 524.1402, subsection 3, the superintendent shall conduct such investigation as the superintendent deems necessary to ascertain the following:

a. The articles of merger and supporting items satisfy the requirements of this chapter.

b. The plan of merger and any modification of the plan of merger adequately protects the interests of depositors, other creditors, and shareholders.

c. The requirements for a merger under all applicable laws have been satisfied and the resulting state bank would satisfy the requirements of this chapter with respect to it.

d. The merger would be consistent with adequate and sound banking and in the public interest on the basis of the financial history and condition of the parties to the plan, including the adequacy of the capital structure of the resulting state bank, the character of the management of the resulting state bank, the potential effect of the merger on competition, and the convenience and needs of the area primarily to be served by the resulting state bank, particularly the resulting state bank's plans to accept deposits from, lend money in, and process payments in the area primarily to be served by the resulting state bank.

2. *a.* Within one hundred eighty days after acceptance of the application for processing, or within an additional period of not more than sixty days after receipt of an amendment of the application, the superintendent shall approve or disapprove the application on the basis of the investigation. The plan of merger shall not be modified at any time after approval of the application by the superintendent.

b. As a condition of receiving the decision of the superintendent with respect to the pending application, the parties to the plan of merger shall reimburse the superintendent for all the expenses incurred in connection with the application. The superintendent shall give to the parties to the plan of merger written notice of the decision and, in the event of disapproval, a statement of the reasons for the decision. The decision of the superintendent shall be subject to judicial review pursuant to chapter 17A.

[C54, 58, 62, 66, §528B.4; C71, 73, 75, 77, 79, 81, §524.1403]

92 Acts, ch 1161, §6; 95 Acts, ch 148, §110; 2012 Acts, ch 1023, §157; 2022 Acts, ch 1062, §118

Referred to in §524.1303, 524.1402

524.1404 Procedure after approval by superintendent — issuance of certificate of merger.

If applicable state or federal laws require the approval of the merger by a federal or state agency, the superintendent may withhold delivery of the approved articles of merger until the superintendent receives notice of the decision of such agency. If the final approval of the agency is not given within six months of the superintendent's approval, the superintendent shall notify the parties to the plan of merger that the approval of the superintendent has

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been rescinded for that reason. If such agency gives its approval, the superintendent shall deliver the articles of merger, with the superintendent's approval indicated on the articles, to the secretary of state, and shall notify the parties to the plan of merger. The receipt of the approved articles of merger by the secretary of state constitutes filing of the articles of merger with that office. On the date upon which the merger is effective, the secretary of state shall issue and send a certificate of merger to the resulting state bank and send a copy of the certificate of merger to the superintendent.

[C54, 58, 62, 66, §528B.6; C71, 73, 75, 77, 79, 81, §524.1404]

95 Acts, ch 148, §111; 2022 Acts, ch 1062, §119; 2023 Acts, ch 66, §134

524.1405 Effect of merger.

1. The merger is effective upon the filing of the articles of merger with the secretary of state, or at any later date and time as specified in the articles of merger. The certificate of merger is conclusive evidence of the performance of all conditions precedent to the merger, and of the existence or creation of the resulting state bank, except as against the state.

2. When a merger takes effect, all of the following apply:

a. Every other financial institution to the merger merges into the surviving financial institution and the separate existence of every party except the surviving financial institution ceases.

b. All property owned by, and every contract right possessed by, each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are the property and contract rights of the resulting bank without transfer, reversion, or impairment.

c. All debts, obligations, and other liabilities of each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are debts, obligations, or liabilities of the resulting bank.

d. The name of the survivor may be, but need not be, substituted in any pending proceeding for the name of any party to the merger whose separate existence ceased in the merger.

e. For a resulting state bank, the articles of incorporation of the resulting state bank are amended to the extent provided in the articles of merger.

f. The articles of incorporation of a resulting state bank that is created by the merger become effective.

g. The shares of each financial institution or authorized entity that is a party to the merger, that are to be converted in accordance with the terms of the merger into any combination of shares or other securities, obligations, rights to acquire shares or other securities, cash, or other property, are converted, and the former holders of such shares are entitled only to the rights provided in the articles of merger or to their rights under section 524.1406.

h. Except as provided by law or the terms of the merger, all the rights, privileges, franchises, and immunities of each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are the rights, privileges, franchises, and immunities of the resulting bank.

3. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that is a party to the merger, other than the resulting state bank, and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

[C54, 58, 62, 66, §528B.6, 528B.8; C71, 73, 75, 77, 79, 81, §524.1405]

95 Acts, ch 148, §112, 113; 98 Acts, ch 1036, §4; 2004 Acts, ch 1141, §70; 2022 Acts, ch 1062, §120, 121; 2023 Acts, ch 64, §89

524.1406 Appraisal rights of shareholders.

1. A shareholder of a state bank, which is a party to a proposed plan of merger which will result in a state bank subject to this chapter, who objects to the plan of merger is entitled to appraisal rights as provided in chapter 490, subchapter XIII.

2. If a shareholder of a national bank which is a party to a proposed plan of merger which will result in a state bank, or a shareholder of a state bank which is a party to a plan of merger which will result in a national bank, objects to the plan of merger and complies with the

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requirements of the applicable laws of the United States, the resulting state bank or national bank, as the case may be, is liable for the value of the shareholder's shares as determined in accordance with such laws of the United States.

[C54, 58, 62, 66, §528B.9; C71, 73, 75, 77, 79, 81, §524.1406]

90 Acts, ch 1205, §47; 95 Acts, ch 148, §114; 99 Acts, ch 162, §1; 99 Acts, ch 208, §59; 2000 Acts, ch 1211, §3; 2002 Acts, ch 1154, §116, 125; 2008 Acts, ch 1119, §11; 2010 Acts, ch 1138, §57; 2011 Acts, ch 34, §121; 2014 Acts, ch 1001, §4; 2014 Acts, ch 1076, §20; 2019 Acts, ch 24, §104; 2022 Acts, ch 1062, §122

Referred to in §524.1405

524.1407 Reserved.

524.1408 Merger of corporation or limited liability company substantially owned by a state bank.

A state bank owning at least ninety percent of the outstanding shares, of each class, of another corporation or limited liability company which it is authorized to own under this chapter may merge the other corporation or limited liability company into itself without approval by a vote of the shareholders of either the state bank or the subsidiary corporation or limited liability company. The board of directors of the state bank shall approve a plan of merger, mail the plan of merger to shareholders of record of the subsidiary corporation or holders of membership interests in the subsidiary limited liability company, and prepare and execute articles of merger in the manner provided for in section 490.1105. The articles of merger, together with the applicable filing fees, shall be delivered to the superintendent who shall, if the superintendent approves of the proposed merger and if the superintendent finds the articles of merger satisfy the requirements of this section, deliver them to the secretary of state for filing in the secretary of state's office. The secretary of state upon filing the articles of merger shall issue a certificate of merger and send the certificate to the state bank and a copy of it to the superintendent.

[C71, 73, 75, 77, 79, 81, §524.1408]

90 Acts, ch 1205, §48; 95 Acts, ch 148, §115; 2002 Acts, ch 1154, §117, 125; 2004 Acts, ch 1141, §71; 2005 Acts, ch 3, §87; 2022 Acts, ch 1062, §123

524.1409 Conversion of national bank, federal savings association, out-of-state bank, or state or federally chartered credit union into state bank.

A national bank or federal savings association, an out-of-state bank, or a state or federally chartered credit union may, subject to the provisions of this chapter, convert into a state bank upon authorization by and compliance with the laws of the United States, adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders, and upon approval of the superintendent.

[C54, 58, 62, 66, §528B.3, 528B.7; C71, 73, 75, 77, 79, 81, §524.1409]

98 Acts, ch 1036, §5; 2007 Acts, ch 88, §8; 2012 Acts, ch 1017, §110; 2022 Acts, ch 1062, §124

524.1410 Application for approval by superintendent.

A national bank or federal savings association, out-of-state bank, or a state or federally chartered credit union shall make an application to the superintendent for approval of the conversion in a manner prescribed by the superintendent and shall deliver to the superintendent, when available:

1. Articles of conversion.
2. The applicable fee payable to the secretary of state, under section 490.122, for the filing of the articles of conversion.

[C54, 58, 62, 66, §528B.7; C71, 73, 75, 77, 79, 81, §524.1410]

90 Acts, ch 1205, §49; 98 Acts, ch 1036, §6; 2007 Acts, ch 88, §9; 2012 Acts, ch 1017, §111; 2022 Acts, ch 1062, §125

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524.1411 Articles of conversion.

The articles of conversion shall be signed by two duly authorized officers of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, and shall contain all of the following:

1. The name of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, and the name of the resulting state bank.

2. The location and post office address of its principal place of business and of each additional office, and the location and post office address of the principal place of business of the resulting state bank and of each additional office to be maintained by the resulting state bank.

3. The votes by which the plan of conversion was adopted and the date and place of each meeting in connection with the adoption.

4. The number of directors constituting the board of directors, and the names and addresses of the persons who are to serve as directors until the next annual meeting of shareholders or until successors be elected and qualify.

5. The provisions required in the articles of incorporation by section 524.302, subsection 1, paragraphs *"c"* and *"d"*, and section 524.302, subsection 2, paragraph *"b"*.

[C54, 58, 62, 66, §528B.4; C71, 73, 75, 77, 79, 81, §524.1411]

95 Acts, ch 148, §116; 98 Acts, ch 1036, §7, 8; 2007 Acts, ch 88, §10; 2012 Acts, ch 1017, §112, 113; 2013 Acts, ch 30, §131; 2022 Acts, ch 1062, §126, 127

524.1412 Publication of notice. Repealed by 2022 Acts, ch 1062, §145.

524.1413 Approval of conversion by superintendent.

1. Upon acceptance for processing of an application for approval of a conversion, the superintendent shall conduct such investigation as the superintendent deems necessary to ascertain the following:

a. The articles of conversion and supporting items satisfy the requirements of this chapter.

b. The plan adequately protects the interests of depositors.

c. The requirements for a conversion under all applicable laws have been satisfied and the resulting state bank would satisfy the requirements of this chapter applicable to it.

d. The resulting state bank will possess an adequate capital structure.

2. Within ninety days after the application has been accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation. As a condition of receiving the decision of the superintendent with respect to the application, the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union shall reimburse the superintendent for all expenses incurred in connection with the application. The superintendent shall give the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union written notice of the decision and, in the event of disapproval, a statement of the reasons for the decision. If the superintendent approves the application, the superintendent shall deliver the articles of conversion, with the superintendent's approval indicated on the articles of conversion, to the secretary of state. The decision of the superintendent shall be subject to judicial review pursuant to chapter 17A. Notwithstanding the terms of the Iowa administrative procedure Act, chapter 17A, a petition for judicial review must be filed within thirty days after the superintendent notifies the national bank or federal savings association of the superintendent's decision.

[C54, 58, 62, 66, §528B.4; C71, 73, 75, 77, 79, 81, §524.1413]

95 Acts, ch 148, §118; 98 Acts, ch 1036, §11; 2007 Acts, ch 88, §12; 2013 Acts, ch 90, §161; 2022 Acts, ch 1062, §128

524.1414 Receipt by secretary of state.

The receipt of the approved articles of conversion by the secretary of state constitutes filing of the articles of conversion with that office.

[C54, 58, 62, 66, §528B.6; C71, 73, 75, 77, 79, 81, §524.1414]

95 Acts, ch 148, §119; 2022 Acts, ch 1062, §129

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524.1415 Effect of filing of articles of conversion with secretary of state.

1. The conversion is effective upon the filing of the articles of conversion with the secretary of state, or at any later date and time as specified in the articles of conversion. The acknowledgment of filing is conclusive evidence of the performance of all conditions required by this chapter for conversion of a national bank or federal savings association, out-of-state bank, or state or federally chartered credit union into a state bank, except as against the state.

2. When a conversion becomes effective, the existence of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union shall continue in the resulting state bank which shall have all the property, rights, powers, and duties of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, except that the resulting state bank shall have only the authority to engage in such business and exercise such powers as it would have, and shall be subject to the same prohibitions and limitations to which it would be subject, upon original incorporation under this chapter. The articles of incorporation of the resulting state bank shall be the provisions stated in the articles of conversion.

3. A liability of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, or of the national bank's or federal savings association's, out-of-state bank's, or state or federally chartered credit union's shareholders, directors, or officers, is not affected by the conversion. A lien on any property of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union is not impaired by the conversion. A claim existing or action pending by or against the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union may be prosecuted to judgment as if the conversion had not taken place, or the resulting state bank may be substituted in its place.

4. The title to all real estate and other property owned by the converting national bank or federal savings association, out-of-state bank, or state or federally chartered credit union is vested in the resulting state bank without reversion or impairment.

[C54, 58, 62, 66, §528B.6, 528B.8; C71, 73, 75, 77, 79, 81, §524.1415]

95 Acts, ch 148, §120, 121; 96 Acts, ch 1034, §51; 98 Acts, ch 1036, §12; 2007 Acts, ch 88, §13; 2012 Acts, ch 1017, §116; 2022 Acts, ch 1062, §130

524.1416 Authority for conversion of state bank into national bank or federal savings association.

1. A state bank may convert into a national bank or federal savings association by compliance with the laws of the United States, and adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders. The authority of a state bank to convert into a national bank or federal savings association shall be subject to the condition that at the time of the transaction, the laws of the United States shall authorize a national bank or federal savings association located in this state, without approval by the comptroller of the currency of the United States or director of the office of thrift supervision, as applicable, to convert into a state bank under limitations and conditions no more restrictive than those contained in this section and section 524.1417 with respect to conversion of a state bank into a national bank or federal savings association.

2. A state bank which converts into a national bank or federal savings association shall notify the superintendent of the proposed conversion, provide such evidence of the adoption of the plan as the superintendent may request, notify the superintendent of any abandonment or disapproval of the plan, and file with the superintendent and with the secretary of state a certificate of the approval of the conversion by the comptroller of the currency of the United States or director of the office of thrift supervision, as applicable, and the date upon which such conversion is to become effective. A state bank that converts into a national bank or federal savings association shall comply with the provisions of section 524.310, subsection 1.

3. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that converts into a national bank or federal savings association

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pursuant to this section and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

[C54, 58, 62, 66, §528B.2; C71, 73, 75, 77, 79, 81, §524.1416]

98 Acts, ch 1036, §13; 2004 Acts, ch 1141, §30; 2006 Acts, ch 1010, §149; 2007 Acts, ch 88, §14; 2012 Acts, ch 1017, §117; 2022 Acts, ch 1062, §131

524.1417 Appraisal rights of shareholder of converting state or national bank or federal savings association.

1. A shareholder of a state bank that converts into a national bank or federal savings association who objects to the plan of conversion is entitled to appraisal rights as provided in chapter 490, subchapter XIII.

2. If a shareholder of a national bank, federal savings association, or out-of-state bank, or a member of a state or federally chartered credit union, that converts into a state bank objects to the plan of conversion and complies with the requirements of applicable laws of the United States, the resulting state bank is liable for the value of the shares as determined in accordance with such laws of the United States.

[C54, 58, 62, 66, §528B.9; C71, 73, 75, 77, 79, 81, §524.1417]

95 Acts, ch 148, §122, 123; 98 Acts, ch 1036, §14; 2002 Acts, ch 1154, §118, 125; 2007 Acts, ch 88, §15; 2012 Acts, ch 1017, §118; 2019 Acts, ch 24, §104; 2022 Acts, ch 1062, §132

Referred to in §524.1416

524.1418 Succession to fiduciary accounts and appointments — application for appointment of new fiduciary.

The provisions of section 524.1009 apply to a resulting state or national bank or federal savings association after a conversion with the same effect as though the state or national bank or federal savings association were a party to a plan of merger, and the conversion were a merger, within the provisions of that section.

[C54, 58, 62, 66, §528B.10; C71, 73, 75, 77, 79, 81, §524.1418]

95 Acts, ch 148, §124; 98 Acts, ch 1036, §15; 2007 Acts, ch 88, §16; 2012 Acts, ch 1017, §119

524.1419 Offices of a resulting state bank.

If a merger or conversion results in a state bank subject to the provisions of this chapter, the resulting state bank, after the effective date of the merger or conversion, shall be subject to the provisions of sections 524.1201 and 524.1203 relating to the bank offices.

[C71, 73, 75, 77, 79, 81, §524.1419]

89 Acts, ch 257, §25; 95 Acts, ch 148, §125; 2001 Acts, ch 4, §8, 11

524.1420 Nonconforming assets of resulting state bank.

If a merger or conversion results in a state bank subject to the provisions of this chapter, and the resulting state bank has assets which do not conform with the provisions of this chapter, the superintendent may allow the resulting state bank a reasonable time to conform with state law.

[C54, 58, 62, 66, §528B.11; C71, 73, 75, 77, 79, 81, §524.1420]

95 Acts, ch 148, §126

524.1421 Mutual to stock conversions.

1. A mutual corporation, a mutual holding company, a federal mutual association, or a federal mutual holding company, subject to the provisions of this chapter, may convert into a stock corporation that is either a state bank or a state bank mutual bank holding company upon approval of the superintendent.

2. A mutual corporation, a mutual holding company, a federal mutual association, or a federal mutual holding company shall make an application to the superintendent for approval of the conversion in a manner prescribed by the superintendent and shall deliver to the superintendent, when available, the following:

a. Articles of conversion.

b. A business plan addressing factors prescribed by the superintendent.

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c. Proof of publication of the notice required by section 524.1422.

d. The applicable fee payable to the secretary of state, under section 490.122, for the filing of the articles of conversion.

3. The superintendent may adopt rules governing mutual to stock conversions.

2012 Acts, ch 1017, §14, 18; 2022 Acts, ch 1062, §133

524.1422 Notice of mutual to stock conversion.

Within thirty days after an application for conversion has been accepted for processing, the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company shall publish a notice of the delivery of the articles of conversion to the superintendent in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company has its principal place of business, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company has its principal place of business. A copy of the notice shall also be posted on the internet site of the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company for at least thirty days. The notice shall set forth the information required by the superintendent.

2012 Acts, ch 1017, §15, 18; 2022 Acts, ch 1062, §134

Referred to in §524.1421

524.1423 through 524.1500 Reserved.

SUBCHAPTER XV

AMENDMENT TO ARTICLES OF INCORPORATION

524.1501 Authority to amend.

A state bank, with the approval of the superintendent and in the manner provided in this chapter, may amend its articles of incorporation in order to make any change in the articles of incorporation so long as the articles of incorporation as amended contain only provisions as might be lawfully contained in the original articles of incorporation at the time of making the amendment.

[C35, §9283-f14; C39, §**9283.42;** C46, 50, 54, 58, 62, 66, §528.127; C71, 73, 75, 77, 79, 81, §524.1501]

95 Acts, ch 148, §127

524.1502 Procedure to amend.

1. An amendment of the articles of incorporation shall be proposed by adoption of a resolution by the board of directors, directing that it be submitted to a vote at a meeting of shareholders called in the manner required by section 524.533.

2. The resolution proposing an amendment or amendments shall contain the language of each amendment by setting forth in full the articles of incorporation as they would be amended or any provision thereof as it would be amended or by setting forth in full any matter to be added to or deleted from the articles of incorporation. A copy of the resolution or a summary thereof shall be included with the notice of the meeting required for the vote of the shareholders.

3. Adoption of each amendment shall require the affirmative vote of the holders of a majority of the shares entitled to vote thereon and, if any class or series is entitled to vote on the amendment as a separate group, the affirmative vote of the holders of a majority of the shares of each class or series entitled to vote on the amendment by that separate group.

[C35, §9283-f11, -f12, -f13; C39, §**9283.39, 9283.40, 9283.41;** C46, 50, 54, 58, 62, 66, §528.124, 528.125, 528.126; C71, 73, 75, 77, 79, 81, §524.1502]

2022 Acts, ch 1062, §135

Referred to in §524.312

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524.1503 Voting on amendments by voting groups.

1. The holders of the outstanding shares of a class are entitled to vote as a separate voting group on a proposed amendment if the amendment would do any of the following:

a. Increase or decrease the aggregate number of authorized shares of the class.

b. Increase or decrease the par value of the shares of the class.

c. Effect an exchange or reclassification of all or part of the shares of the class into shares of another class or effects a cancellation of all or part of the shares of the class.

d. Effect an exchange or reclassification, or creates the right of exchange, of all or part of the shares of another class into shares of that class.

e. Change the designation, rights, preferences, or limitations of all or part of the shares of the class.

f. Change the shares of all or part of the class into a different number of shares of the same class.

g. Create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class.

h. Increase the rights, preferences, or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class.

i. Limit or deny an existing preemptive right of all or part of the shares of the class.

j. Cancel or otherwise affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the shares of the class.

2. If a proposed amendment would affect a series of a class of shares in one or more of the ways described in subsection 1, the shares of that series are entitled to vote as a separate voting group on the proposed amendment.

3. If a proposed amendment that entitles two or more classes or series of shares to vote as separate voting groups under this section would affect those two or more classes or series in the same or a substantially similar way, the shares of all the classes or series so affected must vote together as a single voting group on the proposed amendment.

4. A class or series of shares is entitled to the voting rights granted by this section even if the articles of incorporation provide that the shares are nonvoting shares.

[C71, 73, 75, 77, 79, 81, §524.1503]

95 Acts, ch 148, §128; 2022 Acts, ch 1062, §136

524.1504 Articles of amendment.

1. Upon the adoption of an amendment, articles of amendment shall be prepared on forms prescribed by the superintendent, signed by two duly authorized officers of the state bank and shall contain:

a. The name of the state bank.

b. The location of its principal place of business.

c. The text of each amendment adopted.

d. The place and date of the meeting of shareholders at which the amendment was adopted, and the kind and period of notice given to the shareholders.

e. For a state bank incorporated as a stock corporation, the number of shares entitled to vote on the amendment, and if the shares of any class are entitled to vote thereon as a class, the number of shares of each class. For a mutual corporation, the number of member votes entitled to be cast.

f. The number of shares or member votes voted for and against such amendment, respectively, and if the shares of any class are entitled to vote on the amendment as a class, the number of shares of each such class voted for and against such amendment.

2. The articles of amendment shall be delivered to the superintendent together with the applicable fees for the filing of the articles of amendment.

[C71, 73, 75, 77, 79, 81, §524.1504]

95 Acts, ch 148, §129; 2012 Acts, ch 1017, §16, 18; 2022 Acts, ch 1062, §137, 138; 2023 Acts, ch 66, §135

Referred to in §524.312, 524.1505

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524.1505 Approval of articles of amendment.

1. Upon receipt of the articles of amendment the superintendent shall conduct such investigation as the superintendent may deem necessary to determine whether the articles of amendment satisfy the requirements of section 524.1504 and whether the amendment, if effected, will in any way prejudice the interests of the depositors of the state bank.

2. Within sixty days after receipt of the articles of amendment the superintendent shall approve or disapprove the articles of amendment on the basis of the investigation. If the superintendent shall approve the articles of amendment, the superintendent shall deliver them with the written approval to the secretary of state and notify the state bank of the action. If the superintendent shall disapprove the articles of amendment, the superintendent shall give written notice to the state bank of the disapproval and a statement of the reasons for the decision. The decision of the superintendent shall be subject to judicial review in accordance with the terms of the Iowa administrative procedure Act, chapter 17A. Notwithstanding the terms of said Act, such a petition for judicial review must be filed within thirty days after the superintendent notifies the state bank of the decision.

[C71, 73, 75, 77, 79, 81, §524.1505]
2003 Acts, ch 44, §114
Referred to in §524.1508

524.1506 Certificate of amendment.

1. The secretary of state upon the filing of the articles of amendment shall issue a certificate of amendment and send the same to the state bank.

2. Upon the issuance of the certificate of amendment by the secretary of state, the amendment becomes effective and the articles of incorporation are deemed to be amended accordingly.

[C71, 73, 75, 77, 79, 81, §524.1506]
95 Acts, ch 148, §130; 2022 Acts, ch 1062, §139
Referred to in §524.312

524.1507 Reserved.

524.1508 Restated articles of incorporation.

1. A state bank may at any time restate its articles of incorporation, which may be amended by the restatement, so long as its articles of incorporation as restated contain only such provisions as might be lawfully contained in original articles of incorporation at the time of making the restatement. Restated articles of incorporation shall be adopted in the following manner:

a. The board of directors shall adopt a resolution setting forth the proposed restated articles of incorporation, which may include an amendment or amendments to the articles of incorporation of the state bank to be made thereby, and directing that the restated articles, including such amendment or amendments, be submitted to a vote at a meeting of shareholders, which may be either an annual meeting or a special meeting.

b. Written or printed notice setting forth the proposed restated articles or a summary of the provisions of the proposed restated articles shall be given to each shareholder of record entitled to vote on the proposed restated articles within the time and in the manner provided in section 524.533. If the meeting is an annual meeting, the proposed restated articles may be included in the notice of such annual meeting. If the restated articles include an amendment or amendments to the articles of incorporation, the notice shall separately set forth such amendment or amendments or a summary of the changes to be effected by the amendment or amendments.

c. At the meeting, a vote of the shareholders entitled to vote on the proposed restated articles shall be taken on the proposed restated articles. The proposed restated articles shall be adopted upon receiving the affirmative vote of the holders of a majority of the shares entitled to vote, unless such restated articles include an amendment to the articles of incorporation which, if contained in a proposed amendment to articles of incorporation to be made without restatement of the articles of incorporation, would entitle a class of shares to vote as a class on the proposed restated articles, in which event the proposed restated

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articles shall be adopted upon receiving the affirmative vote of the holders of a majority of the shares of each class of shares entitled to vote on the proposed restated articles as a class, and of the total shares entitled to vote on the proposed restated articles.

2. Upon approval, restated articles of incorporation shall be executed by the state bank by its president or vice president and by its cashier or an assistant cashier, and verified by one of the officers signing the restated articles, and shall set forth, as then stated in the articles of incorporation of the state bank and, if the restated articles of incorporation included an amendment or amendments to the articles of incorporation, as so amended, the material and contents described in section 524.302.

3. The restated articles of incorporation shall set forth also a statement that they correctly set forth the provisions of the articles of incorporation as amended, that they have been duly adopted as required by law and that they supersede the original articles of incorporation and all amendments to the original articles of incorporation.

4. The restated articles of incorporation shall be delivered to the superintendent together with the applicable fees for the filing of the restated articles of incorporation. The superintendent shall conduct such investigation and give approval or disapproval, as provided in section 524.1505. If the superintendent approves the restated articles of incorporation, the superintendent shall deliver them with the written approval on the restated articles of incorporation to the secretary of state for filing. The secretary of state upon filing the restated articles of incorporation shall issue a restated certificate of incorporation and send the certificate to the state bank or its representative.

5. Upon the issuance of the restated certificate of incorporation by the secretary of state, the restated articles of incorporation including any amendment or amendments to the articles of incorporation are effective and supersede the original articles of incorporation and all amendments to the original articles of incorporation.

[C71, 73, 75, 77, 79, 81, §524.1508]

95 Acts, ch 148, §131; 2012 Acts, ch 1023, §157; 2022 Acts, ch 1062, §140; 2023 Acts, ch 64, §90

524.1509 Reverse stock split.

A state bank may effect a reverse stock split or similar change in capital structure by renewal, amendment, or restatement of existing articles of incorporation, provided the requirements of the superintendent are satisfied.

95 Acts, ch 148, §132

524.1510 Effect of amendment.

An amendment to the articles of incorporation does not affect a cause of action existing against or in favor of the state bank, a proceeding to which the state bank is a party, or the existing rights of persons other than shareholders of the state bank. An amendment changing the state bank's name does not abate a proceeding brought by or against the state bank in its former name.

95 Acts, ch 148, §133

524.1511 through 524.1600 Reserved.

SUBCHAPTER XVI

PENALTIES

524.1601 Penalties and criminal provisions applicable to directors, officers, and employees of state banks and bank holding companies.

1. A director, officer, or employee of a state bank or bank holding company who willfully violates any of the provisions of section 524.612, subsection 2; section 524.613; section 524.706, subsection 1, insofar as such subsection incorporates section 524.612, subsection

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2; or section 524.710, shall be guilty of a serious misdemeanor, and, in the following circumstances, shall pay an additional fine or fines equal to:

a. The amount of money or the value of the property which the director, officer, or employee received for procuring, or attempting to procure, a loan, extension of credit, or investment by the state bank or bank holding company, upon conviction of a violation of section 524.613 or of section 524.710.

b. The amount by which the director's or executive officer's deposit account in the state bank or bank holding company is overdrawn, in violation of 12 C.F.R. §215.4(e).

c. The amount of any profit which the director, officer, or employee receives on the transaction, upon conviction of a violation of section 524.612, subsection 2, or of section 524.706, subsection 1, insofar as each applies to purchases from and sales to a state bank or bank holding company upon terms more favorable to such director, officer, or employee than those offered to other persons.

d. The amount of profit, fees, or other compensation received, upon conviction of a violation of section 524.710, subsection 2.

2. A director or officer who willfully makes or receives a loan in violation of 12 C.F.R. §215.4 or 215.5, shall be guilty of a serious misdemeanor and shall be subject to an additional fine equal to that amount of the loan in excess of the limitation imposed by such regulations, and shall be forever disqualified from acting as a director or officer of any state bank or bank holding company.

3. A director, officer, or employee of a state bank or bank holding company who willfully makes or receives a loan or extension of credit of funds held by the state bank or bank holding company as fiduciary, in violation of section 524.1002, subsection 4, shall be guilty of a serious misdemeanor and shall be subject to a further fine equal to the amount of the loan or extension of credit made in violation of section 524.1002, subsection 4, and shall be forever disqualified from acting as a director, officer, or employee of any state bank or bank holding company.

4. A director, officer, or employee of a state bank or bank holding company who willfully violates, or participates in the violation of, section 524.814, or section 524.819, shall be guilty of a serious misdemeanor.

[C97, S13, §1869; C24, 27, 31, 35, 39, §**9221;** C46, 50, 54, 58, 62, 66, §528.7, 528.63; C71, 73, 75, 77, 79, 81, §524.1601]

98 Acts, ch 1036, §16; 2006 Acts, ch 1015, §9; 2007 Acts, ch 22, §93; 2015 Acts, ch 29, §83; 2017 Acts, ch 138, §8, 9

524.1602 Penalties applicable to state bank.

The superintendent may impose a penalty on a state bank of up to one thousand dollars for each day:

1. That it holds investments for its own account in bonds or securities in violation of section 524.901.

2. On which it accepts and holds drafts in violation of section 524.903.

3. On which it has money loaned, credit extended, or holds discounted or purchased evidences of indebtedness or agreements for the payment of money, in violation of sections 524.904, 524.905, and 524.907.

4. On which it has money loaned, invested or is otherwise in violation of section 524.1102 or 524.1104.

5. On which it publishes, disseminates, or distributes any advertising containing any false, misleading, or deceptive statements concerning rates, terms, and conditions on which loans are made or deposits are received, in violation of section 524.1606.

[C71, 73, 75, 77, 79, 81, §524.1602]

84 Acts, ch 1067, §42; 2006 Acts, ch 1015, §10; 2020 Acts, ch 1063, §304; 2021 Acts, ch 80, §338

524.1603 Engaging in business unlawfully.

1. Any person who willfully engages in the business of receiving money for deposit or transacts the business generally done by banks, or who willfully establishes a place of

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business for such purposes, in violation of section 524.107, subsection 1, shall be guilty of a serious misdemeanor.

2. The superintendent may impose a penalty on a state bank of up to one thousand dollars for each day that it violates the provisions of section 524.1201.

[C97, S13, §1889; C24, 27, 31, 35, 39, §**9151, 9260;** C46, 50, 54, 58, 62, 66, §524.25, 528.53; C71, 73, 75, 77, 79, 81, §524.1603]

2006 Acts, ch 1015, §11

524.1604 Failure to file report or make statement.

1. Any person whose duty it is to make statements or file reports as may be required by this chapter, and who willfully neglects or refuses to perform such duty, shall be guilty of a simple misdemeanor.

2. A state bank which fails to furnish to the superintendent the statement of condition required within the time required by this chapter, or fails to furnish the superintendent any report or other information the superintendent is legally authorized to request, within ten days of the superintendent's request therefor, or within the time required by this chapter, shall pay to the superintendent a penalty of fifty dollars for each day of delinquency, unless prior to such delinquency the superintendent has extended the time within which the same may be filed.

3. Any officer or employee who violates section 524.709 shall be guilty of a simple misdemeanor.

[C97, §1886; S13, §1871; C24, 27, 31, 35, 39, §**9226, 9230, 9281;** C46, 50, 54, 58, 62, 66, §528.20, 528.24, 528.83; C71, 73, 75, 77, 79, 81, §524.1604]

524.1605 False statements, reports, and felonious acts.

1. Any director, officer, or employee of a state bank who shall knowingly subscribe or make any false statements or false entries in the books, records, or memoranda of a state bank, or knowingly subscribe or exhibit false papers with intent to deceive any person authorized to examine its condition, or shall knowingly subscribe or make false reports, or shall knowingly divert the funds of the state bank to other purposes than those authorized by law, or who commits any other act with intent to defraud the state bank or any other person shall be guilty of a class "C" felony, and shall be forever disqualified from acting as a director, officer, or employee of any state bank.

2. Any officer or employee of a state bank who, with intent to defraud the state bank or any other person, certifies any check when there are not sufficient funds on hand available to the credit of the drawer of said check to pay the same, or who issues any certificate of deposit when funds have not been deposited equal to the amount of such certificate, or who, with intent to defraud the state bank or any other person, draws any draft or bill of exchange, makes any acceptance, or issues, puts forth or assigns any note, debenture, bond or other obligation or instrument, or participates in, or receives directly or indirectly any money, property or other benefit from any transaction, loan, contract or other act of a state bank shall be guilty of a class "C" felony, and shall, in either event be forever disqualified from acting as an officer or employee of any state bank.

[C97, §1887; C24, 27, §9282; C31, 35, §9282, 9283-c2; C39, §**9282, 9283.02;** C46, 50, 54, 58, 62, 66, §528.84, 528.87; C71, 73, 75, 77, 79, 81, §524.1605]

524.1606 Fraudulent advertising or notice.

A state bank shall not publish, disseminate, or distribute any advertising or notice containing any false, misleading, or deceptive statements concerning the rates, terms, or conditions on which loans are made or deposits are received, any charge which the state bank is authorized to impose pursuant to this chapter, or the financial condition of the state bank. Any officer or employee of a state bank who willfully violates the provisions of this section shall be guilty of a fraudulent practice.

[C97, §1859; C24, 27, 31, 35, 39, §**9260;** C46, 50, 54, 58, 62, 66, §526.44, 529.12; C71, 73, 75, 77, 79, 81, §524.1606]

Referred to in §524.1602
Fraudulent practices, see §714.8 – 714.14

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524.1607 False statement for credit.

1. For the purposes of this section, unless the context otherwise requires:

a. "Financial institution" means a financial institution as defined in 18 U.S.C. §20.

b. "Mortgage banker" means a person who makes or originates mortgage loans on real property located in this state.

c. "Mortgage broker" means a person who arranges or negotiates, or attempts to arrange or negotiate, mortgage loans on real property located in this state.

2. Any person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person, or any other person in which such person is interested or for whom such person is acting, with the intent that such statement shall be relied upon by a financial institution, a mortgage banker, a mortgage broker, or any other entity licensed by the banking division for the purpose of procuring the delivery of property, the payment of cash or the receipt of credit in any form, for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, shall be guilty of a fraudulent practice.

[C31, 35, §9283-c3; C39, §**9283.03;** C46, 50, 54, 58, 62, 66, §528.88; C71, 73, 75, 77, 79, 81, §524.1607]

2008 Acts, ch 1160, §8

Fraudulent practices, see §714.8 – 714.14

524.1608 Penalty for accepting deposits while insolvent.

If a state bank shall accept any deposit or renew any certificate of deposit in violation of section 524.805, subsection 4, any officer or employee knowing of such insolvency who willfully receives, accepts or renews or is accessory to or otherwise knowingly permits such acceptance shall be guilty of a fraudulent practice and shall, in either event be forever disqualified from acting as an officer or employee of any state bank.

[C97, §1885; C24, 27, 31, 35, 39, §**9280;** C46, 50, 54, 58, 62, 66, §528.82; C71, 73, 75, 77, 79, 81, §524.1608]

Fraudulent practices, see §714.8 – 714.14

524.1609 False statements concerning state banks.

Whoever maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false statement concerning any state bank which imputes, or tends to impute, insolvency, unsound financial condition or financial embarrassment, or which may tend to cause or provoke, or aid in causing or provoking, a general withdrawal of deposits from such state bank, or which may otherwise injure or tend to injure the business or goodwill of such state bank, shall be guilty of a simple misdemeanor.

[C31, 35, §9283-c4; C39, §**9283.04;** C46, 50, 54, 58, 62, 66, §528.89; C71, 73, 75, 77, 79, 81, §524.1609]

524.1610 Violation of prohibition against receiving a commission for organizing a state bank.

Any person violating the provisions of section 524.311 shall be guilty of a simple misdemeanor.

[C24, 27, 31, 35, 39, §**9276;** C46, 50, 54, 58, 62, 66, §528.75; C71, 73, 75, 77, 79, 81, §524.1610]

524.1611 Offenses involving employees of banking division.

1. Any person violating section 524.211, subsection 1, shall be guilty of a fraudulent practice, and shall be subject to a further fine of a sum equal to the amount of the value of the property given or received or the money so loaned or borrowed. An employee of the division of banking convicted of a violation of section 524.211, subsection 1, shall be immediately discharged from employment and shall be forever disqualified from holding any position in the banking division.

2. Any examiner violating section 524.212 shall be guilty of a serious misdemeanor. Any examiner convicted of a violation of section 524.212 shall be immediately discharged from

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employment and shall be forever disqualified from holding any position in the banking division.

[C71, 73, 75, 77, 79, 81, §524.1611]
2004 Acts, ch 1141, §31; 2023 Acts, ch 66, §136
Fraudulent practices, see §714.8 – 714.14

524.1612 through 524.1700 Reserved.

SUBCHAPTER XVII

RESERVED

524.1701 through 524.1800 Reserved.

SUBCHAPTER XVIII

BANK HOLDING COMPANIES

524.1801 Definitions.

As used in this subchapter unless the context otherwise requires:

1. *"Bank holding company"* means bank holding company as defined in 12 U.S.C. §1841(a), and also includes a company that would become a bank holding company upon completion of an acquisition.
2. *"Company"* means company as defined in 12 U.S.C. §1841(b).
3. *"Control"* means control as provided in 12 U.S.C. §1841(a).
4. *"Location"* means, for purposes of determining where a bank or bank holding company is located, the following:

a. A bank is located in the state in which its principal place of business or main office is physically located.

b. A bank holding company is located in the state which is its home state as determined under 12 U.S.C. §1841(o)(4).

5. *"Out-of-state bank holding company"* means out-of-state bank holding company as defined in 12 U.S.C. §1841(o).

[C73, 75, 77, 79, 81, §524.1801]
96 Acts, ch 1056, §17; 2022 Acts, ch 1062, §141
Referred to in §524.107, 524.1802, 524.1806, 527.5

524.1802 Limitation.

1. For purposes of this section, unless the context otherwise requires:

a. "Acquisition" means any of the following:

(1) Obtaining direct or indirect ownership or control of more than twenty-five percent of any class of the voting shares of a depository institution.

(2) Obtaining the power to directly or indirectly control in any manner the election of a majority of the directors, trustees, or other persons exercising similar functions of a depository institution.

(3) Obtaining direct or indirect ownership or control of, or acquisition or assumption of, the deposits of a depository institution or the deposits of any branch, office, or other facility of a depository institution.

b. "Affiliate" of a depository institution or holding company includes a corporation, limited liability company, trust, estate, association, or other similar organization which satisfies any of the following:

(1) The depository institution or holding company directly or indirectly owns or controls either twenty-five percent of the voting shares or more than twenty-five percent of the number of shares voted for the election of such entity's directors, trustees, or other individuals exercising similar functions, or controls in any manner the election of a majority of its directors, trustees, or other individuals exercising similar functions.

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(2) Control is held directly or indirectly in such entity through share ownership, or in any other manner, by the shareholders of the depository institution or holding company who own or control either twenty-five percent of the shares of such depository institution or holding company or more than twenty-five percent of the number of shares voted for the election of directors, trustees, or other individuals exercising similar functions of such depository institution or holding company, or by trustees for the benefit of the shareholders of any such depository institution or holding company.

(3) A majority of such entity's directors, trustees, or other individuals exercising similar functions are directors of the depository institution or holding company.

(4) Directly or indirectly owns or controls either twenty-five percent of the voting shares of the depository institution or holding company or more than twenty-five percent of the number of shares voted for the election of directors, trustees, or other individuals exercising similar functions of the depository institution or holding company, or controls in any manner the election of a majority of the directors, trustees, or other individuals exercising similar functions of the depository institution or holding company, or for the benefit of whose shareholders or members all or substantially all of the outstanding voting shares of the depository institution or holding company are held by trustees.

c. "Deposit" means deposit as defined in 12 U.S.C. §1813.

d. "Deposit in this state" means a deposit properly shown in a deposit report or in a statement under subsection 4, paragraph *"c"*, *"d"*, *"h"*, or *"i"*, as a deposit at a depository institution in this state or at a branch, office, or other facility of the depository institution in this state, without regard to the location of the depositor.

e. "Deposit report" means the annual report that identifies deposits by branch, office, or other facility and that is filed by a depository institution with the federal deposit insurance corporation or the office of thrift supervision. For a depository institution not required to file an annual report that identifies deposits by branch, office, or other facility, *"deposit report"* means the quarterly report of condition filed by the depository institution for the quarter that ends on or nearest to the date as of which deposits are stated in a deposit report that identifies deposits by branch, office, or other facility and that is required to be filed by other depository institutions having the same type of charter. The date of a deposit report means the date as of which deposits are stated in the deposit report.

f. "Depository institution" means a depository institution as defined in 12 U.S.C. §1813.

g. "Holding company" means a bank holding company as defined in section 524.1801 and a savings and loan holding company as defined in 12 U.S.C. §1467a.

h. "Incorporated in any state" means a limited liability company organized as a state bank under the laws of any state as defined in 12 U.S.C. §1813(a)(3).

i. "Series of acquisitions" means both of the following:

(1) All acquisitions made at any time after the date of the most recent available deposit report and prior to the date of a statement under subsection 4, and all acquisitions made during such time by any depository institution or holding company that is acquired by the depository institution or holding company making the statement, and all acquisitions made during such time by any such depository institution or holding company so acquired.

(2) All acquisitions made at any time between the dates of the two most recent available deposit reports, that are not shown on the most recent available deposit report, by a depository institution or holding company making a statement under subsection 4, and all acquisitions made during such time by any depository institution or holding company that is acquired by the depository institution or holding company making the statement, and all acquisitions made during such time by any such depository institution or holding company so acquired.

2. A depository institution or holding company shall not directly or indirectly acquire a depository institution or the deposits of a depository institution if any of the following apply:

a. The acquirer is a depository institution and, upon the acquisition, the total deposits in this state directly or indirectly controlled by the depository institution would exceed fifteen percent of the total deposits in this state, as determined under this section.

b. The acquirer is a holding company and, upon the acquisition, the total deposits in this

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state directly or indirectly controlled by the holding company would exceed fifteen percent of the total deposits in this state, as determined under this section.

c. The acquirer is a depository institution or a holding company which is directly or indirectly owned or controlled by a holding company and, upon the acquisition, the total deposits in this state directly or indirectly controlled by the holding company which owns or controls the acquiring depository institution or holding company would exceed fifteen percent of the total deposits in this state, as determined under this section.

3. On or after January 1, 2000, a depository institution shall not directly or indirectly cause or permit the transfer, assignment, or other disposition of deposits, or the conversion of deposits to nondeposit investments or other nondeposit products, whether by written agreement or otherwise, for the purpose of achieving compliance with the deposit limitation set forth in subsection 2. The following transfers or conversions by a depository institution shall not be deemed to be made for the purpose of achieving such compliance:

a. A transfer or conversion in the ordinary course of business, such as compliance with a contract to transfer funds from deposit accounts into repurchase agreements, mutual funds, or other nondeposit investments.

b. A transfer or conversion of deposits held in the name of an affiliate as a depositor of the depository institution.

c. A transfer of deposits, which are not subject to reacquisition, in an acquisition by an entity that is not an affiliate of the depository institution.

4. If the superintendent determines that an acquisition may involve a question of compliance with the deposit limitation set forth in subsection 2, the superintendent shall require that each depository institution and holding company involved in the acquisition submit to the superintendent a statement certified by its president, chief executive officer, or chief financial officer, which states that a transfer, assignment, or other disposition of deposits prohibited by subsection 3 has not been made. The statement, in sufficient detail to permit the superintendent to make the determinations required under subsections 5 and 6, shall also set forth the following:

a. The total amount of deposits in this state directly or indirectly held or controlled by the depository institution making the statement, or the deposits in this state directly or indirectly held or controlled by all depository institutions that are directly or indirectly owned or controlled by the holding company, on the date of the most recent available deposit reports of the depository institutions.

b. If all of the deposits of a depository institution making a deposit report were directly or indirectly acquired since the date of the most recent available deposit report in an acquisition or as a result of a series of acquisitions, the statement shall set forth the amount of the deposits in this state acquired from each such other depository institution measured as of the date of the most recent available deposit report of each such depository institution made prior to the acquisition.

c. If less than all of the deposits of a depository institution were directly or indirectly acquired since the date of the most recent available deposit report in an acquisition or as a result of a series of acquisitions, the statement shall set forth the total amount of deposits in this state directly or indirectly acquired in such acquisitions.

d. The total amount of deposits in this state directly or indirectly owned or controlled by the depository institution or holding company making the statement that have been directly or indirectly transferred or assigned in a transaction since the date of the most recent available deposit report to an entity that is not an affiliate of the depository institution or holding company making the statement, and that are not subject to reacquisition.

e. The total amount of deposits in this state set forth in paragraph "*a*" plus the deposits described in paragraphs "*b*" and "*c*", and less the deposits described in paragraph "*d*".

f. The total amount of deposits in this state directly or indirectly held or controlled by the depository institution making the statement, or in the case of a statement by a holding company, the total amount of deposits in this state directly or indirectly held or controlled by all depository institutions that are directly or indirectly owned or controlled by the holding company, on the date of the earlier of the two most recent available deposit reports of the depository institutions.

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g. If all of the deposits of any other depository institution making a deposit report were acquired between the dates of the two most recent available deposit reports in an acquisition or as a result of a series of acquisitions, the statement shall set forth the amount of the deposits in this state acquired from each such other depository institution measured as of the date of the earlier of the two most recent available deposit reports of each such depository institution made prior to the acquisition.

h. If less than all of the deposits of any depository institution were directly or indirectly acquired between the dates of the two most recent available deposit reports in an acquisition or as a result of a series of acquisitions, the statement shall set forth the total amount of deposits in this state directly or indirectly acquired in such acquisitions.

i. The total amount of deposits in this state directly or indirectly owned or controlled by the depository institution or holding company making the statement that have been directly or indirectly transferred or assigned in a transaction between the dates of the two most recent available deposit reports to an entity that is not an affiliate of the depository institution or holding company making the statement, and that are not subject to reacquisition.

j. The total amount of deposits in this state set forth in paragraph *"f"* plus the deposits described in paragraphs *"g"* and *"h"*, and less the deposits described in paragraph *"i"*.

5. The superintendent may conduct such review as the superintendent considers necessary to verify the statements submitted under subsection 4, paragraphs *"a"*, *"b"*, *"c"*, and *"d"*. The superintendent shall calculate the following fraction:

a. The numerator is the sum of the deposits in this state directly or indirectly owned or controlled by the depository institutions involved in the acquisition and the deposits in this state directly or indirectly owned or controlled by all other depository institutions directly or indirectly owned or controlled by a holding company involved in the acquisition, as stated in subsection 4, paragraph *"e"*.

b. The denominator is the deposits in this state of all depository institutions as stated in the most recent available deposit reports.

6. The superintendent may conduct such review as the superintendent considers necessary to verify the statements submitted under subsection 4, paragraphs *"f"*, *"g"*, *"h"*, and *"i"*. The superintendent shall calculate the following fraction:

a. The numerator is the average of the sum of the deposits in this state directly or indirectly owned or controlled by the depository institutions involved in the acquisition and the deposits in this state directly or indirectly owned or controlled by all other depository institutions directly or indirectly owned or controlled by a holding company involved in the acquisition, as stated in subsection 4, paragraphs *"e"* and *"j"*.

b. The denominator is the average of the deposits in this state of all depository institutions as stated in the two most recent available deposit reports.

7. If the quotient determined by the calculation in either subsection 5 or 6 exceeds fifteen percent, the proposed acquisition does not comply with the limitation of subsection 2.

[C73, 75, 77, 79, 81, §524.1802; 82 Acts, ch 1253, §3]

84 Acts, ch 1230, §25; 90 Acts, ch 1002, §2; 97 Acts, ch 23, §64; 2000 Acts, ch 1094, §1, 2; 2004 Acts, ch 1141, §72; 2022 Acts, ch 1062, §142

Referred to in §524.1807

524.1803 Offer to purchase stock. Repealed by 2006 Acts, ch 1015, §22.

524.1804 Notice of acquisition.

A bank holding company which proposes to directly or indirectly acquire control of, or directly or indirectly acquire all or substantially all of the assets of, a state bank or national bank, shall provide to the superintendent a copy of the application and any modifications or amendments to the application submitted to the federal reserve board for permission to take such action at the same time the application is transmitted to the federal reserve board. The superintendent may conduct such investigation into and evaluation of the proposed action as the superintendent deems necessary and appropriate, and may submit to the federal reserve

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board any information so obtained together with the superintendent's own comments or recommendations regarding the proposed acquisition.

[C73, 75, 77, 79, 81, §524.1804]

96 Acts, ch 1056, §18

Referred to in §524.544, 524.1807

524.1805 Restrictions on acquisitions and mergers.

An out-of-state bank or out-of-state bank holding company that is organized under laws other than those of this state is subject to and shall comply with the provisions of chapter 490, subchapter XV, relating to foreign corporations, and shall immediately provide the superintendent of banking with a copy of each filing submitted to the secretary of state under chapter 490, subchapter XV.

[C73, 75, 77, 79, 81, §524.1805]

96 Acts, ch 1056, §19; 97 Acts, ch 50, §2; 2007 Acts, ch 88, §17; 2012 Acts, ch 1017, §120; 2016 Acts, ch 1011, §103; 2019 Acts, ch 24, §104; 2022 Acts, ch 1062, §143

Referred to in §524.1807

524.1806 Banks owned or controlled — officers and directors.

An individual who is a director or an officer of a bank holding company, as specified by section 524.1801, is deemed to be a director or an officer, or both, as the case may be, of each bank so owned or controlled by that bank holding company, for the purposes of sections 524.612, 524.613 and 524.706, and for the purposes of 12 C.F.R. pt. 215.

[C73, 75, 77, 79, 81, §524.1806]

95 Acts, ch 148, §134; 2017 Acts, ch 138, §10

Referred to in §524.1807

524.1807 Penalties.

Any bank holding company which willfully violates any provision of sections 524.1802 through 524.1806 shall, upon conviction, be fined not less than one hundred dollars nor more than one thousand dollars for each day during which the violation continues. Any individual who willfully participates in a violation of any provisions of sections 524.1802 through 524.1806 shall be guilty of a serious misdemeanor.

[C73, 75, 77, 79, 81, §524.1807]

2020 Acts, ch 1063, §305; 2021 Acts, ch 80, §339

524.1808 Insurance sales.

1. Insurance activities in Iowa of an out-of-state bank holding company and its subsidiaries are subject to regulation, including but not limited to regulation under Title XIII, subtitle 1, in the same manner and to the same extent as are the insurance activities of an Iowa bank holding company and its subsidiaries.

2. An authorization for a state bank to engage in activities regulated under Title XIII, subtitle 1, if any, does not grant an out-of-state bank holding company that acquires a state bank or any state bank owned or controlled by such bank holding company or any subsidiary or affiliate the ability or right to engage in such activities outside of this state.

90 Acts, ch 1002, §13; 90 Acts, ch 1266, §57

C91, §524.1912

96 Acts, ch 1056, §20, 23

C97, §524.1808

524.1809 Mutual bank holding companies.

1. A state bank may be owned, directly or indirectly, by a mutual bank holding company.

2. A mutual holding company authorized pursuant to 12 U.S.C. §1467a and regulations promulgated thereunder may convert to a mutual bank holding company authorized under this chapter.

3. A mutual corporation may reorganize as a mutual holding company in the manner provided in 12 U.S.C. §1467a(o). The resulting mutual holding company shall be a mutual bank holding company authorized under this chapter.

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4. A mutual bank holding company authorized under this chapter shall also be subject to chapter 490, the Iowa business corporations Act. If a provision of chapter 490 conflicts with the provisions of this chapter or a rule of the superintendent adopted pursuant to this chapter, the provisions of this chapter or rule of the superintendent shall control.

5. The superintendent may adopt rules pursuant to chapter 17A pertaining to mutual bank holding companies and reorganizations into mutual bank holding companies under this chapter.

2012 Acts, ch 1017, §17, 18

524.1810 through 524.1900 Reserved.

SUBCHAPTER XIX

RESERVED

524.1901 through 524.2000 Reserved.

SUBCHAPTER XX

APPLICABILITY

524.2001 Applicability of other chapters.

Chapters 490, 491, 492, and 493 do not apply to banks except as provided by this chapter.

[C71, §524.1802; C73, 75, 77, 79, 81, §524.1902]

90 Acts, ch 1205, §50

C91, §524.2001

2004 Acts, ch 1141, §73; 2008 Acts, ch 1162, §151, 154, 155; 2022 Acts, ch 1062, §144

SUBCHAPTER XXI

EXTRA SERVICES — SURCHARGE

524.2002 Secretary of state — extra services — surcharge.

Upon the request of a filer of a document under this chapter, the secretary of state shall provide an extra filing service and assess a surcharge as provided in chapter 9, subchapter II.

2025 Acts, ch 16, §2

CHAPTER 525

FINANCIAL INSTITUTIONS — UNFAIR PRACTICES

Referred to in §669.14

525.1 Financial institutions — unfair practices.

525.1 Financial institutions — unfair practices.

1. As used in this section, unless the context otherwise requires:

a. "Consumer report" means the same as defined in the federal Fair Credit Reporting Act, 15 U.S.C. §1681a.

b. "Financial institution" means the same as defined in section 527.2, and includes a mortgage broker licensed under chapter 535B, a lender of mortgage loans or consumer loans, and any other person that engages in the business of lending money in the state.

c. (1) *"Mortgage trigger lead"* means a consumer report obtained pursuant to the federal

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Fair Credit Reporting Act, 15 U.S.C. §1681b, where the issuance of the consumer report is triggered by an inquiry made with a consumer reporting agency in response to an application for credit secured by real property.

(2) *"Mortgage trigger lead"* does not include a consumer report on an applicant obtained by a financial institution with which the applicant has initially applied for credit, or a financial institution that holds or services an existing extension of credit of the applicant who is the subject of the consumer report.

2. A financial institution shall not use an unfair or deceptive practice when using prescreened mortgage trigger lead information derived from a consumer report to solicit a consumer who has applied for a loan with a different financial institution. A financial institution shall be deemed to have engaged in an unfair or deceptive practice if the financial institution does any of the following:

a. In an initial phase of a solicitation from a lender or loan broker, the financial institution fails to clearly and conspicuously state that the financial institution is not affiliated with the financial institution with which the consumer initially applied.

b. In an initial solicitation, the financial institution fails to conform to state and federal law relating to prescreened solicitations using consumer reports, including but not limited to the requirement to make a firm offer of credit to the consumer.

c. The financial institution uses information regarding a consumer who has opted out of prescreened offers of credit or who has placed the consumer's contact information on a federal do-not-call registry.

d. The financial institution solicits a consumer with an offer of certain rates, terms, or costs, but subsequently changes the rates, terms, or costs to the detriment of the consumer.

3. A violation of this section shall constitute an unlawful practice under section 714.16.

2025 Acts, ch 25, §1
Referred to in §714.16

CHAPTER 526

RESERVED

CHAPTER 527

ELECTRONIC TRANSFER OF FUNDS

Referred to in §524.821, 524.1204, 533.301, 536A.24, 669.14

527.1	Statement of intent.	527.7	Records maintained.
527.2	Definitions.	527.8	Reserved.
527.3	Enforcement.	527.8A	Exemptions.
527.4	Establishment of satellite terminals — restrictions.	527.9	Central routing units.
		527.10	Confidentiality.
527.5	Satellite terminal requirements.	527.11	Rulemaking.
527.6	Reserved.	527.12	Revocation of privilege.

527.1 Statement of intent.

The general assembly declares as its purpose in adopting this chapter to provide:

1. That electronic funds transfer systems should provide reliable service to the consumer with full protection of privacy of personal financial information.

2. That electronic funds transfer systems should not impair the safety and soundness of a person's funds.

3. That electronic funds transfer systems are essential facilities in the channels of commerce.

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4. That regulation of electronic funds transfer systems should be fair and not unduly impede the development of new technologies which benefit the public.

[C77, 79, 81, §527.1]

527.2 Definitions.

As used in this chapter, the following definitions shall apply unless the context otherwise requires:

1. *"Access device"* means a card, code, or other mechanism, or any combination thereof, that may be used by a customer for the purpose of initiating a transaction by means of a satellite terminal which will affect a customer asset account.

2. *"Administrator"* means and includes the superintendent of banking and the superintendent of credit unions within the department of insurance and financial services and the supervisor of industrial loan companies within the office of the superintendent of banking. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in sections 527.3, 527.5, subsection 7, sections 527.11, 527.12, and any other pertinent provision of this chapter.

3. *"Batch basis"* means the delivery of an accumulation of messages representing multiple transactions after completion of the transactions.

4. *"Central routing unit"* means any facility where electronic impulses or other indicia of a transaction originating at a satellite terminal are received and are routed and transmitted to a financial institution, or to a data processing center, or to another central routing unit, wherever located.

5. *"Completion of the transaction"* means when the presence of the customer at a satellite terminal is no longer needed to consummate the sale of goods or services, to grant to the seller the right to receive payment for the goods or services, and to issue a receipt to the customer.

6. *"Customer asset account"* or *"account"* means a demand deposit, share, checking, savings, or other customer account, other than an occasional or incidental credit balance in a credit plan, which represents a liability of the financial institution which maintains such account at a business location or office located in this state, either directly or indirectly for the benefit of a customer.

7. *"Data processing center"* means a facility, wherever located, at which electronic impulses or other indicia of a transaction originating at a satellite terminal are received and are processed in order to enable the satellite terminal to perform any function for which it is designed. However, *"data processing center"* does not include a facility which is directly connected to a satellite terminal and which performs only the functions of direct transmission of all requested transactions from that terminal to a data processing facility without performing any review of the requested transactions for the purpose of categorizing, separating, or routing. *"Categorizing"* means the process of reviewing and grouping of requested electronic funds transfer transactions according to the source or nature of the requested transaction. *"Separating"* means the process of interpreting and segregating requested electronic funds transfer transactions, or portions of such transactions, to provide for processing of information relating to such requested transactions or portions of such transactions. *"Routing"* means the process of interpreting and transmitting requested electronic funds transfer transactions to a destination selected at the time of interpretation and transmission from two or more alternative destinations.

8. *"Electronic personal identifier"* means a personal and confidential code or other security mechanism which has been designated by a financial institution issuing an access device to a customer to serve as a supplemental means of access to a customer's account that may be used by the customer in conjunction with an access device for the purpose of initiating a transaction by means of a satellite terminal.

9. *"Financial institution"* means and includes any bank incorporated under the provisions of any state or federal law, any savings and loan association incorporated under the provisions of federal law, any credit union organized under the provisions of any state or federal law, any corporation licensed as an industrial loan company under chapter 536A, and any affiliate of a bank, savings and loan association, credit union, or industrial loan company.

10. *"Limited-function terminal"* means an on-line point-of-sale terminal, an off-line

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point-of-sale terminal, or a multiple use terminal, which is not operated in a manner to accept an electronic personal identifier. Except as otherwise provided, a limited-function terminal shall not be subject to the requirements imposed upon other satellite terminals pursuant to sections 527.4 and 527.5, subsections 1, 2, 3, 7, and 8.

11. *"Multiple use terminal"* means any machine or device to which all of the following are applicable:

a. The machine or device is established and owned or operated by a person who primarily engages in a service, business or enterprise, including but not limited to the retail sale of goods or services, but who is not organized under the laws of this state or under federal law as a bank, savings and loan association, or credit union;

b. The machine or device is used by the person by whom it is owned or operated in some capacity other than as a satellite terminal; and

c. A financial institution proposes to contract or has contracted to utilize that machine or device as a satellite terminal.

12. *"Municipal corporation"* means an incorporated city.

13. *"Office"* means and includes any business location in this state of a financial institution at which is offered the services of accepting deposits, originating loans, and dispensing cash, by financial institution personnel in the office.

14. *"Off-line point-of-sale terminal"* means a satellite terminal at any location in this state off the premises of the financial institution, other than an on-line point-of-sale terminal, that satisfies all of the following:

a. The satellite terminal is not operated to accept deposits or to dispense scrip or other negotiable instruments.

b. The satellite terminal is not operated to dispense cash except when operated by a person other than the customer initiating the transaction.

c. The satellite terminal is utilized for the purpose of making payment to the provider of goods or services purchased or provided at the location of the satellite terminal.

15. *"On-line point-of-sale terminal"* means a satellite terminal at any location in this state off the premises of the financial institution operated on an on-line real time basis, that satisfies all of the following:

a. The satellite terminal is not operated to accept deposits or to dispense scrip or other negotiable instruments.

b. The satellite terminal is not operated to dispense cash except when operated by a person other than the customer initiating the transaction.

c. The satellite terminal is utilized for the purpose of making payment to the provider of goods or services purchased or provided at the location of the satellite terminal.

16. *"On-line real time basis"* means the delivery or return of a message initiated at a satellite terminal through transmission of electronic impulses to or from a location remote from the location of the satellite terminal prior to completion of the transaction.

17. *"Personal terminal"* means and includes a satellite terminal located in a personal residence and a telephone, wherever located, operated by a customer of a financial institution for the purpose of initiating a transaction affecting a noncommercial account of the customer.

18. *"Premises"* means and includes only those locations where, by applicable law, financial institutions are authorized to maintain a principal place of business and other offices for the conduct of their respective businesses; provided that with respect to an industrial loan company, *"premises"* means only a location where business may be conducted under a single license issued to the industrial loan company.

19. *"Reciprocal basis"* means that a financial institution whose licensed or principal place of business is located in this state has the express authority under the laws of a state other than Iowa to conduct business under qualifications and conditions which are no more restrictive than those imposed by the laws of the other state on financial institutions whose licensed or principal place of business is located in the other state, as determined by the administrator, and the laws of Iowa are no more restrictive of financial institutions whose licensed or principal place of business is located in such other state than they are of financial institutions whose licensed or principal place of business is located in this state.

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20. *"Satellite terminal"* means and includes any machine or device located off the premises of a financial institution, and any machine or device located on the premises of a financial institution only if the machine or device is available for use by customers of other financial institutions, whether attended or unattended, by means of which the financial institution and its customers utilizing an access device may engage through either the immediate transmission of electronic impulses to or from the financial institution or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the financial institution, in transactions which affect a customer asset account and which otherwise are specifically permitted by applicable law. However, the term *"satellite terminal"* does not include any such machine or device, wherever located, if that machine or device is not generally accessible to persons other than employees of a financial institution or an affiliate of a financial institution.

[C77, 79, 81, §527.2]

87 Acts, ch 158, §1, 2; 89 Acts, ch 86, §1 – 7; 91 Acts, ch 216, §1 – 3; 95 Acts, ch 66, §1; 2000 Acts, ch 1232, §99, 107; 2012 Acts, ch 1017, §121; 2023 Acts, ch 19, §2742

Referred to in §99D.9, 99F.7, 234.12A, 279.30, 423.3, 524.1212, 525.1, 547A.1, 714.16B, 715A.1, 715A.8, 715A.10

527.3 Enforcement.

1. For purposes of this chapter the superintendent of banking only has the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks; the superintendent of credit unions only has such powers and authority with respect to credit unions; and the superintendent of banking or the superintendent's designee only has such powers and authority with respect to industrial loan companies.

2. The administrator shall have the authority to examine any person who operates a multiple use terminal, limited-function terminal, or other satellite terminal, and any other device or facility with which such terminal is interconnected, as to any transaction by, with, or involving a financial institution which affects a customer asset account. Information obtained in the course of such an examination shall not be disclosed, except as provided by law.

3. Nothing contained in this chapter shall authorize the administrator to regulate the conduct of business functions or to obtain access to any business records, data, or information of a person who operates a multiple use terminal, except those pertaining to a financial transaction engaged in through a satellite terminal, or as may otherwise be provided by law.

4. Nothing contained in this chapter shall be construed to prohibit or to authorize the administrator to prohibit an operator of a multiple use terminal, other than a financial institution, or an operator of any other device or facility with which such terminal is interconnected, other than a central routing unit or data processing center from using those facilities to perform internal proprietary functions, including the extension of credit pursuant to an open-end credit arrangement.

5. An administrator may conduct hearings and exercise any other appropriate authority conferred by this chapter regarding the operation or control of a satellite terminal upon the written request of a person, including but not limited to, a retailer, financial institution, or consumer.

6. The authority of an administrator pursuant to section 527.5, subsection 2, paragraph *"a"*, to approve access cards issued by a financial institution for use as an access device includes the requirement that a registration statement shall be filed with the administrator and be maintained on a current basis by each financial institution issuing access cards within the state. The registration statement shall be in writing on a form prescribed by the administrator, and contain the name and address of the registrant, a depiction of both sides of the access card, and any other information the administrator deems relevant relating to the access card and transactions utilizing the access card which affect a customer asset account.

7. A financial institution shall not be required to join, be a member or shareholder of,

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or otherwise participate in, any corporation, association, partnership, cooperative, or other enterprise as a condition of the financial institution's utilization of any satellite terminal located within this state.

8. An administrator may issue any order necessary to secure compliance with or prevent a violation of this chapter or the rules adopted pursuant to this chapter, regarding the establishment and operation of a satellite terminal, limited-function terminal, upgraded, altered, modified, or replaced limited-function terminal, and any other device or facility with which such terminal is interconnected. A person who violates a provision of this chapter or any rule or any order issued pursuant to this chapter is subject to a civil penalty not to exceed one thousand dollars for each day the violation continues. A person aggrieved by an order of an administrator may appeal the order by filing a written notice of appeal with the administrator within thirty days of the issuance of the order. The administrator shall schedule a hearing for the purpose of hearing the arguments of the aggrieved person within thirty days of the filing of the notice of appeal. The provisions of chapter 17A shall apply to all matters related to the appeal. The attorney general, on request of the administrator, shall institute any legal proceedings necessary to obtain compliance with an order of the administrator or to prosecute a person for a violation of the provisions of this chapter or rules adopted pursuant to this chapter.

[C77, 79, 81, §527.3]

87 Acts, ch 158, §3; 91 Acts, ch 92, §1; 91 Acts, ch 216, §4, 5; 95 Acts, ch 66, §2; 2012 Acts, ch 1017, §122; 2025 Acts, ch 30, §91

Referred to in §527.2, 527.12

527.4 Establishment of satellite terminals — restrictions.

1. A satellite terminal shall not be established within this state except by a financial institution.

2. A financial institution may establish a satellite terminal at any location within this state. This subsection does not amend, modify, or supersede any provision of chapter 524 regulating the number or locations of bank offices of a state or national bank, or authorize the establishment by a financial institution of any offices or other facilities except satellite terminals at locations permitted by this subsection.

3. A financial institution whose licensed or principal place of business is not located in this state may establish, control, maintain, or operate any number of satellite terminals at any location within this state if all satellite terminals, wherever located, that are owned, controlled, maintained, or operated by the financial institution are available for use on a nondiscriminatory basis by any other financial institution which engages in electronic transactions in this state and by all customers who have minimum contact with this state and who have been designated by a financial institution using the satellite terminal and who have been provided with an access device, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal.

[C77, 79, 81, §527.4]

87 Acts, ch 158, §4; 89 Acts, ch 86, §8 – 11; 91 Acts, ch 216, §6; 2000 Acts, ch 1232, §100 – 103, 107

Referred to in §527.2, 527.5

527.5 Satellite terminal requirements.

A satellite terminal may be utilized by a financial institution to the extent permitted in this chapter only if the satellite terminal is utilized and maintained in compliance with the provisions of this chapter and only if all of the following are complied with:

1. A satellite terminal in this state may be established by one or more financial institutions. The establishing financial institutions shall designate a single controlling financial institution which shall maintain the location, use, and operation of the satellite terminal, wherever located, in compliance with this chapter. The use and operation of a satellite terminal shall be governed by a written agreement between the controlling financial institution and the person controlling the physical location at which the satellite terminal is placed. The written agreement shall specify all of the terms and conditions, including

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any fees and charges, under which the satellite terminal is placed at that location. If the satellite terminal is a multiple use terminal, the written agreement shall specify, and may limit, the specific types of transactions incidental to the conduct of the business of a financial institution which may be engaged in through that terminal.

2. *a.* A satellite terminal shall be available for use on a nondiscriminatory basis by any other financial institution which has its principal place of business within this state, and by all customers who have been designated by a financial institution using the satellite terminal and who have been provided with an access device, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal.

b. For the purposes of complying with paragraph *"a"*, an on-line point-of-sale terminal is not required to be available for use by customers of a financial institution by means of an access device by which an off-line point-of-sale terminal can be used to engage in electronic transactions.

c. All off-line point-of-sale terminals located at the retail location or retail locations within this state of a single retailer are exempt from paragraph *"a"* if electronic transactions can be initiated at each of such terminals only by an access device unique to the retailer.

d. Paragraph *"a"* applies to a financial institution whose licensed or principal place of business is located in a state other than Iowa, whether or not the financial institution has a business location in this state, if all satellite terminals or other similar type terminals owned, controlled, operated, or maintained by the financial institution, wherever located, are available on a reciprocal basis to each financial institution with a principal place of business in this state and to each financial institution with a business location in this state which complies with this paragraph, and to all customers who have been designated by any such financial institution using the satellite terminal and who have been provided with an access device.

3. *a.* An informational statement shall be filed and shall be maintained on a current basis with the administrator by the financial institution controlling a satellite terminal in this state, which sets forth all of the following:

(1) The name and business address of the controlling financial institution.

(2) The location of the satellite terminal.

(3) A schedule of the charges which will be required to be paid by a financial institution utilizing the satellite terminal.

(4) An agreement with the administrator that the financial institution controlling the satellite terminal will maintain that satellite terminal in compliance with this chapter.

b. The informational statement shall be accompanied by a copy of the written agreement required by subsection 1. The informational statement also shall be accompanied by a statement or copy of any agreement, whether oral or in writing, between the controlling financial institution and a data processing center or a central routing unit, unless operated by or solely on behalf of the controlling financial institution, by which transactions originating at that terminal will be received.

4. A satellite terminal in this state shall not be attended or operated at any time by an employee of a financial institution or an affiliate of a financial institution, except for the purpose of instructing customers, on a temporary basis, in the use of the satellite terminal, for the purpose of testing the terminal, or for the purpose of transacting business on the employee's own behalf.

5. A satellite terminal shall bear a sign or label no larger than three inches by two inches identifying the name, address, and telephone number of the owner of the satellite terminal. The administrator may authorize methods of identification the administrator deems necessary to enable the general public to determine the accessibility of a satellite terminal.

6. The charges required to be paid by any financial institution which utilizes the satellite terminal for transactions involving an access device shall not exceed a pro rata portion of the costs, determined in accordance with generally accepted accounting principles, of establishing, operating and maintaining the satellite terminal, plus a reasonable return on these costs to the owner of the satellite terminal.

7. If the administrator deems the informational statement or any amendment to that

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statement or amendment to be complete and finds no grounds for denying establishment of a satellite terminal, the administrator may notify the person filing the informational statement that the administrator has expressly approved the establishment and operation of the satellite terminal as described in the informational statement or amendment and according to the agreements attached to the statement or amendment. Operation of the satellite terminal may commence immediately upon a person receiving such express approval from the administrator. If the administrator finds grounds, under any applicable law or rule, for denying establishment of a satellite terminal the administrator shall notify the person filing the informational statement or an amendment thereto, within thirty days of the filing thereof, of the existence of such grounds. If such notification is not given by the administrator, the administrator shall be considered to have expressly approved the establishment and operation of the satellite terminal as described in the informational statement or amendment and according to the agreements attached thereto, and operation of the satellite terminal in accordance therewith may commence on or after the thirtieth day following such filing. However, this subsection shall not be construed to prohibit the administrator from enforcing the provisions of this chapter, nor shall it be construed to constitute a waiver of any prohibition, limitation, or obligation imposed by this chapter.

8. *a.* Satellite terminals located in this state shall be directly connected to either of the following:

(1) A central routing unit approved pursuant to this chapter.

(2) A data processing center which is directly connected to a central routing unit approved pursuant to this chapter.

b. If a data processing center which is directly connected to a satellite terminal located in this state does not authorize or reject a transaction originated at that terminal, the transaction shall be immediately transmitted by the data processing center to a central routing unit approved pursuant to this chapter, unless one of the following applies:

(1) The transaction is not authorized because of a mechanical failure of the data processing center or satellite terminal.

(2) The transaction does not affect a customer asset account held by a financial institution.

c. This subsection does not limit the authority of a data processing center to authorize or reject transactions requested by customers of a financial institution pursuant to an agreement whereby the data processing center authorizes or rejects requested transactions on behalf of the financial institution and provides to the financial institution, on a batch basis and not on an on-line real time basis, information concerning authorized or rejected transactions of customers of the financial institution.

9. A personal terminal may be utilized by a financial institution to the extent permitted by this chapter if the use and operation of the personal terminal is governed by a written agreement between the controlling financial institution and its customer and if the personal terminal is utilized and maintained in compliance with subsection 8 and all other applicable sections of this chapter. A telephone located at other than a personal residence and used primarily as a personal terminal must be utilized and maintained in compliance with this section.

10. Any person, as defined in section 4.1, subsection 20, establishing a limited-function terminal within this state, except for a multiple use terminal, which is utilized to initiate transactions affecting a customer asset account shall file with the administrator and shall maintain on a current basis a registration statement on a form prescribed by the administrator containing the name and address of the registrant, the location of the limited-function terminal, and any other information the administrator deems relevant. All limited-function terminals established in this state prior to July 1, 1991, shall be registered in a similar manner by the establishing person no later than July 1, 1992.

11. *a.* If at any time, a limited-function terminal at a location in this state off the premises of the financial institution is replaced by a device constituting either an on-line or an off-line point-of-sale terminal which may be utilized to initiate transactions which affect customer asset accounts through the use of an electronic personal identifier, or is upgraded, altered, or modified to be operated in a manner which allows the use of an electronic personal identifier to initiate transactions which affect customer asset accounts, or an on-line or an off-line

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point-of-sale terminal which may be utilized to initiate transactions which affect customer asset accounts through the use of an electronic personal identifier is newly established at a location in this state off the premises of the financial institution, then such upgraded, altered, or modified limited-function terminal or replacement point-of-sale terminal or such newly established point-of-sale terminal is deemed to be a full-function point-of-sale terminal for purposes of this subsection and all requirements of a satellite terminal in this chapter apply to the full-function point-of-sale terminal with regard to all transactions affecting customer asset accounts which are initiated through the use of an electronic personal identifier, except for section 527.4, subsection 3, and subsections 1, 3, and 7 of this section.

b. A full-function point-of-sale terminal, as identified in paragraph *"a"*, which is operated in a manner which permits all access devices to be utilized to initiate transactions which affect customer asset accounts, and where all such transactions can be directly routed for authorization purposes as established in this subsection, is also exempt from the provisions of subsection 8. However, if a data processing center directly connected to such full-function point-of-sale terminal does not authorize or reject a transaction affecting a customer asset account initiated at the terminal through the use of an electronic personal identifier, the transaction shall be immediately transmitted by the data processing center to either of the following:

(1) A central routing unit approved pursuant to this chapter.

(2) An electronic funds transfer processing facility maintained or operated by a national card association and utilized for the processing of transactions initiated through the use of electronic funds transfer transaction cards or access devices depicting a service mark, logo, or trademark associated with the national card association. However, if the national card association's processing facility is unable to immediately authorize or reject a transaction affecting a customer asset account initiated at that terminal through the use of an access device which bears a service mark, logo, or trademark associated with a central routing unit approved pursuant to this chapter but does not bear a service mark, logo, or trademark associated with a national card association, or which bears a service mark, logo, or trademark other than that associated with either a central routing unit approved pursuant to this chapter or a national card association, the transaction shall be immediately transmitted to a central routing unit approved pursuant to this chapter, whether the transaction initiated through the use of such access device was transmitted to the national card association's processing facility by a data processing center directly connected to the full-function point-of-sale terminal, or the national card association's processing facility received the transmission of transaction data directly from the full-function point-of-sale terminal.

c. If the national card association's electronic funds transfer processing facility directly or indirectly receives a transaction affecting a customer asset account initiated at a full-function point-of-sale terminal through the use of an electronic personal identifier and an access device bearing a service mark, logo, or trademark associated with a national card association, whether or not the access device also bears the service mark, logo, or trademark of an approved central routing unit, and the national card association's processing facility cannot immediately authorize or reject the transaction, such transaction shall be immediately transmitted to a central routing unit approved pursuant to this chapter, or to a financial institution, or its data processing center, which is capable of immediately authorizing or rejecting the transaction.

d. For purposes of this subsection, a national card association must be a membership corporation or organization, wherever incorporated and maintaining a principal place of business, which is engaged in the business of administering for the benefit of the association's members a program involving electronic funds transfer transaction cards or access devices depicting a service mark, logo, or trademark associated with the national card association and which may be utilized to perform transactions at point-of-sale terminals. A national card association must have a membership solely comprised of insured depository financial institutions, organizations directly or indirectly owned or controlled solely by insured depository financial institutions, entities wholly owned by one or more insured depository financial institutions, holding companies having at least two-thirds of their assets consisting of the voting stock of insured depository financial institutions, organizations

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wholly owned by one or more holding companies having at least two-thirds of their assets consisting of the voting stock of insured depository financial institutions and which are solely engaged in activities related to the programs sponsored by the national card association, or such other entities or organizations which are authorized by the national card association's bylaws to participate in the electronic funds transfer transaction card or access device programs or other services and programs sponsored by the national card association. For purposes of this subsection, a national card association shall not include a financial institution, bank holding company as defined in section 524.1801, or in the federal Bank Holding Company Act of 1956, 12 U.S.C. §1842(d), as amended to July 1, 1994, or any other financial institution holding company organized under federal or state law, or a subsidiary or affiliate corporation owned or controlled by a financial institution or financial institution holding company, which has authorized a customer or member to engage in satellite terminal transactions. For purposes of this subsection, a national card association shall also not include a membership corporation or organization which is conducting business as a regional or nationwide network of shared electronic funds transfer terminals which do not constitute point-of-sale terminals, and is engaged in satellite terminal transaction services utilizing a common service mark, logo, or trademark to identify such terminal services.

e. This subsection does not apply to satellite terminals located in this state, other than on-line and off-line full-function point-of-sale terminals as identified in this subsection, or multiple use terminals located in this state which are capable of being operated in a manner to initiate transactions affecting customer asset accounts through the use of an electronic personal identifier.

12. Effective July 1, 1994, any transaction engaged in with a retailer through a satellite terminal at a location in this state off the premises of the financial institution by means of an access device which results in a debit to a customer asset account shall be cleared and paid at par during the settlement of such transaction. Notwithstanding the terms of any contractual agreement between a retailer or financial institution and a national card association as described in subsection 11, an electronic funds transfer processing facility of a national card association, a central routing unit approved pursuant to this chapter, or a data processing center, the processing fees and charges for such transactions to the retailer shall be as contractually agreed upon between the retailer and the financial institution which establishes, owns, operates, controls, or processes transactions initiated at the satellite terminal. All accounting documents reflecting such fees and charges imposed on the retailer shall separately identify transactions which have resulted in a debit to a customer asset account and the charges imposed. The provisions of this subsection shall apply to all satellite terminals, including limited-function terminals, full-function point-of-sale terminals as identified in subsection 11, paragraph *"a"*, and multiple use terminals.

[C77, 79, 81, §527.5; 82 Acts, ch 1094, §2]

87 Acts, ch 158, §5 – 11; 89 Acts, ch 86, §12 – 14; 91 Acts, ch 216, §7 – 11; 93 Acts, ch 36, §1; 93 Acts, ch 37, §1; 95 Acts, ch 66, §3, 4; 96 Acts, ch 1094, §1, 2; 2000 Acts, ch 1232, §104 – 107; 2012 Acts, ch 1017, §123; 2012 Acts, ch 1023, §157

Referred to in §527.2, 527.3, 527.9, 715A.10

527.6 Reserved.

527.7 Records maintained.

1. All transactions engaged in through a satellite terminal shall be recorded in a form from which it will be possible to produce a humanly readable record of any transaction, and these recordings shall be retained by the utilizing financial institutions for the periods required by law.

2. The machine receipt provided to a satellite account transaction card user by a satellite terminal shall be admissible as evidence in any legal action or proceeding and shall constitute prima facie proof of the transaction evidence by that receipt.

3. A financial institution shall provide each of its satellite account holders with a periodic account statement that shall contain a brief description of all satellite terminal transactions

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sufficient to enable the account holder to identify any transaction and to relate it to machine receipts provided by satellite terminals.

4. When a periodic account statement includes both satellite terminal transactions and other nonsatellite terminal transactions, all satellite terminal transactions shall be indicated as such, and shall be accompanied by the description required by subsection 3.

5. The administrator may provide by rule for the recording and maintenance, by any financial institution utilizing a satellite terminal, of amounts involved in a transaction engaged in through the satellite terminal which are of a known tax consequence to the customer initiating the transaction. For the purpose of this subsection, *"known tax consequences"* means and includes but shall not be limited to the following:

a. An amount directly or indirectly received from a customer and applied to a loan account of the customer which represents interest paid by the customer to the financial institution.

b. In any transaction where the total amount involved is deducted from funds in a customer's account and is simultaneously paid either directly or indirectly by the financial institution to the account of a third party, any portion of the transaction amount which represents a sales or other tax imposed upon or included within the transaction and collected by that third party from the customer, or any portion of the transaction amount which represents interest paid to the third party by the customer.

c. Any other transaction which the administrator determines to have direct tax consequences to the customer. The administrator also may provide for the periodic distribution to customers of summaries of transactions having known tax consequences.

[C77, 79, 81, §527.7]

91 Acts, ch 216, §12; 2012 Acts, ch 1023, §136

527.8 Reserved.

527.8A Exemptions.

Transactions initiated at a satellite terminal which do not involve the use of an access device to directly or indirectly affect a customer asset account are not governed by this chapter.

91 Acts, ch 216, §13

527.9 Central routing units.

1. A central routing unit shall not be operated in this state unless written approval for that operation has been obtained from the administrator.

2. *a.* A person desiring to operate a central routing unit shall submit to the administrator an application which shall contain all of the following information:

(1) The name and business address of the owner of the proposed unit.

(2) The name and business address of each data processing center and other central routing unit with which the proposed central routing unit will have direct electronic communication.

(3) The location of the proposed central routing unit.

(4) A schedule of the charges which will be required to be paid to that applicant by each financial institution which utilizes the proposed central routing unit.

(5) An agreement by the applicant that the proposed central routing unit will be capable of accepting and routing, and will be operated to accept and route, transmissions of data originating at any satellite terminal located in this state, except limited-function terminals, whether receiving from that terminal or from a data processing center or other central routing unit.

(6) A representation and undertaking that the proposed central routing unit is directly connected to every data processing center that is directly connected to a satellite terminal located in this state, and that the proposed central routing unit will provide for direct connection in the future with any data processing center that becomes directly connected to a satellite terminal located in this state. This representation and undertaking is not required of a central routing unit with respect to limited-function terminals.

b. The application shall be accompanied by all agreements between the proposed central routing unit and all data processing centers and other central routing units respecting

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the transmission of transaction data; and a copy of any agreement between the proposed central routing unit and any financial institution establishing a satellite terminal unless that agreement theretofore has been filed with the administrator pursuant to section 527.5.

3. The administrator shall approve or disapprove an application for operation of a central routing unit within sixty days after receipt.

4. A central routing unit operating under the approval of the administrator shall be subject to examination by the administrator for the purpose of determining compliance with this chapter.

5. *a.* Effective July 1, 1987, a person owning or operating a central routing unit authorized under this section shall include public representation on any board setting policy for the central routing unit. Four or five public members shall be appointed to the board in the following manner:

(1) Three members shall be appointed by the superintendent of banking.

(2) One member shall be appointed by the superintendent of credit unions.

(3) If an industrial loan company is connected to the central routing unit, one member shall be appointed by the superintendent of banking.

b. The superintendent of banking and superintendent of credit unions shall form a committee to set, in conjunction with the entity owning or operating the central routing unit, the term of office, the rate of compensation, and the rate of reimbursement for each public member. However, the public members shall be entitled to reasonable compensation and reimbursement from the board.

c. Each public member is entitled to all the rights of participation and voting as any other member of the board. The public members are to represent the interest of consumers and the business and agricultural communities in establishing policies for the central routing unit.

d. It is the intention of the general assembly that the ratio of public members to the overall membership of the board shall not be less than one public member for each seven members of the board. If the number of members on the board is increased, then the number of members appointed pursuant to paragraph "*a*" shall be increased to maintain the minimum ratio. In this event, the superintendent of banking and the superintendent of credit unions shall appoint additional public members in order to maintain the minimum ratio.

e. An individual shall not be appointed as a public member pursuant to this subsection if the individual is a director of a financial institution or is directly employed by a financial institution doing business in this state.

[C77, 79, 81, §527.9]

87 Acts, ch 158, §13, 14; 89 Acts, ch 86, §16; 91 Acts, ch 216, §14; 2012 Acts, ch 1017, §124; 2012 Acts, ch 1023, §137

527.10 Confidentiality.

1. A satellite terminal, data processing center, or central routing unit shall not be operated in any manner to permit any person to obtain information concerning the account of any person with a financial institution, unless such information is essential to complete or prevent the completion of a transaction then being engaged in through the use of that facility.

2. A financial institution, data processing center, central routing unit, or other person shall not disseminate any information relating to the use of a multiple use terminal without the written authorization of the retailer on whose premises the terminal is located, or of the owner or operator of the terminal or the financial institution controlling the terminal. This section shall not, however, prohibit or restrict the use of information received in the processing, authorization, or rejection of a requested electronic funds transfer transaction, where such use is necessary or incidental to the processing, authorization, or rejection, or to reconciling disputes or resolving questions raised by a retailer, financial institution, consumer, or any other person regarding the transaction.

[C77, 79, 81, §527.10]

87 Acts, ch 158, §15; 2021 Acts, ch 76, §150

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527.11 Rulemaking.

The administrator shall have the power to adopt and promulgate rules pursuant to chapter 17A as in the administrator's opinion will be necessary to properly and effectively carry out and enforce the provisions of this chapter.

[C77, 79, 81, §527.11]

Referred to in §527.2

527.12 Revocation of privilege.

Whenever the administrator determines, upon notice and hearing pursuant to chapter 17A, that a satellite facility or data processing center or central routing unit is being operated in violation of this chapter, the administrator may revoke the approval to operate that facility. If the administrator does not have any direct authority over the facility because of the provisions of section 527.3, the administrator may revoke with respect to any financial institution over which the administrator does have direct authority the privilege to engage in transactions through or with that facility. A revocation by the administrator shall be effective when ordered by the administrator, anything in chapter 17A to the contrary notwithstanding. The administrator may bring an action in the district court in the name of the state to enjoin any financial institution or other person who continues to utilize or to operate a satellite terminal or data processing center or central routing unit after the approval has been revoked. The administrator also may bring such an action to enjoin any person who fails to obtain any approval required by this chapter.

[C77, 79, 81, §527.12]

Referred to in §527.2

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CHAPTER 528

ALTERNATIVE MORTGAGE LOANS

Referred to in §669.14

528.1	Title.	528.6	Prototype plan for alternative mortgage loans — approval by administrator.
528.2	Definitions.	528.7	Reduction in installment payments — repayment of mortgage debt.
528.3	Financial institutions allowed to make alternative mortgages.	528.8	Interest on graduated payment mortgage loans.
528.4	Prepayment penalty prohibited.	528.9	Rules.
528.5	Disclosure of alternative mortgage loan information to applicants.		

528.1 Title.

This chapter is entitled *"Alternative and Reverse Annuity Mortgage Loan Act"*.

89 Acts, ch 267, §1

528.2 Definitions.

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

1. *"Administrator"* means the superintendent of banking and the superintendent of credit unions within the department of insurance and financial services.

2. *"Alternative mortgage loan"* means a mortgage loan which is a reverse annuity mortgage loan or graduated payment mortgage loan.

3. *"Financial institution"* means financial institution as defined in section 535A.1.

4. *"Graduated payment mortgage loan"* means a mortgage loan in which principal and interest payments, if any, and the making of additional advances, if any, are scheduled to reflect the prospective increasing or decreasing income of the mortgagor.

5. *"Mortgage loan"* means a loan secured by a first mortgage on one, two, three, or four family, owner-occupied residential real property.

6. *"Reverse annuity mortgage loan"* means a mortgage loan in which either the loan

proceeds are used to purchase an annuity with the annuity proceeds to be advanced to the mortgagors, or the loan proceeds are directly advanced to the mortgagors, in ten or more installments, either directly or indirectly, and which together with unpaid interest, if any, are to be repaid in accordance with section 528.7.

89 Acts, ch 267, §2; 2012 Acts, ch 1017, §125; 2023 Acts, ch 19, §2743
Referred to in §535B.22

528.3 Financial institutions allowed to make alternative mortgages.

A financial institution may make alternative mortgage loans in accordance with this chapter. General provisions governing a financial institution's mortgage loans apply to alternative mortgage loans unless inconsistent with the provisions of this chapter. This chapter does not prohibit a financial institution from making any loan which is not an alternative mortgage loan, provided such loan otherwise complies with applicable laws.

89 Acts, ch 267, §3

528.4 Prepayment penalty prohibited.

A financial institution making an alternative mortgage loan may contract with the mortgagor for interest to be paid currently or to accrue, and if accrued, for accrued interest to be added to the mortgage debt on which interest may be charged and collected. Accrued interest which is added to the mortgage debt shall be secured by the mortgage to the same extent as the principal of the alternative mortgage loan. An instrument evidencing an alternative mortgage loan shall not contain a provision imposing a penalty for prepayment of the loan.

89 Acts, ch 267, §4

528.5 Disclosure of alternative mortgage loan information to applicants.

1. A financial institution that offers or makes an alternative mortgage loan shall include in any disclosure of the rates or availability of mortgage loans, the rates and availability of reverse annuity mortgages or graduated payment mortgage loans, if and when such loans are offered. The administrator may prescribe by rule forms for the required disclosures.

2. A prospective mortgage loan applicant shall have the choice of applying for a mortgage loan or any type of alternative mortgage loan offered by the financial institution.

89 Acts, ch 267, §5

528.6 Prototype plan for alternative mortgage loans — approval by administrator.

1. Before a financial institution makes an alternative mortgage loan, it shall submit to the administrator for that type of institution, for the administrator's approval, the prototype plan and subsequent amendments to the plan under which alternative mortgage loans are to be made. A plan submitted shall include a copy of the form of note and mortgage instrument that will be used for that type of alternative mortgage loan, a detailed description of how the plan will function, and other information as the administrator requires. The administrator shall specifically review the mortgage instrument submitted as part of the plan to ensure that any default provisions included in the deed pursuant to section 528.7, subsection 2, paragraph "*c*", are necessary to protect the interests of the mortgagee and are fair and equitable for the mortgagor. A reverse annuity mortgage shall provide that the mortgagor or mortgagors of the property shall retain a life estate in the property until the death of the mortgagor or all of the mortgagors, notwithstanding that the annuity may expire prior to the end of the life estate, depending upon the terms of the annuity.

2. The administrator may approve any plan and amendment to a plan that in the administrator's opinion serves the best interests of prospective mortgagors and mortgagees. The administrator's considerations shall include, without limitation, the flexibility of each plan to serve the differing needs of various persons who may apply for an alternative mortgage loan under the plan.

3. If the administrator approves the plan or amendment, the financial institution may make alternative mortgage loans in accordance with the approved plan and any approved amendments.

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4. This section applies to all alternative mortgage loans made on or after January 1, 1990.
89 Acts, ch 267, §6

528.7 Reduction in installment payments — repayment of mortgage debt.

1. If the mortgagee or its assignee and the mortgagor agree, any installment payment of either the loan proceeds or an annuity purchased with the loan proceeds of a reverse annuity mortgage loan may be reduced by an amount used for partial repayment of the mortgage debt, except as provided in subsection 2 of this section.

a. Notwithstanding any such reduction, each mortgagor shall receive a cash payment in each installment for the term of the annuity or, if no annuity, for the term during which the mortgagee contracted with the mortgagor to advance the loan proceeds.

b. Except as provided in subsection 2, no repayments of any part of the mortgage debt shall be required from the mortgagor after termination of the period during which loan proceeds or any annuity purchased with the loan proceeds are advanced to the mortgagor.

2. If the mortgagee or its assignee and the mortgagor agree, and at the option of the mortgagee, advances under a reverse annuity mortgage loan may terminate and the entire unpaid balance of the loan plus accrued interest may become due and payable upon the occurrence of any of the following events:

a. The death of the last surviving mortgagor.

b. The sale or other transfer of the real estate securing the loan to a person other than any of the original mortgagors.

c. Any other occurrence which materially decreases the value of the property securing the loan or which will have the likely effect of causing the loan not to be repaid. Any such additional occurrence shall be clearly described in the note or mortgage instrument.

89 Acts, ch 267, §7
Referred to in §528.2, 528.6

528.8 Interest on graduated payment mortgage loans.

A graduated payment mortgage loan offered or made by a financial institution shall provide for interest at a specified rate or a series of specified rates.
89 Acts, ch 267, §8

528.9 Rules.

The administrator may adopt rules pursuant to chapter 17A, as the administrator deems necessary and convenient to carry out the provisions of this chapter.
89 Acts, ch 267, §9

CHAPTERS 528A and 528B

RESERVED

CHAPTER 529

IOWA FINANCIAL TRANSACTION REPORTING ACT

Referred to in §669.14, 706B.2

529.1 Definitions.
529.2 Reports.
529.3 Investigations.
529.4 Uniformity of construction and application.

529.1 Definitions.

In this chapter, unless the context otherwise requires:

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1. *"Authorized delegate"* means a person designated by the licensee.

2. *"Check cashing"* means exchanging for compensation a check, draft, money order, traveler's check, or a payment instrument of a money transmitter for money delivered to the presenter at the time and place of the presentation.

3. *"Compensation"* means any fee, commission, or other benefit.

4. *"Conduct the business"* means engaging in activities of a licensee or money transmitter more than ten times in any calendar year for compensation.

5. *"Foreign money exchange"* means exchanging for compensation money of the United States government or a foreign government to or from money of another government at a conspicuously posted exchange rate at the time and place of the presentation of the money to be exchanged.

6. *"Licensee"* means a person licensed under this chapter.*

7. *"Location"* means a place of business at which activity conducted by a licensee or money transmitter occurs.

8. *"Money"* means a medium of exchange authorized or adopted by a domestic or foreign government as a part of its currency and that is customarily used and accepted as a medium of exchange in the country of issuance.

9. *"Money transmitter"* means a person who is located or doing business in this state, including a check casher and a foreign money exchanger, and who does any of the following:

a. Sells or issues payment instruments.

b. Conducts the business of receiving money for the transmission of or transmitting money.

c. Conducts the business of exchanging payment instruments or money into any form of money or payment instrument.

d. Conducts the business of receiving money for obligors for the purpose of paying obligors' bills, invoices, or accounts.

e. Meets the definition of a bank, financial agency, or financial institution as prescribed by 31 U.S.C. §5312 or 31 C.F.R. §103.11 and any successor provisions.

10. *"Payment instrument"* means a check, draft, money order, traveler's check, or other instrument or order for the transmission or payment of money, sold to one or more persons, whether or not that instrument or order is negotiable. *"Payment instrument"* does not include an instrument that is redeemable by the issuer in merchandise or service, a credit card voucher, or a letter of credit.

11. *"Proceeds"* means property acquired or derived directly or indirectly from, produced through, realized through, or caused by an act or omission and includes any property of any kind.

12. *"Property"* means anything of value, and includes any interest in property, including any benefit, privilege, claim, or right with respect to anything of value, whether real or personal, tangible or intangible, without reduction for expenses incurred for acquisition, maintenance, production, or any other purpose.

13. *"Superintendent"* means the superintendent of banking or the superintendent of credit unions.

14. *"Transaction"* includes a purchase, sale, trade, loan, pledge, investment, gift, transfer, transmission, delivery, deposit, withdrawal, payment, transfer between accounts, exchange of currency, extension of credit, purchase or sale of any monetary instrument, use of a safe deposit box, or any other acquisition or disposition of property by whatever means effected.

15. *"Transmitting money"* includes the transmission of money by any means including transmission within this country or to or from locations abroad by payment instrument, wire, facsimile, or electronic transfer, courier, or otherwise.

16. *"Traveler's check"* means an instrument identified as a traveler's check on its face or commonly recognized as a traveler's check and issued in a money multiple of United States or foreign currency with a provision for a specimen signature of the purchaser to be completed at the time of purchase and a countersignature of the purchaser to be completed at the time of negotiation.

96 Acts, ch 1133, §34; 98 Acts, ch 1074, §30

*This chapter does not include licensing provisions

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529.2 Reports.

1. A licensee, authorized delegate, or money transmitter required to file a report regarding business conducted in this state pursuant to the federal Currency and Foreign Transactions Reporting Act, 31 U.S.C. §5311 through 5326 and 31 C.F.R. pt. 103, or 12 C.F.R. §21.11, shall file a duplicate of that report with the department of public safety.

2. All persons engaged in a trade or business who are required to file a report pursuant to 26 U.S.C. §6050I and 26 C.F.R. §1.6050I, and any successor provisions, concerning returns relating to cash received in trade or business, shall file a copy of the report with the department of public safety.

3. A licensee, authorized delegate, or money transmitter that is regulated under the federal Currency and Foreign Transactions Reporting Act, 31 U.S.C. §5325 and 31 C.F.R. pt. 103, and that is required to make available prescribed records to the secretary of the United States department of treasury upon request at any time, shall follow the same prescribed procedures and create and maintain the same prescribed records relating to a transaction and shall make these records available to the department of public safety pursuant to a prosecuting attorney subpoena.

4. *a.* The timely filing of a report required by this section with the appropriate federal agency shall be deemed compliance with the reporting requirements of this section, unless the attorney general or the department of public safety has notified the superintendent that reports of that type are not being regularly and comprehensively transmitted by that federal agency to the department of public safety.

b. This chapter does not preclude a licensee, authorized delegate, money transmitter, financial institution, or a person engaged in a trade or business, in its discretion, from instituting contact with, and thereafter communicating with and disclosing customer financial records to appropriate state or local law enforcement agencies if the licensee, authorized delegate, money transmitter, financial institution, or person has information that may be relevant to a possible violation of any criminal statute or to the evasion or attempted evasion of any reporting requirement of this chapter.

c. A licensee, authorized delegate, money transmitter, financial institution, person engaged in a trade or business, or any officer, employee, agent, or authorized delegate of any of them, or any public official or governmental employee who keeps or files a record pursuant to this section or who communicates or discloses information or records under paragraph *"b"*, is not liable to its customer, to a state or local agency, or to any person for any loss or damage caused in whole or in part by the making, filing, or governmental use of the report, or any information contained in that report.

5. The attorney general or the department of public safety may report any possible violations indicated by analysis of the reports required by this chapter to any appropriate law enforcement agency for use in the proper discharge of its official duties. The attorney general or the department of public safety shall provide copies of the reports required by this chapter to any appropriate prosecutorial or law enforcement agency upon being provided with a written request for records relating to a specific individual or entity and stating that the agency has an articulable suspicion that such individual or entity has committed a felony offense or a violation of this chapter to which the reports are relevant. A person who releases information received pursuant to this subsection except in the proper discharge of the person's official duties is guilty of a serious misdemeanor.

6. It shall be unlawful for any person to do any of the following:

a. With intent to disguise the fact that money or a payment instrument is the proceeds of criminal conduct, or with intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, to knowingly furnish or provide to a licensee, authorized delegate, money transmitter, financial institution, person engaged in a trade or business, or any officer, employee, agent, or authorized delegate of any of them, or to the attorney general or department of public safety, any false, inaccurate, or incomplete information; or to knowingly conceal a material fact in connection with a transaction for which a report is required to be filed pursuant to this section.

b. With the intent to disguise the fact that money or a payment instrument is the proceeds

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of criminal conduct, or with intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, or with intent to evade the making or filing of a report required under this chapter, or with intent to cause the making or filing of a report that contains a material omission or misstatement of fact, to conduct or structure a transaction or series of transactions by or through one or more licensees, authorized delegates, money transmitters, financial institutions, or persons engaged in a trade or business.

7. A person who violates subsection 6 is guilty of a class "C" felony and is also subject to a civil penalty of three times the value of the property involved in the transaction, or, if no transaction is involved, five thousand dollars.

8. Notwithstanding any other provision of law, each violation of this section constitutes a separate, punishable offense.

9. Any report, record, information, analysis, or request obtained by the attorney general or department of public safety pursuant to this chapter is not a public record as defined in chapter 22 and is not subject to disclosure.

96 Acts, ch 1133, §35; 98 Acts, ch 1074, §31
Referred to in §22.7(34)

529.3 Investigations.

1. The attorney general or county attorney may conduct investigations within or outside this state to determine if any licensee, authorized delegate, money transmitter, or person engaged in a trade or business has failed to file a report required by this chapter or has engaged or is engaging in any act, practice, or transaction that constitutes a violation of this chapter.

2. Upon presentation of a subpoena from a prosecuting attorney, all licensees, authorized delegates, money transmitters, and financial institutions shall make their books and records available to the attorney general or county attorney or peace officer during normal business hours for inspection and examination in connection with an investigation pursuant to this section.

96 Acts, ch 1133, §36

529.4 Uniformity of construction and application.

1. The provisions of this chapter shall be liberally construed to effectuate its remedial purposes. Civil remedies under this chapter shall be supplemental and not mutually exclusive. The civil remedies do not preclude and are not precluded by other provisions of law.

2. The provisions of this chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting the law and to make the reporting requirements regarding financial transactions under Iowa law uniform with the reporting requirements regarding financial transactions under federal law.

3. The attorney general is authorized to enter into reciprocal agreements with the attorney general or chief prosecuting attorney of any state to effectuate the purposes of this chapter.

96 Acts, ch 1133, §37

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CHAPTERS 530 to 532

RESERVED

CHAPTER 533

CREDIT UNIONS

Referred to in §12.61, 12C.1, 216.10, 331.602, 423.2, 445.5, 490.1801, 501A.601, 524.821, 535.2, 535.8, 535C.2, 536A.24, 536C.3, 537.1301, 537.2301, 537.6105, 537.6201, 546.4, 602.8103, 669.14

Former chapter 533 repealed by 2007 Acts, ch 174, §98

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SUBCHAPTER I

ADMINISTRATION OF ACT

533.101 Title.

This chapter shall be known as the *"Iowa Credit Union Act"*.

2007 Acts, ch 174, §1

533.102 Definitions.

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

1. *"Account insurance plan"* means an arrangement providing account and share insurance which is of a type authorized under section 533.307.

2. *"Common bond"* means the shared characteristic of members of a credit union.

3. *a. "Credit union"* means a cooperative, nonprofit association, organized or incorporated in accordance with the provisions of this chapter or under the laws of another state or the Federal Credit Union Act, 12 U.S.C. §1751 et seq., for the purposes of creating a source of credit at a fair and reasonable rate of interest, of encouraging habits of thrift among its members, and of providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.

b. A *"credit union"* is also a "supervised financial organization" as that term is defined and used in chapter 537, the Iowa consumer credit code.

4. *"Credit union service organization"* means a corporation, limited partnership, or limited liability company organized under state law to provide financial and financial-related services for one or more credit unions, each of which owns part of the capital stock of the credit union service organization, as authorized under section 533.301, subsection 5, paragraph *"f"*, and which corporation, limited partnership, or limited liability company is subject to examination by the credit union division of the Iowa department of insurance and financial services or a federal supervisory agency.

5. *"Ownership share"* means a share of a credit union acquired by a member at the time membership is initiated.

6. *"Review board"* means the credit union review board.

7. *"State credit union"* means a credit union organized pursuant to section 533.201.

8. *"Superintendent"* means the superintendent of credit unions appointed pursuant to section 533.104.

2007 Acts, ch 174, §2; 2012 Acts, ch 1023, §138; 2013 Acts, ch 17, §1; 2023 Acts, ch 19, §2744
Referred to in §12C.13, 252I.1, 421.17A

533.103 Credit union division created.

A credit union division of the department of insurance and financial services is created to administer this chapter.

2007 Acts, ch 174, §3; 2023 Acts, ch 19, §2745
Referred to in §546.4

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533.104 Superintendent of credit unions.

1. A superintendent of credit unions shall be appointed by the governor to serve at the pleasure of the governor, subject to confirmation by the senate, to regulate credit unions. The appointee shall be selected solely with regard to qualification and fitness to discharge the duties of office and the individual appointed shall have at least five years' experience as a director or executive officer of a credit union, or comparable experience in the regulation or examination of credit unions. For purposes of this subsection, credit union membership does not qualify as credit union experience.

2. The superintendent shall receive a salary set by the governor within a range established by section 8A.461.

3. The superintendent may adopt rules as necessary or appropriate to administer this chapter, subject to the prior approval of the rules by the review board.

2007 Acts, ch 174, §4; 2023 Acts, ch 19, §2746; 2024 Acts, ch 1182, §166, 168

Referred to in §533.102, 546.4

Confirmation, see §2.32

533.105 Deputy superintendent.

1. The superintendent may appoint an employee of the credit union division as deputy superintendent to perform the duties of the superintendent during the superintendent's absence or inability to act.

2. The deputy superintendent shall serve at the pleasure of the superintendent. If the office of the superintendent becomes vacant, the deputy superintendent shall have all powers and duties of the superintendent until a new superintendent is appointed by the governor in accordance with this chapter.

3. The deputy superintendent shall receive a salary to be fixed by the superintendent.

2007 Acts, ch 174, §5

533.106 Employees.

1. *a.* The superintendent may appoint assistants, examiners, and other employees as the superintendent considers necessary to the proper discharge of duties imposed upon the superintendent by the laws of this state.

b. Pay plans shall be established for the credit union division employees, other than clerical employees, who supervise and examine the accounts and affairs of credit unions and other persons, subject to supervision and regulation by the superintendent, that are substantially equivalent to those paid by the national credit union administration and other federal supervisory agencies in this area of the United States.

2. *a.* A state credit union, or its officers, directors, or employees, shall not directly or indirectly make a loan of money or property to the superintendent.

b. The superintendent shall not directly or indirectly accept a loan of money or property from a state credit union, or its officers, directors, or employees.

3. *a.* An employee of the credit union division, other than the superintendent, may borrow money from a state credit union only on comparable terms and conditions to those ordinarily extended to all members of the credit union. The employee shall notify the superintendent of the acceptance of a loan from a state credit union.

b. The superintendent may restrict borrowing by employees from state credit unions if the superintendent determines such borrowing will interfere with the functions of the credit union division.

c. An employee shall not participate in the examination of a credit union where the employee has a loan.

4. The superintendent or an employee of the credit union division, other than a member of the review board, shall not perform any services for or be an officer, director, or employee of a state credit union or any other entity supervised or regulated by the credit union division.

5. A person who violates subsections 1 through 4 shall be permanently disqualified from acting as an officer, director, or employee of a state credit union and permanently disqualified from acting as superintendent or an employee of the credit union division.

6. The superintendent or an employee of the credit union division who is convicted, or

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an applicant for employment with the credit union division who has been convicted, of theft, burglary, robbery, larceny, embezzlement, or other crime involving breach of trust, or a crime involving moral turpitude, shall be forever disqualified from holding any position in the credit union division.

2007 Acts, ch 174, §6; 2018 Acts, ch 1123, §5, 7; 2019 Acts, ch 59, §191
Referred to in §533.106A

533.106A Background investigations.

1. The credit union division may conduct a background investigation on an applicant for employment with the division. The division shall inform an applicant that the position requires a background investigation and shall obtain the applicant's written authorization prior to conducting the investigation.

2. The background investigation may include, without limitation, a review of at least the following subjects:

a. Work history and educational credentials.

b. Financial review.

c. Criminal history data, including a national criminal history check through the federal bureau of investigation.

3. If a background investigation is conducted, the applicant shall provide the applicant's fingerprints to the credit union division. The division shall provide the fingerprints to the department of public safety for submission through the state criminal history repository to the federal bureau of investigation.

4. An employee of the credit union division may be subject to a national criminal history check through the federal bureau of investigation at least once every five years, or whenever circumstances arise giving the division reason to believe that the employee has been arrested, charged, or indicted for a crime as described in section 533.106, subsection 6.

5. The credit union division shall pay the actual cost of the background investigation, including fingerprinting and the national criminal history check, if any.

6. The results of a background investigation, including a criminal history check, shall not be considered a public record under chapter 22.

2018 Acts, ch 1123, §6, 7

533.107 Credit union review board.

1. A credit union review board is created. The review board shall consist of seven members, five of whom shall have been members in good standing for at least the previous five years of either an Iowa state chartered credit union, or a credit union chartered under the Federal Credit Union Act, 12 U.S.C. §1751 et seq., and having its principal place of business in Iowa. Two of the members may be public members; however, at no time shall more than five of the members be directors or employees of a credit union. The members shall serve for three-year staggered terms beginning and ending as provided by section 69.19.

2. The members of the review board shall be appointed by the governor subject to confirmation by the senate. The governor may appoint the members of the review board from a list of nominees submitted to the governor by the credit unions located in this state.

3. The review board shall hold meetings at the call of the chairperson. Four members constitute a quorum.

4. Each member of the review board shall receive actual and necessary expenses incurred in the discharge of official duties. Each member of the review board may also be eligible to receive compensation as provided in section 7E.6.

5. A member of the review board shall not take part in any action or participate in any decision when the matter under consideration specifically relates to a credit union of which the review board member is a member.

6. The review board may adopt rules pursuant to chapter 17A or take other action as it deems necessary or suitable, to administer this chapter.

2007 Acts, ch 174, §7; 2013 Acts, ch 90, §162; 2024 Acts, ch 1170, §115
Confirmation, see §2.32

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533.108 Records of credit union division.

1. *a.* Records of the credit union division are public records subject to the provisions of chapter 22, except as otherwise provided in this chapter.

b. Papers, documents, writings, reports, reports of examinations and other information relating specifically to the supervision and regulation of a specific state credit union or of other persons by the superintendent pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

c. The superintendent or an employee of the credit union division shall not disclose information relating specifically to the supervision and regulation of a specific state credit union or of other persons in any manner to any person other than the person examined, except as otherwise authorized by this section or section 533.113 or 533.308.

d. Notwithstanding the prohibition on disclosure pursuant to paragraph *"c"*, the superintendent or an employee of the credit union division may disclose information relating specifically to the supervision and regulation of a specific state credit union or of other persons if the credit union or other person consents in writing to the disclosure and the persons to whom the disclosures are made are subject to, or agree to comply with, standards of confidentiality comparable to those contained in this chapter.

2. *a.* The superintendent or an employee of the credit union division shall not be subpoenaed in any cause or proceeding to give testimony concerning papers, documents, writings, reports, reports of examinations, or other information relating to the supervision and regulation of a specific state credit union or persons by the superintendent pursuant to the laws of this state.

b. The papers, documents, writings, reports, reports of examinations, and other information of the credit union division that relate to the supervision and regulation of a specific state credit union or persons shall not be offered in evidence in a court or be subject to subpoena by a party, except when relevant in the following matters:

(1) In actions or proceedings brought by the superintendent.

(2) In matters in which an interested and proper party seeks review of a decision of the superintendent.

(3) In actions or proceedings that arise out of the criminal provisions of the laws of this state or of the United States.

(4) In actions brought as shareholder derivative suits against a credit union by a member who has acquired an ownership share.

(5) In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation, or misuse of credit union funds.

3. *a.* Information, records, and documents utilized for the purpose of, or in the course of, investigation, regulation, or examination of a specific credit union, received by the credit union division from some other governmental entity that treats such information, records, and documents as confidential, are confidential and shall not be disclosed by the division and are not subject to subpoena.

b. Information, records, and documents under paragraph *"a"* do not constitute a public record subject to examination and copying under chapter 22.

c. The superintendent may exchange with governmental regulatory officials confidential information, records, and documents that are not a public record subject to examination and copying under chapter 22 provided that the other officials are subject to, or agree to comply with, standards of confidentiality comparable to those contained in this section.

2007 Acts, ch 174, §8; 2012 Acts, ch 1020, §1
Referred to in §533.113, 533.325

533.109 Insurance and surety bond.

1. The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state in order to ensure both of the following:

a. The faithful performance of the deputy superintendent, assistants, examiners, and all other employees of the credit union division.

b. Protection from any liability that may accrue in case of the loss of property of a state

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credit union, or of a member of a state credit union or of any other person, in the course of an examination, investigation, or other function required or allowed by the laws of this state.

2. The superintendent shall be bonded in accordance with chapter 64, provided that such bond shall be in the amount of one hundred thousand dollars.

2007 Acts, ch 174, §9

533.110 Reimbursement of expenses.

1. The superintendent, deputy superintendent, assistants, examiners, and other employees of the credit union division are entitled to receive reimbursement for expenses incurred in the performance of their duties.

2. The superintendent, and when specifically authorized by the superintendent, the deputy superintendent, assistants, examiners, and other employees of the division, are entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties.

2007 Acts, ch 174, §10

533.111 Expenses of the credit union division.

1. *a.* All expenses required in the discharge of the duties and responsibilities imposed upon the credit union division, the superintendent, and the review board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the commerce revolving fund created in section 546.12.

b. All fees imposed under this chapter are payable to the superintendent, who shall pay all fees and other moneys received to the treasurer of state within the time required by section 12.10. The treasurer of state shall deposit such funds in the commerce revolving fund created in section 546.12.

2. The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state, and each separate duty shall be fiscally self-sustaining.

3. The credit union division may expend additional funds, including funds for additional personnel, if the additional expenditures are actual expenses that exceed the funds budgeted for credit union examinations and directly result from examinations of state credit unions.

a. The amounts necessary to fund the excess examination expenses shall be collected from state credit unions being regulated, and the collections shall be treated as appropriated receipts as defined in section 8.2.

b. The division shall notify in writing the legislative services agency and the department of management when hiring additional personnel. The written notification shall include documentation that any additional expenditure related to such hiring will be totally reimbursed as provided in section 546.12, subsection 2, and shall also include the division's justification for hiring such personnel. The division must obtain the approval of the department of management only if the number of additional personnel to be hired exceeds the number of full-time equivalent positions authorized by the general assembly.

4. *a.* All fees and other moneys collected shall be deposited into the commerce revolving fund created in section 546.12 and expenses required to be paid under this section shall be paid from moneys in the commerce revolving fund and appropriated for those purposes.

b. Funds appropriated to the credit union division shall be subject at all times to the warrant of the director of the department of administrative services, drawn upon written requisition of the superintendent or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the credit union division.

5. The credit union division may accept reimbursement of expenses related to the examination of a state credit union from the national credit union administration or any other guarantor or insurance plan authorized by this chapter. These reimbursements shall be deposited into the commerce revolving fund created in section 546.12.

2007 Acts, ch 174, §11; 2009 Acts, ch 181, §104; 2011 Acts, ch 34, §122; 2023 Acts, ch 19, §2747; 2024 Acts, ch 1185, §186

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533.112 Annual and individual fees — examination fees — delinquencies.

1. Each state credit union shall pay an annual fee for examination and supervision as determined by the superintendent based on the actual cost of operating the credit union division.

a. The cost of operating the credit union division shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the discharge of the duties imposed on the superintendent under this chapter.

b. (1) The cost of operating the credit union division shall also include but not be limited to the costs incurred due to additional time and other division resources required for any of the following:

(a) Performing services for the credit union that are customarily performed by the credit union.

(b) Performing services related to a particular examination that exceed estimates for an individual credit union's examination based on factors including but not limited to the asset size of the credit union, the complexity of transactions to be examined, and the examination history of the credit union.

(2) An individual fee assessment for such costs incurred under this paragraph "*b*" may be made in addition to a credit union's annual fee.

c. In establishing the structure of the fee schedule, the superintendent shall consider recommendations from the review board and from state credit unions.

d. The annual fee may be paid in one or more installments, as provided by rule by the superintendent.

2. Each corporation, credit union service organization, or other person subject to an examination pursuant to section 533.113 shall pay an examination fee as determined by the superintendent, which shall reflect but not be limited to the time required for the examination and the costs of the examination.

a. The costs of the examination shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the discharge of duties imposed upon the superintendent under this chapter.

b. The examination fee shall be due within thirty days of presentation of the fee statement to the corporation, credit union service organization, or other person examined by the division.

3. In addition to the annual fee and examination fee assessed pursuant to this section, the division may also assess a credit union, credit union service organization, corporation, or other person subject to an examination pursuant to section 533.113 for the expense of accountants, investigators, and other experts reasonably necessary to assist in the conduct of the examination, pursuant to section 533.113, subsection 1.

4. *a.* Failure of a state credit union, corporation, credit union service organization, or other person to pay a fee pursuant to subsection 1, 2, or 3 shall result in the fee being considered delinquent and a penalty equal to five percent of the original fee may be assessed for each day or part of a day the payment remains delinquent.

b. A fee delinquency under this subsection by a corporation, credit union service organization, or other person may result in the superintendent collecting the delinquent fee and penalty from the state credit union owning shares or investments or having business transactions or a relationship with such corporation, credit union service organization, or other person.

c. A fee delinquency under this subsection may also constitute grounds for revocation of the certificate of approval of the credit union to operate in this state.

2007 Acts, ch 174, §12; 2012 Acts, ch 1020, §2

Referred to in §533.330

533.113 Examinations.

1. The superintendent may do any or all of the following:

a. Make or cause to be made an examination of a credit union whenever the

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superintendent believes such examination is necessary or advisable, but in no event less frequently than once during each twenty-four-month period.

b. Make or cause to be made such limited examinations at such times and with such frequency as the superintendent deems necessary and advisable to determine the condition of any state credit union and whether any person has violated the provisions of this chapter.

c. Make or cause to be made an examination of any corporation or credit union service organization in which a state credit union owns shares or has made an investment.

d. Make or cause to be made an examination of any person having business transactions or a relationship with any state credit union when such examination is deemed necessary and advisable in order to determine whether the capital of the state credit union is impaired or whether the safety of its deposits, its financial information or accounts, or its computer systems or computer networks, is imperiled.

e. Accept, in lieu of the examination of a state credit union, or any corporation or credit union service organization in which a state credit union owns shares or has made an investment, or of any person having business transactions or a relationship with any state credit union, an examination report prepared by a federal regulatory authority.

f. Accept, in lieu of the examination of a state credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the superintendent. The cost of the audit shall be paid by the state credit union.

g. Accept, in lieu of the examination of an out-of-state credit union which also conducts business in this state, an examination report prepared by a state or federal regulatory authority.

h. Retain, at the examinee's expense, accountants, investigators, and other experts as reasonably necessary to assist in the conduct of the examination. Any person so retained shall serve in a purely advisory capacity at the direction of the superintendent.

2. A state credit union and all of its officers and agents shall give to the representatives of the superintendent free and unimpeded access to all books, papers, securities, records, and other sources of information under their control.

3. *a.* A report of examination shall be forwarded to the chairperson of a state credit union within thirty days after the completion of the examination. Within thirty days of the receipt of this report, a meeting of the directors shall be called by the state credit union to consider matters contained in the report and the action taken shall be set forth in the minutes of the board.

b. The report of examination of any affiliate or of any person examined as provided in this subsection shall not be transmitted by the superintendent to any such affiliate or person or to the board of directors of any state credit union unless authorized or requested by such affiliate or person.

c. All reports of examinations, including any copies of such reports in the possession of any person other than the superintendent or employee of the credit union division, including any state credit union, agency, or institution to which any report of such examination may be furnished under this section, or section 533.108 or 533.325, shall be confidential communications, shall not be subject to subpoena from any person except as provided in section 533.108, subsection 2, paragraph "*b*", and shall not be published, shared, or made public in any way by any person without the written authorization of the credit union division and the execution of a confidentiality agreement between all of the parties pursuant to section 533.108, subsection 1, paragraph "*d*".

d. All reports of examinations, including any copies of such reports in the possession of any person other than the superintendent or employee of the credit union division, shall remain the exclusive property of the credit union division.

4. The superintendent may require any of the following state credit unions to submit to an additional examination or to an independent audit performed by a certified public accounting firm as provided in subsection 1, paragraph "*f*", at the expense of the state credit union:

a. A state credit union where the records are inadequate.

b. A state credit union in which the books have not been balanced as of the end of the month not less than thirty days previously.

c. A state credit union whose affairs are in an unfavorable condition.

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5. The superintendent may furnish a copy of the examination report and materials relating to any or all examinations made of any state credit union and any affiliate of a state credit union to any or all of the following, including any official or supervising examiner of any office or regulatory authority:

a. The national credit union administration.

b. The federal deposit insurance corporation.

c. The federal reserve system.

d. The office of the comptroller of the currency.

e. The federal home loan bank.

f. Financial institution regulatory authorities of other states.

g. The financial crimes enforcement network of the United States department of the treasury.

6. The superintendent may impose a penalty, after notice in writing and opportunity for a hearing, for a violation of this section. If a state credit union fails to satisfactorily resolve the matter within sixty days from receipt of such notice, the superintendent may impose a penalty against the state credit union in an amount not to exceed one hundred dollars per day per violation for each day that the violation remains unresolved.

2007 Acts, ch 174, §13; 2012 Acts, ch 1020, §3; 2016 Acts, ch 1030, §2; 2017 Acts, ch 12, §1
Referred to in §533.108, 533.112, 537.2305

533.113A Meetings of the board called by superintendent.

1. Whenever the superintendent deems it necessary and advisable, the superintendent may notify the board of directors of a state credit union that a meeting will be held at a place and time and manner as the superintendent directs. The superintendent's notice may disclose the purpose of the meeting.

2. The superintendent may present to the board at the meeting any item the superintendent desires to bring to the attention of the board, including but not limited to any report of an examination required or allowed by this chapter, any conclusions or projections drawn by the superintendent, any recommendations made relative to a report of an examination, and any other matters concerning the operation and condition of the state credit union.

3. Each member of a board of directors required to hold a meeting with the superintendent pursuant to this section shall furnish a statement to the superintendent, on forms supplied by the superintendent, that the member acknowledges the matters presented by the superintendent.

4. A state credit union required to hold a meeting with the superintendent pursuant to this section shall cause the matters presented at such meeting to be recorded in the minutes of the meeting.

5. If the superintendent concludes that a state credit union's affairs are in an unfavorable condition, the superintendent may direct the state credit union to consider consolidation, dissolution, or any other form of reorganization.

2017 Acts, ch 12, §2

533.114 Annual report of superintendent.

1. The superintendent shall report annually to the governor in the manner and within the time required by chapter 7A. A copy of the report shall be furnished by the superintendent to each state credit union and to the Iowa credit union league and its affiliates.

2. In addition to the matters required by chapter 7A, the annual report of the superintendent shall contain all of the following:

a. A summary of applications approved or denied by the superintendent pursuant to this chapter since the last previous report.

b. A summary of the assets, liabilities, and capital structures of all state credit unions as of December 31 of the year for which the report is made.

c. A statement of the receipts and disbursements of funds of the superintendent during the fiscal year ending on June 30 of the year for which the report is made and of the funds on hand on that June 30.

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d. Information that the administrator of the Iowa consumer credit code may require to be included.

e. A list of state credit unions that have been designated as serving predominantly low-income members pursuant to section 533.301, subsection 1.

f. Other information the superintendent deems appropriate and advisable to disclose in the discharge of the duties imposed upon the superintendent by this chapter.

2007 Acts, ch 174, §14; 2016 Acts, ch 1030, §3

533.115 Reciprocity.

1. Subject to rules of the superintendent, a credit union organized in another state may do business in Iowa if state credit unions organized in Iowa may do business in the state in which the out-of-state credit union is organized.

2. Notwithstanding subsection 1, an out-of-state credit union shall meet the same deposit insurance requirements established by this chapter for a state credit union prior to doing business in Iowa.

2007 Acts, ch 174, §15

533.115A Conducting business outside of state.

If a state credit union has an office and conducts business in another state having laws or regulations allowing credit unions to exercise additional powers, the state credit union may request permission from the superintendent to exercise such additional powers while operating in the other state with only the resident members of that other state.

2016 Acts, ch 1030, §4

533.116 Enforcement of Iowa consumer credit code.

1. The superintendent shall enforce the Iowa consumer credit code with respect to state credit unions, as provided in sections 537.2303, 537.2305, and 537.6105.

2. The superintendent shall cooperate with the administrator of the Iowa consumer credit code as designated in section 537.6103, and shall assist that administrator whenever necessary to provide for the discharge of the duties of that administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall furnish to the administrator of the Iowa consumer credit code, access to or copies of records in the custody of the credit union division that relate to a state credit union when necessary to enable the administrator of the Iowa consumer credit code to enforce chapter 537.

2007 Acts, ch 174, §16

533.117 Small loans legislation.

This chapter does not apply to any person engaged in the business of loaning money under chapter 536.

2007 Acts, ch 174, §17

533.118 through 533.200 Reserved.

SUBCHAPTER II

ORGANIZATION OF CREDIT UNIONS

533.201 Organization.

1. In order to simplify the organization of state credit unions, the superintendent shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter, which shall be used by state credit union incorporators.

2. *a.* A group comprised of at least seven residents of the state of Iowa may apply to the superintendent for permission to organize a state credit union.

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b. A state credit union shall be organized by delivering to the superintendent articles of incorporation that state all of the following:

(1) The name and location of the proposed state credit union.

(2) The names and addresses of the subscribers to the articles and the number of shares subscribed to by each.

(3) The share structure of the state credit union. A state credit union may have more than one class of shares. The par value of the shares of the state credit union shall be established by the board of directors.

3. The applicants shall prepare and adopt bylaws for the general governance of the state credit union consistent with the provisions of this chapter.

4. The articles and the bylaws, both executed in duplicate, shall be forwarded with a fee of ten dollars to the superintendent.

5. *a.* The superintendent shall determine whether the articles and bylaws conform to the provisions of this chapter within thirty days of receipt.

b. The superintendent shall notify the applicants of the determination after review of the articles and bylaws.

c. If the decision is favorable, the superintendent shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and returned, together with the duplicate bylaws, to the applicants.

d. Articles and bylaws approved by the superintendent shall be binding upon the applicants and the board of directors of a state credit union. If the board of directors does not follow the articles of incorporation and bylaws, the members of the state credit union may pursue a derivative action in Iowa district court.

6. *a.* The applicants shall file the duplicate of the articles of incorporation and the attached certificate of approval with the county recorder of the county within which the state credit union is to have its principal place of business.

b. The county recorder shall record and index the duplicate of the articles of incorporation and the attached certificate of approval and return the articles of incorporation and the certificate of approval, with the recorder's certificate of record attached, to the superintendent for permanent record.

7. Articles of incorporation or bylaws may be amended by any of the following methods, upon a favorable vote of a majority of the board of directors selecting the method of voting:

a. The favorable vote of a majority of the members present at a meeting, if that number constitutes a quorum and if the proposed amendment was contained in the notice of the meeting.

b. The favorable vote of a majority of the members of the board.

c. By a majority vote of members voting by mailed or electronic ballot, ensuring votes remain confidential and secret from all interested parties, and that each member is only allowed to vote once, according to procedures specified by rule of the superintendent or as specified in the bylaws.

d. A combination of procedures as specified in paragraphs "*a*" and "*c*", according to procedures specified by rule of the superintendent or as specified in the bylaws.

8. If the proposed amendment receives a favorable majority of the total votes cast under the method of voting selected under subsection 7, the articles of incorporation or bylaws are amended as proposed. Notice shall be given to members of the results of the vote. Ballots of members shall be preserved for at least sixty days after the results are tallied and notice given to members, and until any challenge is resolved.

9. An amendment to the articles of incorporation or bylaws must be approved by the superintendent before the amendment becomes effective.

10. The original articles or amended articles may contain a provision eliminating or limiting the personal liability of a director, officer, or employee of the state credit union or its shareholders for monetary damages for breach of fiduciary duty as a director, officer, or employee, provided that the provision does not eliminate or limit the liability of a director, officer, or employee for any breach of the director's, officer's, or employee's duty of loyalty to the state credit union or its shareholders, for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, or for any transaction from

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which the director, officer, or employee derives an improper personal benefit. However, a provision shall not eliminate or limit the liability of a director, officer, employee, or shareholder for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

2007 Acts, ch 174, §18; 2012 Acts, ch 1020, §4
Referred to in §533.102

533.201A Change in place of business.

1. A state credit union shall notify the superintendent of any change in its principal place of business within ten days of the change. A state credit union shall also file an application to relocate an office as provided by rule.

2. A state credit union changing its principal place of business shall review and amend its articles of incorporation, if necessary.

2016 Acts, ch 1030, §5

533.202 Common bond — membership — ownership share.

1. *a.* State credit union organization shall be available to groups of individuals who have a common bond of association such as, but not limited to, occupation, common employer, or residence within specified geographic boundaries.

b. Changes in the common bond may be made by the board of directors.

2. *a.* The membership of a state credit union consists of those persons in the common bond who have subscribed to one ownership share and have complied with the other requirements specified by the articles of incorporation and bylaws.

b. Organizations, incorporated or otherwise, may be members.

c. Unless the state credit union's bylaws state otherwise, once a person or organization becomes a member of a state credit union in accordance with this chapter, the person or organization may remain a member of that state credit union, and retain all membership privileges, until the person or organization chooses to withdraw from the membership of the state credit union, or is expelled pursuant to section 533.210.

2007 Acts, ch 174, §19

533.203 Fiscal year — membership meetings — voting by membership — notice.

1. The fiscal year of all state credit unions shall end December 31.

2. Annual meetings shall be held, and special meetings may be held, in the manner indicated in the bylaws.

a. A member shall have one vote regardless of the number of or class of shares held by the member.

b. There shall be no voting by proxy.

c. A member other than a natural person may cast a single vote through a delegated agent.

3. *a.* When a vote of the membership is required under the provisions of this chapter, the board of directors, by a favorable vote of the majority of the board, shall select one of the following methods for conducting that vote, unless a procedure for that vote is otherwise specified:

(1) The favorable vote of a majority of the members present at a meeting, if that number constitutes a quorum and if the proposed vote was contained in the notice of the meeting.

(2) By a majority vote of members voting by mailed or electronic ballot according to procedures specified by rule of the superintendent or as specified in the bylaws.

(3) A combination of procedures as specified in subparagraphs (1) and (2), according to procedures specified by rule of the superintendent or as specified in the bylaws.

b. Notice shall be given to members of the results of the vote. Ballots of members shall be preserved for at least sixty days after the results are tallied and notice given to members, and until any challenge is resolved.

4. Votes of the membership conducted in accordance with this chapter shall ensure that votes remain confidential and secret from all interested parties, and that each member is only allowed to vote once.

5. When notice to members is required under the provisions of this chapter, the board

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of directors may satisfy the notice requirement by sending the notice electronically to those members who have exercised an option to receive notices electronically.

6. Credit unions may send account statements and other communications electronically to those members who have exercised an option to receive communications electronically.

2007 Acts, ch 174, §20; 2012 Acts, ch 1020, §5
Referred to in §533.203A, 533.204, 533.208, 533.213, 533.401, 533.403, 533.405

533.203A Vote to modify, amend, or reverse act of board of directors — instruction to take action.

1. The majority of members present at any meeting may vote to modify, amend, or reverse any act of the board of directors or instruct the board to take action not inconsistent with the articles, bylaws, or this chapter.

2. In order to be binding upon the board of directors, any action taken by the membership to modify, amend, or reverse an act of the board, or to instruct the board to take action, requires an affirmative vote of a majority of all eligible members obtained by submitting the modification, amendment, reversal, or instruction to the members for a vote, pursuant to the provisions of section 533.203.

2012 Acts, ch 1020, §6

533.204 Election of board.

1. At the organizational meeting, and at each annual meeting after initial organization, a board of directors shall be elected to hold office. The board shall consist of at least seven members, but in every instance shall be composed of an odd number of directors. The directors shall serve staggered terms of three years, as the bylaws provide, so that an approximately equal number of terms expire at each annual meeting. A director shall serve until a successor is elected and qualified.

2. At each annual meeting, one member shall be elected to fill each position vacated by reason of an expiring term or other cause.

3. The board of directors shall allow members to vote on the election of directors according to the provisions of section 533.203.

4. A record of the names and addresses of the directors, officers, and committee persons shall be filed with the superintendent within ten days following each election or any other change in the directors, officers, or committee persons.

2007 Acts, ch 174, §21; 2011 Acts, ch 34, §123; 2012 Acts, ch 1020, §7
Referred to in §533.205

533.205 Board of directors — duties — penalties.

1. Within five days following the organizational meeting and each annual meeting, the directors shall elect the following officers from the membership of the board of directors:

a. A chairperson of the board.

b. A vice chairperson.

c. A secretary.

d. A financial officer whose title shall be designated by the board.

2. *a.* The board of directors shall appoint the following committees:

(1) A credit committee of not less than three members.

(2) An auditing committee of not less than three members.

b. The board may also appoint alternate members of the credit committee or the auditing committee.

c. Only a member of the board or a member of the state credit union may be appointed to the credit committee or to the auditing committee.

d. The board may appoint an executive committee to act on the board's behalf.

3. The duties and responsibilities of a director and of the board of directors shall include but are not limited to all of the following:

a. General management of the affairs of the state credit union.

b. Setting the amount of the surety bond that shall be required of all officers and employees handling money.

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c. Attendance at no less than seventy-five percent of the regular board meetings held during the calendar year.

d. Periodic review of the original records of the state credit union, or comprehensive summaries prepared by the officers of the state credit union, pertaining to loans, security interests, and investments.

e. Review of the adequacy of the state credit union's internal controls.

f. Periodic review of utilization of security measures.

g. Establishing education and training programs to ensure that the director possesses adequate knowledge to manage the affairs of the state credit union.

4. *a.* Directors of a state credit union shall discharge the duties of their position in good faith and with that diligence, care, and skill which ordinarily prudent persons would exercise under similar circumstances in like positions.

b. The directors have a continuing responsibility to assure themselves that the state credit union is being managed according to law and that the practices and policies adopted by the board are being implemented.

5. *a.* The board of directors shall name or employ an individual who performs active executive or official duties for the state credit union as its chief executive officer.

b. The board shall fix the tenure and provide for the reasonable compensation of the chief executive officer.

c. The chief executive officer may be a member of the board of directors.

6. *a.* The chief executive officer or the chief executive officer's designee shall determine the compensation and tenure of employees of the state credit union.

b. An employee of the state credit union shall not be a member of the board of directors.

c. For purposes of this section, an "*employee of the state credit union*" means an individual employed by the state credit union other than the chief executive officer.

7. A state credit union may pay an overdraft of a director, officer, or employee of the state credit union on an account at the state credit union, subject to the rules of the superintendent, when the payment of funds is made in accordance with any of the following:

a. A written, preauthorized, interest-bearing extension of credit plan that specifies a method of repayment.

b. A written, preauthorized transfer of collected funds from another account of the account holder at the state credit union.

c. The overdraft is paid pursuant to an overdraft protection plan or courtesy pay program.

8. A credit union director may be reimbursed for reasonable expenses directly related to service as a director. Subject to its bylaws, a credit union may provide compensation to members of the credit union's board, elected pursuant to section 533.204, in an amount not to exceed sixteen thousand dollars per year per board member for a credit union with one billion dollars or greater in assets, or not to exceed eight thousand dollars per year per board member for a credit union with less than one billion dollars in assets.

9. The superintendent may impose a penalty, after notice in writing and opportunity for a hearing, for a violation of this section. If a state credit union fails to satisfactorily resolve the matter within sixty days from receipt of such notice, the superintendent may impose a penalty against the state credit union in an amount not to exceed one hundred dollars per day per violation for each day that the violation remains unresolved.

10. A director of a state credit union shall not receive terms or be paid a rate of interest on deposits by a state credit union of which the person is a director that are more favorable than that provided to any other member under similar circumstances. Any waiver of ordinary or customary charges related to deposit accounts shall not violate this subsection.

11. A director of a state credit union shall not purchase any assets from, lease any assets from, sell any assets to, or lease any assets to a state credit union of which the person is a director except upon terms not less favorable to the state credit union than those offered to or by other persons. All purchases from, leases from, sales to, and leases to a director shall receive prior approval from the majority of the board of directors voting in the absence of the interested director.

12. A director of a state credit union shall not receive anything of value, other than compensation and expense reimbursement authorized by this section, for procuring, or

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attempting to procure, any loan or extension of credit to the state credit union or for procuring, or attempting to procure, an investment by the state credit union.

13. *a.* In addition to any other liability imposed by law upon the directors of a state credit union, the directors of a state credit union shall be liable for all of the following:

(1) The directors of a state credit union who vote for, or assent to, the declaration of any dividend or other distribution of the assets of the state credit union to the state credit union's members in willful or negligent violation of this chapter, any restrictions contained in the articles of incorporation, or any order by the superintendent restricting the payment of dividends or other distribution of assets, shall be jointly and severally liable to the state credit union for the amount of the dividend which is paid, or the value of such assets which are distributed, in excess of the amount of such dividend or distribution which could have been paid or distributed had the violation not occurred.

(2) The directors of a state credit union who vote for, or assent to, any distribution of the assets of the state credit union to the state credit union's members during the dissolution of the state credit union without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the state credit union shall be jointly and severally liable to the state credit union for the value of the distributed assets to the extent that such debts, obligations, and liabilities of the state credit union are not thereafter paid and discharged.

(3) The directors of a state credit union who willfully or negligently vote for, or assent to, a loan or an extension of credit in violation of this chapter shall be jointly and severally liable to the state credit union for the total amount of any loss sustained by the state credit union.

(4) The directors of a state credit union who willfully or negligently vote for, or assent to, any investment of funds of the state credit union in violation of this chapter shall be jointly and severally liable to the state credit union for the amount of any loss sustained by the state credit union on the investment of funds.

b. A director shall not be liable under paragraph *"a"* if the director relied and acted in good faith on information that was held out to the director to be correct by any officer of the state credit union, or was stated in a written report by a certified public accountant or firm of certified public accounts. A director shall not be deemed to be negligent if the director in good faith exercised the diligence, care, and skill which an ordinarily prudent person would exercise as a director under similar circumstances.

c. When deemed necessary by the superintendent, and after affording an opportunity for a hearing upon adequate notice, the superintendent may require that a director whom the superintendent reasonably believes to be liable to a state credit union pursuant to paragraph *"a"* to place in an escrow account in an insured credit union located in this state, as directed by the superintendent, an amount sufficient to discharge any liability which may accrue pursuant to paragraph *"a"*. Upon a final determination of the amount of liability owed pursuant to paragraph *"a"*, the superintendent shall pay over the amount due to the state credit union from the escrow account. Any portion of the escrow account in excess of the amount of liability owed shall be refunded on a pro rata basis to the directors required to contribute to the escrow account pursuant to this paragraph.

d. The liability provisions of this subsection shall not apply to a director of a credit union who is not directly compensated for services as a director other than the reimbursement of actual expenses.

14. *a.* Any director held liable for the payment of a dividend or other distribution of assets of a state credit union under subsection 13 shall be entitled to contribution from any member of the state credit union who accepted or received a dividend or other distribution of assets, knowing that the dividend or distribution of assets was made in violation of this chapter, in proportion to the amount received by each member.

b. Any director held liable under subsection 13 shall be entitled to contribution from any other director found to be similarly liable.

15. *a.* A director of a state credit union who is present at a meeting of the state credit union's board of directors shall be presumed to have assented to any matter taken up by, or action taken by, the board, unless the director dissents by doing any of the following:

(1) Has the director's dissent entered into the minutes of the board meeting.

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(2) Files the director's written dissent with the individual acting as the secretary of the board meeting before the adjournment of the board meeting.

(3) Forwards the director's written dissent by registered or certified mail to the board secretary of the state credit union promptly after the adjournment of the board meeting.

b. The right to dissent pursuant to paragraph *"a"* shall not apply to a director who votes in favor of the action of the board.

16. Any action seeking to impose liability under this section, other than liability for contribution, shall be commenced within five years of the event giving rise to the liability.

2007 Acts, ch 174, §22; 2011 Acts, ch 34, §124; 2012 Acts, ch 1020, §8; 2013 Acts, ch 17, §2; 2016 Acts, ch 1030, §6; 2017 Acts, ch 138, §11; 2024 Acts, ch 1096, §2, 3

533.206 Meetings of board.

1. The board of directors shall hold at least six regular board meetings each calendar year. No more than one regular meeting shall be held in any one calendar month, nor shall a credit union go longer than two consecutive months without holding a board meeting. If a credit union has an individual rating of a four or five, or a composite rating of three, four, or five under the Iowa regulatory risk rating system, the board shall meet monthly.

2. With respect to a newly chartered credit union, the board of directors shall meet not less frequently than monthly during each of the first five years of the credit union's existence.

3. Unless the bylaws provide otherwise, the board of directors may permit any and all directors to participate in all except one meeting per year of the board of directors through the use of any means of communication by which all directors participating in the meeting may simultaneously hear each other and communicate during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

2007 Acts, ch 174, §23; 2024 Acts, ch 1096, §4

533.207 Credit committee.

1. The credit committee shall have responsibility for the general supervision of all loans to members.

2. Applications for loans shall be on a form approved by the credit committee.

a. All applications shall set forth the purpose for which the loan is desired, the security, if any, offered, and such other data as may be required.

b. Within the meaning of this section, an assignment of shares or deposits or the endorsement of a note may be deemed security.

3. At least a majority of the members of the credit committee shall review and act on all loan applications and may grant approval, or the credit committee, with the prior approval of the board of directors, may grant one or more loan officers the power to approve or reject loans subject to written conditions and regulations adopted by the credit committee.

4. The credit committee shall meet as often as may be necessary after due notice to each committee member.

2007 Acts, ch 174, §24; 2011 Acts, ch 34, §125

533.208 Auditing committee.

The auditing committee shall perform the following functions:

1. Make or cause to be made an examination of the affairs of the state credit union at least annually, including an audit of its financial records. If the auditing committee feels such action to be necessary, the auditing committee shall call the members together after the audit and submit to them its report.

2. Make or cause to be made an annual report and submit it at the annual meeting of the members.

3. Suspend by majority vote any officer, director, or member of the auditing committee if the auditing committee deems the action to be necessary to the proper conduct of the state credit union. The suspension shall be put to a vote of the membership, according to the provisions of section 533.203. The members may vote to sustain the suspension and remove the officer, director, or member permanently or may vote to reinstate the officer, director, or member.

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4. Call a special meeting of state credit union members by majority vote to consider a matter to be submitted by the auditing committee.

2007 Acts, ch 174, §25; 2012 Acts, ch 1020, §9

533.209 Conflicts of interest.

1. A director, committee member, officer, or employee of a state credit union shall not directly or indirectly participate in either the deliberation upon or the determination of any matter in which the director, committee member, officer, or employee has a direct or indirect interest.

2. For the purposes of this section, an "*interest*" may include, but is not limited to, a pecuniary or familial interest.

2007 Acts, ch 174, §26

533.209A Prohibited relationships.

A director shall not be related by consanguinity or affinity within the third degree to any person employed by a state credit union in a senior management position. For purposes of this section, "*senior management position*" includes a state credit union's chief executive officer, president, or manager; assistant chief executive officer, assistant president, vice president, or assistant manager; or chief financial officer or treasurer.

2014 Acts, ch 1011, §1

533.210 Expulsion or withdrawal of credit union member.

1. The board of directors may expel a member of a state credit union who has engaged in any of the following:

a. Failing to carry out the member's obligations to the state credit union.

b. Failing to comply with the state credit union's bylaws or policies.

c. Being physically or verbally abusive to credit union members or staff.

d. Committing fraud, attempted fraud, or other illegal conduct that a member has been convicted of in relation to the credit union.

2. A member of a state credit union may be expelled by a majority vote of the board of directors at a regular or special meeting of the board.

a. An expelled member may request a hearing before the superintendent, which shall be held within ninety days of an expelled member's request.

b. At the hearing, the superintendent may reinstate the expelled member if the credit union fails to prove the member was noncompliant with the obligations in this section.

3. Any member may withdraw from the state credit union at any time, but advance notice of withdrawal of shares or deposits may be required as provided in this section.

4. After deducting all amounts due from the member to the state credit union and the amount necessary to honor outstanding share drafts drawn against accounts of the member, all amounts paid on shares or as deposits of an expelled or withdrawn member, along with accrued dividends and interest to the date of expulsion or withdrawal, shall be paid to that member.

5. Upon expulsion or withdrawal of a member from a state credit union, or at any other time, the state credit union may require sixty days' notice of intention to withdraw shares and thirty days' notice of intention to withdraw deposits, except that a state credit union shall not at any time require notice of withdrawal with respect to funds that are subject to withdrawal by share drafts.

6. Expelled or withdrawn members shall have no further rights in the state credit union. However, expelled or withdrawn members shall not be released from any remaining liability to the state credit union because of the expulsion or withdrawal.

2007 Acts, ch 174, §27; 2012 Acts, ch 1020, §10; 2024 Acts, ch 1096, §5

Referred to in §533.202, 533.302

533.211 Suspension or restriction of services.

1. A state credit union may suspend or deny certain services to members who have done any of the following:

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a. Caused a loss to the state credit union.

b. Violated the membership agreement or any policy adopted by the board.

c. Been physically or verbally abusive to state credit union members or staff.

2. Members with suspended services may maintain a share account and continue to vote at annual and special meetings.

2007 Acts, ch 174, §28

533.212 Use of name "credit union" requirements — restrictions — exceptions.

1. *a.* A state credit union organized in accordance with this chapter shall include the words "credit union" in its name.

b. All state credit union offices shall be identified by use of the state credit union's full name.

c. The full name of a state credit union shall be used in all legal documents of the state credit union.

2. *a.* A person other than a credit union shall not use a name or title containing the words "credit union", or any derivation, and shall not represent in advertising or otherwise that the person is conducting business as a credit union, except as provided in subsection 3.

b. A person who violates paragraph *"a"* may be enjoined from the use of words, advertising, or other representation prohibited by paragraph *"a"*.

3. The prohibitions contained in subsection 2 do not apply to any of the following entities:

a. A credit union organized under this chapter or the laws of another state.

b. A credit union organized under the Federal Credit Union Act, 12 U.S.C. §1751 et seq.

c. The Iowa credit union league, a chapter, affiliate, or subsidiary of the Iowa credit union league or a political action committee formed pursuant to the Federal Election Campaign Act, 2 U.S.C. §431 et seq., or chapter 68A by the Iowa credit union league or by credit unions organized under this chapter or federal law.

d. A joint service center operated by two or more credit unions where credit union services are made available to credit union members.

e. An organization formed for educational purposes in association with an accredited elementary or secondary school that engages in receipt of deposits of no more than twenty dollars per depositor and uses the words "educational credit union" in its name. An educational credit union must be affiliated with a state credit union organized under this chapter. Notwithstanding this recognition given to an educational credit union, an educational credit union is not a state credit union within the scope or regulation of this chapter.

4. A credit union organized in accordance with this chapter shall not include the name of any public university located in the state in its name. For purposes of this subsection, "*public university located in the state"* shall mean the state university of Iowa, the Iowa state university of science and technology, and the university of northern Iowa.

2007 Acts, ch 174, §29; 2018 Acts, ch 1172, §82, 86

533.213 Corporate central credit union.

1. A corporate central credit union may be established.

a. Credit unions organized under this chapter, the Federal Credit Union Act, 12 U.S.C. §1751 et seq., or any other credit union act and credit union organizations may be members.

b. Regulated financial institutions, nonprofit organizations, and cooperative organizations may also be members to the extent and manner provided for in the bylaws of the corporate central credit union.

2. A corporate central credit union shall not be required to transfer to its legal reserve more than five percent of its net income for the year.

3. A corporate central credit union shall have all the powers, restrictions, and obligations imposed upon or granted to a state credit union under this chapter, except that the corporate central credit union may also exercise any of the following additional powers subject to the adoption of rules by the superintendent and with the prior written approval of the superintendent:

a. Borrow any amount from any source.

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b. Invest in or purchase obligations or securities or other designated investments to the same extent authorized for other supervised financial institutions.

c. Invest in or acquire shares, stocks, or other obligations of an organization providing services that are associated with the operations of credit unions. However, the aggregate amount invested pursuant to this paragraph shall not exceed fifty percent of the total of all reserves and undivided earnings of the corporate central credit union.

d. Buy or sell investment securities and corporate bonds that are evidences of indebtedness. However, the purchase or sale is limited to marketable obligations of a corporation or state or federal agency issued without recourse.

e. Establish one or more capital accounts in the same manner as if it were a federal credit union.

f. Sell all or part of its assets to another corporate central credit union and assume the liabilities of a selling corporate central credit union if the action is pursuant to a plan agreed upon by a majority of the board of directors and, in the case of the sale of all of its assets, the affirmative vote of a majority of its members according to the provisions of section 533.203.

g. Invest in the shares or deposits of another similarly organized corporate central credit union, or central liquidity facility.

h. Make other investments approved by the superintendent.

2007 Acts, ch 174, §30; 2012 Acts, ch 1020, §11; 2013 Acts, ch 90, §163
Referred to in §12C.16, 12C.17

533.214 Central credit unions.

Credit unions known as central credit unions may exist for the purpose of serving directors, officers, and employees of credit unions, members of dissolved and existing credit unions, credit unions, employee groups as described in section 533.301, subsection 13, and such other persons as the superintendent approves.

2007 Acts, ch 174, §31; 2008 Acts, ch 1031, §57

533.215 through 533.300 Reserved.

SUBCHAPTER III
CREDIT UNION OPERATIONS

533.301 Powers.

A state credit union shall have the power to do all of the following:

1. Receive payments for ownership shares, for other shares, or as deposits from any or all of the following:

a. Members of the state credit union.

b. Nonmembers as prescribed by rule where the state credit union is serving predominantly low-income members. Rules adopted allowing nonmember deposits in state credit unions serving predominantly low-income members shall be designed solely to meet the needs of the low-income members.

c. Other credit unions.

d. Federal, state, county, and city governments.

2. Make loans or leases to members.

3. Make loans to a cooperative society or other organization having membership in the state credit union.

4. Make deposits in state and national banks, federal savings banks or savings and loan associations, and state and federal credit unions, the accounts of which are insured by the federal deposit insurance corporation or the national credit union share insurance fund.

5. Make investments in any or all of the following:

a. Time deposits in state and national banks, federal savings banks or savings and loan associations, and state and federal credit unions, the deposits of which are insured by the federal deposit insurance corporation or the national credit union share insurance fund.

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b. Obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by the United States government or any agency of the United States government, or any trust or trusts established for investing directly or collectively in the United States government or any agency of the United States government.

c. General obligations of this state and any subdivision of this state.

d. Purchase of notes of liquidating credit unions with the approval of the superintendent.

e. Shares and deposits in other credit unions.

f. Shares, stocks, loans, and other obligations or a combination of shares, stocks, loans, and other obligations of a credit union service organization, corporation, or association, provided the membership or ownership, as the case may be, of the credit union service organization, corporation, or association is primarily confined or restricted to credit unions or organizations of credit unions, and provided that the purpose of the credit union service organization, corporation, or association is primarily designed to provide services to credit unions, organizations of credit unions, or credit union members. However, the aggregate amount invested pursuant to this paragraph shall not exceed five percent of the assets of the credit union.

g. Obligations issued by federal land banks, federal intermediate credit banks, banks for cooperatives, or any of the federal farm credit banks.

h. Commercial paper issued by United States corporations as defined by rule.

i. Corporate bonds as defined by and subject to terms and conditions imposed by the superintendent, provided that the superintendent shall not approve investment in corporate bonds unless the bonds are investment grade. For purposes of this paragraph, "*investment grade*" means the issuer of a security has an adequate capacity to meet the financial commitments under the security for the projected life of the asset or exposure, even under adverse economic conditions. An issuer has an adequate capacity to meet the financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest on the security is expected. A state credit union may consider any or all of the following nonexhaustive or nonmutually exclusive factors, to the extent appropriate, with respect to the credit risk of a security:

(1) Credit spreads.
(2) Securities-related research.
(3) Internal or external credit risk assessments.
(4) Default statistics.
(5) Inclusion on an index.
(6) Priorities and enhancements.
(7) Price, yield, or volume.
(8) Asset class-specific factors.

j. Any permissible investment for federal credit unions, provided that this paragraph shall not permit a credit union to invest in a credit union service organization except as provided in paragraph "*f*".

6. Borrow money as provided in this chapter.

7. Assess penalties as may be provided by the bylaws.

8. Sue and be sued.

9. Make contracts.

10. Purchase, hold, and dispose of property necessary and incidental to its operation, except that any property acquired through foreclosure shall be disposed of within a period not to exceed ten years.

11. Exercise such incidental powers as may be necessary or requisite to enable the state credit union to carry on the business effectively for which it is incorporated.

12. Apply for share account and deposit account insurance that meets the requirements of this chapter, and take all actions necessary to maintain an insured status.

13. Serve a group of persons having an insufficient number of members to form or conduct the affairs of a separate credit union, upon the approval of the superintendent. The existence of a common bond relationship between the group and the credit union affecting that service shall not be required.

14. Deposit with a credit union that has been in existence for not more than a year, an

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amount not to exceed twenty-five percent of the assets of the new credit union, but only one credit union may, at any time, make such a deposit.

15. Acquire the conditional sales contracts, promissory notes, or other similar instruments executed by its members, but the rate of interest existing on the instruments shall not exceed the highest rate charged by the acquiring credit union on its outstanding loans.

16. *a.* Sell, participate in, or discount the obligations of its members with or without recourse.

b. Purchase the obligations of credit union members, provided the obligations meet the requirements of this chapter.

17. Acquire and hold shares in a corporation engaged in providing and operating facilities through which a credit union and its members may engage, by means of either the direct transmission of electronic impulses to and from the credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the credit union, in transactions in which such credit union is otherwise permitted to engage pursuant to applicable law, subject to the prior approval of the superintendent.

18. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the state credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the state credit union.

a. Subject to the provisions of chapter 527, a state credit union may utilize, establish, or operate, alone or with one or more other credit unions, banks incorporated under chapter 524 or federal law, savings and loan associations incorporated under federal law, corporations licensed under chapter 536A, or third parties, the satellite terminals permitted under chapter 527, by means of which the state credit union may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. However, such utilization, establishment, or operation shall be lawful only when in compliance with chapter 527.

b. This subsection shall not be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, and shall not be deemed to repeal, replace, or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any credit union.

19. Establish one or more state credit union offices other than its main office.

a. A state credit union may furnish at any of its offices all credit union services ordinarily furnished to the membership at its principal place of business.

b. The central executive and official business and recordkeeping functions of a state credit union shall be exercised at its principal place of business or at another state credit union office or a location authorized by the superintendent for these functions.

c. A state credit union shall file an informational statement in the form prescribed by the superintendent prior to opening a state credit union office.

d. A state credit union office shall not be opened without a certificate to establish a state credit union office issued by the superintendent.

e. The establishment of a state credit union office must be reasonably necessary for service to, and in the best interests of, the members of the state credit union, and shall not endanger the safety and soundness of the state credit union opening the office.

f. A state credit union may join with one or more credit unions in the operation of an office facility to meet the service needs of its members.

20. Contract with another credit union to furnish services which either could otherwise legally perform. Contracted services provided under this subsection are subject to regulation and examination like other services.

21. Purchase insurance or make the purchase of insurance available for members.

22. Charge fees and penalties and apply them to income.

23. *a.* (1) Act as agent of the federal government when requested by the secretary of the United States department of treasury.

(2) Perform such services as may be required in connection with the collection of taxes and other obligations due the United States and the lending, borrowing, and repayment of moneys by the United States.

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(3) Act as a depository of public money when designated for that purpose.

b. (1) Act as agent of this state when requested by the treasurer of state.

(2) Perform such services as may be required in connection with the collection of taxes and other obligations due this state and the lending, borrowing, and repayment of moneys by this state.

(3) Act as a depository of public moneys when designated for that purpose.

24. Receive public funds pursuant to chapter 12C and pledge its assets to secure the deposit of public funds.

25. Engage in any activity authorized by the superintendent which would be permitted if the state credit union were federally chartered and which is consistent with state law.

26. To promote the public welfare, make donations for religious, charitable, scientific, educational, or community betterment purposes.

27. Set off a member's accounts against any of the member's debts or liabilities owed the state credit union pursuant to an agreement entered into between the member and the state credit union. The state credit union shall also have a lien on the shares and deposits of a member for any sum due to the state credit union from the member or for any loan endorsed by the member.

28. Sell, to persons in the field of membership, negotiable checks, including traveler's checks; money orders; and other similar money transfer instruments including international and domestic electronic fund transfers and remittance transfers.

29. Cash checks and money orders, and send and receive international and domestic electronic fund transfers and remittance transfers, for persons in the field of membership.

2007 Acts, ch 118, §1, 3; 2007 Acts, ch 174, §32; 2011 Acts, ch 25, §64; 2012 Acts, ch 1017, §126 – 128; 2013 Acts, ch 17, §3; 2014 Acts, ch 1011, §2 – 4, 7; 2015 Acts, ch 30, §170

Referred to in §533.102, 533.114, 533.214, 533.303, 533.406

533.302 Capital.

1. The capital of a credit union shall consist of the payments that have been made to it by the several members thereof on shares. A credit union may charge an entrance fee as may be provided by the bylaws.

2. A credit union may establish an equity share having a par value not to exceed one hundred dollars which shall be a part of the capital of the credit union and shall not be withdrawn or transferred except upon expulsion or withdrawal from membership in the credit union, as provided in section 533.210.

3. At the option of the credit union, the equity share may earn a dividend and may be insured.

2007 Acts, ch 174, §33; 2012 Acts, ch 1020, §12

Referred to in §533.307

533.303 Reserves.

1. At the end of each dividend period, but no less than quarterly, the gross income of the state credit union shall be determined.

2. A legal reserve against losses on loans and against such other losses as may be specified by rule shall be set aside from the gross income in accordance with the following schedule:

a. A state credit union in operation for more than four years and having assets of five hundred thousand dollars or more shall set aside the following amounts in the following order:

(1) Ten percent of the gross income until the legal reserve equals four percent of the total outstanding loans and risk assets.

(2) Five percent of the gross income until the legal reserve equals six percent of the total outstanding loans and risk assets.

b. A state credit union in operation for less than four years or having assets of less than five hundred thousand dollars shall set aside the following amounts in the order set forth:

(1) Ten percent of the gross income until the legal reserve equals seven and one-half percent of the total outstanding loans and risk assets.

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(2) Five percent of the gross income until the legal reserve equals ten percent of the total outstanding loans and risk assets.

3. *a.* If the legal reserve falls below the percent of the total outstanding loans and risk assets required for a state credit union by this section, the state credit union shall replenish the legal reserve by regular contributions in the amounts needed to reach the required reserve. However, the superintendent may waive the reserve requirement when in the superintendent's opinion the waiver is necessary or desirable.

b. The legal reserve shall belong to the state credit union and shall be used to meet losses.

c. The reserve shall not be distributed to members as interest or dividends except on liquidation of the state credit union or in accordance with a plan approved by the superintendent.

4. The superintendent may require a state credit union to set aside additional amounts as a special reserve if an examination of assets discloses that the legal reserve of the state credit union is inadequate.

5. A state credit union shall maintain an adequate allowance for loan and lease losses account and such other valuation allowance accounts as may be necessary to provide for the full and fair disclosure, in the state credit union's financial statements, of the assets, liabilities, and equity of the state credit union.

6. For the purpose of establishing legal reserves, the following shall not be considered risk assets:

a. Cash on hand.

b. Deposits and shares in federally insured banks, savings banks, and credit unions.

c. Assets which are insured by, fully guaranteed as to principal and interest by, or due from the United States government, its agencies, and instrumentalities.

d. Loans to other credit unions.

e. Student loans insured under the provisions of 20 U.S.C. §1071 – 1087 or similar state programs.

f. Loans insured by the federal housing administration under 12 U.S.C. §1703.

g. Loans fully insured or guaranteed by the federal government, a state government, or any agency of either.

h. Common trust investments which deal in investments authorized in section 533.301.

i. Prepaid expenses.

j. Accrued interest on nonrisk investments.

k. Furniture and equipment.

l. Land and buildings.

m. Loans fully secured by a pledge of shares within the state credit union.

n. Deposits in the national credit union share insurance fund.

o. Real estate loans in transit to the secondary market as specified by rule.

7. Notwithstanding any other provision of this section, a state credit union shall maintain a sufficient amount of net worth as required by the state credit union's deposit insurer and rules of the superintendent.

2007 Acts, ch 174, §34

Referred to in §533.312, 533.329

533.304 Investment in certain shares or equity interests.

1. For purposes of this section, unless the context otherwise requires:

a. *"Equity interests"* means limited partnership interests and other equity investments in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

b. *"Small business"* means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, that meets the appropriate United States small business administration definition of small business and that is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to this state.

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c. "Venture capital fund" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in and the provision of significant managerial assistance to small businesses that meet the United States small business administration definition of small business.

2. A state credit union may invest in either of the following to the extent that the total investments under this section shall not be more than five percent of the state credit union's assets:

a. Shares or equity interests in venture capital funds that agree to invest an amount equal to at least fifty percent of the state credit union's investment in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state.

b. Shares or equity interests in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. A state credit union shall not invest in more than twenty percent of the total capital and surplus of any one small business under this paragraph.

2007 Acts, ch 174, §35

533.305 Investment in banks or savings banks — required findings.

1. *Investment in banks.* A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a bank.

2. *Investment in savings banks.* A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a savings bank.

3. *Findings required.* The superintendent shall not grant an approval under subsection 1 or 2, unless the superintendent makes one of the following findings:

a. Based upon a preponderance of the evidence presented, the proposed investment will not have the immediate effect of significantly reducing competition between depository financial institutions located in the same community as the institution whose shares would be acquired.

b. Based upon a preponderance of the evidence presented, the proposed investment would have an anticompetitive effect as described in paragraph *"a"*, but other factors, specifically cited, outweigh the anticompetitive effect so that there would be a net public benefit as a result of the investment.

4. *Competition preserved.*

a. The subsequent liquidation of a bank or savings bank whose shares are acquired under this section shall not prevent the subsequent incorporation of another bank or savings bank in the same community.

b. The superintendent of banking shall not find the liquidation of a bank whose shares are acquired under this section to be grounds for disapproving the incorporation of another bank in the same community under section 524.305.

2007 Acts, ch 174, §36; 2012 Acts, ch 1017, §129

533.306 Power to borrow.

A state credit union may borrow from any source in total a sum that shall not exceed fifty percent of the sum of its share and deposit account balances.

2007 Acts, ch 174, §37

533.307 Account insurance.

Except as provided in section 533.302, subsection 3, a credit union organized under this chapter, as a condition of maintaining its privilege of organization, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. The insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the

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Iowa commissioner of insurance and the superintendent, provided that each credit union shall acquire deposit insurance from the appropriate agency of the federal government.

2007 Acts, ch 174, §38; 2012 Acts, ch 1020, §13
Referred to in §533.102

533.308 Fidelity bond and general insurance coverage.

1. A state credit union shall maintain a fidelity bond for state credit union employees and officials in a sufficient amount to indemnify the state credit union against losses that may be incurred by reason of any act or acts of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction, misapplication, misappropriation, or other unlawful act committed by the employee or official directly or through connivance with others, and general insurance coverage for losses caused by persons not associated with the state credit union.

a. The fidelity bond and general insurance coverage shall be obtained from a company authorized to do business in this state.

b. The superintendent may require additional coverage for a state credit union if, in the opinion of the superintendent, current coverage is insufficient. The board of directors of the state credit union shall obtain the additional coverage within thirty days after written notice from the superintendent.

2. The superintendent may furnish to any official of an insurance plan by which the accounts of a state credit union are insured or by which its employees and officials are bonded, any information relating to examinations, investigations, and reports of the status of that state credit union or its employees and officials for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or resolution of a claim. The superintendent and the insurance company shall, whenever possible, execute a confidentiality agreement regarding the information provided by the superintendent that imposes standards of confidentiality comparable to those required by this chapter.

3. A state credit union may furnish to any official of an insurance plan by which the accounts of the state credit union are insured or by which its employees and officials are bonded, any information regarding transactions of the state credit union, examinations, investigations, or reports of the status of the state credit union or its employees and officials for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or resolution of a claim. The state credit union and the insurance company shall, whenever possible, execute a confidentiality agreement regarding the information provided by the state credit union that imposes standards of confidentiality comparable to those required by this chapter.

2007 Acts, ch 174, §39; 2012 Acts, ch 1020, §14, 15
Referred to in §533.108, 533.325

533.309 Share accounts.

A state credit union may have share accounts including but not limited to the following types:

1. *Ownership share account.* The ownership share account shall consist of an account balance held by the state credit union in accordance with the state credit union's bylaws. Each member may acquire only one ownership share. In the case of a joint account, the joint account owners may acquire only one ownership share unless each joint account owner applies for and is accepted as an individual member.

2. *Joint accounts.* A member may designate any person or persons to hold shares, deposits, and thrift club accounts with the member in joint tenancy with the right of survivorship, but such joint tenants shall not be permitted to cast more than one vote per ownership share jointly held in the state credit union. However, a joint tenant may have other rights of a jointly held ownership share, including the ability to obtain loans, or hold office or be required to pay an entrance fee. Payment of part or all of such joint accounts to any of the joint tenants shall, to the extent of such payment, discharge the liability to all.

3. *Account for minors.* Shares may be issued and deposits accepted in the name of a minor. Such shares and deposits may be withdrawn by the minor and payments made on such

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withdrawals shall be valid. A minor under sixteen years of age shall not be entitled to vote in the meetings of the members either personally or through the minor's parent or guardian, and a minor shall not become a director until the minor reaches the minor's eighteenth birthday.

4. *Beneficiary account.* If a member makes a deposit for the benefit of a person other than the depositor, the name and residence address of the beneficiary shall be disclosed and the account shall be kept in the name of the depositor, for the benefit of the beneficiary. The account balance may be withdrawn by the depositor or, upon the death of the depositor, by the beneficiary or the beneficiary's legal representative.

2007 Acts, ch 174, §40; 2012 Acts, ch 1020, §16

533.310 Deposits in the names of two or more individuals.

When a deposit is made in a state credit union in the names of two or more individuals that is payable to any one or more of them or is payable to the survivor or survivors, the deposit, including interest, or any part, may be paid to any one or more of the individuals, whether or not the others are living. The receipt or a quittance of the individuals who are paid is a valid and sufficient release and discharge of the state credit union for any payment made pursuant to this section.

2007 Acts, ch 174, §41

533.311 Acceptance of deposits and investments while insolvent.

When a state credit union is insolvent, the state credit union shall not do either of the following:

1. Accept any deposits or investments in ownership shares.
2. Renew or extend the term of any time deposits or time investments.

2007 Acts, ch 174, §42

533.312 Dividends and interest.

1. The board of directors may declare dividends at such rates and upon such classes of shares as are determined by the board, at such intervals and for such periods as the board may authorize, and after provision for required reserves pursuant to section 533.303.

2. Dividends shall be considered a normal operating expense of the state credit union and shall be paid on all paid-up shares outstanding at the close of the period for which the dividend is declared and shall be available only from undivided earnings.

3. The superintendent may restrict or prohibit the payment of a dividend or interest when an impairment of capital exists.

2007 Acts, ch 174, §43

533.313 Share drafts.

1. A state credit union may provide its members with share draft accounts.

a. "Share draft" means a negotiable draft which is payable upon demand and is used to withdraw funds from a share draft account.

b. A share draft is an item for purposes of chapter 554, article 4.

c. The term does not include a draft issued by a state credit union for the transfer of funds between the issuing credit union and another credit union, a bank, a savings and loan association chartered under federal law, or another depository financial institution.

2. A share draft account is an account that is a demand account from which a state credit union has agreed that funds may be withdrawn by means of a share draft. A share draft account may bear interest or dividends as determined by the board of directors, provided that the state credit union shall not pay interest or dividends on a share draft account at a rate that exceeds the maximum interest rate which a regulated financial institution is able to pay on comparable instruments as allowed by the depository institutions deregulatory committee.

3. A state credit union may guarantee payment for a share draft if both the following conditions are met:

a. A specific guarantee authorization is obtained for the share draft from the state credit union.

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b. The guarantee authorization is immediately noted on the share draft account to prevent the withdrawal of funds needed to pay the guaranteed share draft.

4. A state credit union may charge fees and penalties on share drafts and apply fees and penalties to the state credit union's income in relation to share draft services.

5. The superintendent may adopt rules relating to share draft programs as necessary to administer this chapter.

2007 Acts, ch 174, §44; 2012 Acts, ch 1017, §130

533.314 Payment of share drafts during dissolution.

Other provisions of section 533.404 notwithstanding, when a state credit union is dissolved, first priority of payment shall be given to unpaid share drafts. However, a share draft shall not be paid if any of the following conditions exist:

1. The share draft was issued on or after the date of dissolution, or on or after the date the state credit union is required by section 533.405, subsection 2, to cease doing business in the event of a voluntary dissolution.

2. The share draft is written against an account that does not contain sufficient funds with which to pay the share draft.

3. The share draft is payable to a member of the state credit union, or to a member of the family of the issuer of the share draft, or to a business in which the issuer of the share draft has an interest. However, the exception contained in this subsection does not apply to any person referred to in this subsection if the person is a holder in due course, as provided in chapter 554, article 3.

2007 Acts, ch 174, §45

533.315 Loans.

1. *General lending power.* A state credit union may loan to a member for a provident or productive purpose.

a. Loans are subject to the conditions contained in this section and in the bylaws.

b. A loan may be repaid by the borrower, in whole or in part, any day the office of the state credit union is open for business.

c. A loan shall be made pursuant to an application with supportive credit information.

d. The superintendent may adopt rules requiring periodic updating of credit or financial information for all loans or for classes of loans designated in the rules.

2. *Aggregate lending to one member.* A state credit union shall not lend in the aggregate to a member more than ten percent of its member savings.

3. *Lending to a credit union director.* A director of a state credit union may borrow from that state credit union under the provisions of this chapter, but the rates, terms, and conditions of a loan or line of credit either made to or endorsed or guaranteed by the director shall not be more favorable than the rates, terms, or conditions of comparable existing loans or lines of credit provided to other members. The aggregate amount of all director loans and lines of credit shall not exceed twenty-five percent of the assets of the state credit union.

4. *Loans on real property.*

a. A state credit union may make permanent loans, construction loans, combined construction and permanent loans, or second mortgage loans secured by liens on real property, as authorized by rules adopted by the superintendent. The rules shall contain 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 a 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.

b. (1) A state credit union may include in the loan documents signed by the borrower a provision requiring the borrower to pay the state credit union each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual

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real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the state credit union in order to better secure the loan. The state credit union shall be deemed to be acting in a fiduciary capacity with respect to these funds.

(2) A state credit union receiving funds in escrow pursuant to an escrow agreement executed on or after July 1, 1982, in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the state credit union pays to its members on ordinary savings deposits.

(3) A state credit union that maintains an escrow account in connection with any loan authorized by this subsection, 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.

c. A state credit union that obtains a report or opinion by an attorney or from another mortgage lender relating to defects in or liens or encumbrances on the title to real property, the unmarketability of the title to real property, or the invalidity or unenforceability of liens or encumbrances on real property, shall provide a copy of the report or opinion to the mortgagor and the mortgagor's attorney.

5. *Escrow reports.* A state credit union may act as an escrow agent with respect to real property that is mortgaged to the state credit union, and may receive funds and make disbursements from escrowed funds in that capacity. The state credit union shall be deemed to be acting in a fiduciary capacity with respect to escrowed funds. A state credit union that maintains an escrow account, whether or not a 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 calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year. The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

a. The name and address of the mortgagee.

b. The name and address of the mortgagor.

c. A summary of escrow account activity during the year as follows:

(1) The balance of the escrow account at the beginning of the year.

(2) The aggregate amount of deposits to the escrow account during the year.

(3) The aggregate amount of withdrawals from the escrow account for each of the following categories:

(a) Payments against loan principal.

(b) Payments against interest.

(c) Payments against real estate taxes.

(d) Payments for real property insurance premiums.

(e) All other withdrawals.

(4) The balance of the escrow account at the end of the year.

d. A summary of loan principal for the year as follows:

(1) The amount of principal outstanding at the beginning of the year.

(2) The aggregate amount of payments against principal during the year.

(3) The amount of principal outstanding at the end of the year.

6. *Other loans.* Loans that are not secured by real property shall be subject to the following conditions:

a. Loans to any one member that in the aggregate exceed the unsecured loan limit established by the board of directors of a state credit union shall be secured by one or more cosigners or guarantors, or by a first lien on collateral having a value that is approximately equal to the amount in excess of such unsecured loan limit. Every cosigner or guarantor shall furnish the state credit union with evidence of financial responsibility.

b. This subsection shall not be deemed to preclude a credit committee or loan officer from requiring security for any loan.

c. A state credit union may make loans according to any or all of the following:

(1) Loans insured under the provisions of 20 U.S.C. §1071 – 1087 or similar state programs.

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(2) Loans insured by the federal housing administration under 12 U.S.C. §1703.

(3) Loans to families of low or moderate income as a part of programs authorized in chapter 16.

d. The restrictions and limitations contained in this subsection do not apply to loans made to a member credit union by a corporate central credit union.

7. *Loan renewals and extensions.* This section shall not prevent the renewal or extension of loans.

8. *Penalties.* The superintendent may impose a penalty on a state credit union for each loan made in violation of this section. If a state credit union, after notice in writing, and opportunity for hearing, fails to satisfactorily resolve the matter within sixty days from receipt of such notice, the superintendent may impose a penalty against such state credit union in an amount not to exceed one hundred dollars per day per violation for each day the violation remains unresolved.

9. *Consumer credit code.*

a. The provisions of the Iowa consumer credit code, chapter 537, shall apply to consumer loans made by a state credit union, and a provision of that chapter shall supersede any conflicting provision of this chapter with respect to a consumer loan.

b. Notwithstanding paragraph *"a"*, a state credit union may offer voluntary debt cancellation coverage, whether insurance or debt waiver, to members. The amount charged for the coverage shall be included in the amount financed, as defined in section 537.1301. However, the charge for such coverage may be excluded from the finance charge under the federal Truth in Lending Act as defined in section 537.1302.

10. *Early loan repayment.* If a member elects to repay a loan secured by a mortgage or deed of trust upon real property that is a single-family or a two-family dwelling or agricultural land at a date earlier than is required by the terms of the loan, the state credit union shall be governed by section 535.9.

11. *Interest on prepayment.* Real estate loans on one-family to four-family dwellings may be repaid in part or in full at any time, except that a state credit union may charge not to exceed six months' advance interest on that part of the aggregate amount of all prepayments made on such loan in any twelve-month period which exceeds twenty percent of the original principal amount of the loan; and may charge any negotiated rate on other loans. This subsection, however, does not authorize a state credit union to charge any advance interest or prepayment penalty where prohibited by section 535.9.

2007 Acts, ch 174, §46; 2011 Acts, ch 34, §126

Referred to in §535B.11

533.316 Interest rates.

1. *a.* Interest rates on loans made by a state credit union, other than loans secured by a mortgage or deed of trust which is a first lien upon real property, shall not exceed the finance charge permitted in sections 537.2401 and 537.2402 on consumer loans.

b. Interest rates on business loans shall not exceed the finance charge permitted by section 535.2.

2. With respect to a loan secured by a mortgage or deed of trust which is a first lien upon real property, a state credit union shall not charge a rate of interest that exceeds the maximum rate permitted by section 535.2.

3. The provisions of this section do not apply to a loan that is subject to section 636.46.

2007 Acts, ch 174, §47

533.317 Authority to lease safe deposit boxes.

1. A state credit union may lease safe deposit boxes for the storage of property on terms and conditions prescribed by the state credit union. The terms and conditions shall not bind any person to whom the state credit union does not give notice of the terms and conditions by delivery of a lease and agreement in writing containing the terms and conditions.

2. A state credit union may limit its liability provided that the limitations are set forth in the lease and agreement in at least the same size and type as the other substantive provisions of the contract.

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3. The lease and agreement of a safe deposit box may provide that evidence tending to prove that property was left in a safe deposit box upon the last entry by the member or the member's authorized agent, and that the property or any part of the property was found missing upon subsequent entry, is not sufficient to raise a presumption that the property was lost by any negligence or wrongdoing for which the state credit union is responsible, or put upon the state credit union the burden of proof that the alleged loss was not the fault of the state credit union.

4. A state credit union may lease a safe deposit box to a minor.

a. A state credit union may deal with a minor with respect to a safe deposit lease and agreement without the consent of a parent, guardian, or conservator and with the same effect as though the minor were an adult.

b. Any action of the minor with respect to such safe deposit lease and agreement is binding on the minor with the same effect as though the minor were an adult.

5. A state credit union that has on file a power of attorney of a member covering a safe deposit lease and agreement, which has not been revoked by the member, shall incur no liability as a result of continuing to honor the provisions of the power of attorney in the event of the death or incompetence of the donor of the power of attorney until the state credit union receives written notice of the death, or written notice of adjudication by a court of the incompetence of the member and the appointment of a guardian or conservator.

2007 Acts, ch 174, §48

533.318 Safe deposit box access.

1. A state credit union shall permit a person named in and authorized by a court order to open, examine, and remove the contents of a safe deposit box located at the state credit union.

2. If a court order has not been delivered to a state credit union, the following persons may access and remove any or all contents of a safe deposit box located at the state credit union and described in an ownership or rental agreement or lease between the state credit union and a deceased owner or lessee:

a. A co-owner or co-lessee of the safe deposit box.

b. A person designated in the safe deposit box agreement or lease to have access to the safe deposit box upon the death of the lessee, to the extent provided in the safe deposit box agreement or lease.

c. An executor or administrator of the estate of a deceased owner or lessee upon delivery to the state credit union of a certified copy of letters of appointment.

d. A person named as an executor in a copy of a purported will produced by the person, provided such access shall be limited to the removal of a purported will, and no other contents shall be removed.

e. A trustee of a trust created by the deceased owner or lessee upon delivery to the state credit union of a copy of the trust together with an affidavit by the trustee that certifies that the copy of the trust delivered to the state credit union with the affidavit is an accurate and complete copy of the trust, the trustee is the duly authorized and acting trustee under the trust, the trust property includes property in the safe deposit box, and that to the knowledge of the trustee the trust has not been revoked.

3. A person removing any contents of a safe deposit box pursuant to subsection 1 or 2 shall deliver any writing purported to be a will of the decedent to the court having jurisdiction over the decedent's estate.

4. *a.* If a person authorized to have access under subsection 1 or 2 does not request access to the safe deposit box within the thirty-day period immediately following the date of death of the owner or lessee of a safe deposit box, and the state credit union has knowledge of the death of the owner or lessee of the safe deposit box, the safe deposit box may be opened by or in the presence of two employees of the state credit union.

b. If a safe deposit box is opened pursuant to paragraph *"a"*, the state credit union employees present at such opening shall do all of the following:

(1) Remove any purported will of the deceased owner or lessee.

(2) Unseal, copy, and retain in the records of the state credit union a copy of a purported

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will removed from the safe deposit box. An additional copy of such purported will shall be made, dated, and signed by the credit union employees present at the safe deposit box opening and placed in the safe deposit box. The safe deposit box shall then be resealed.

(3) The original of a purported will shall be sent by certified mail or restricted certified mail or personally delivered to the district court in the county of the last known residence of the deceased owner or lessee, or the court having jurisdiction over the testator's estate. If the residence is unknown or last known and not in this state, the purported will shall be sent by certified mail or restricted certified mail or personally delivered to the district court in the county where the safe deposit box is located.

c. If no key is produced, the state credit union may cause the safe deposit box to be opened and the state credit union shall have a claim against the estate of the deceased owner or lessee and a lien upon the contents of the safe deposit box for the costs of opening and resealing the safe deposit box.

5. *a.* A state credit union may rely upon published information or other reasonable proof of death of an owner or lessee.

b. A state credit union has no duty to inquire about or discover, and is not liable to any person for failure to inquire about or discover, the death of the owner or lessee of a safe deposit box.

c. A state credit union has no duty to open or cause to be opened, and is not liable to any person for failure to open or cause to be opened, a safe deposit box of a deceased owner or lessee.

d. Upon compliance with the requirements of this section as appropriate, the state credit union is not liable to any person as a result of the opening of the safe deposit box, removal and delivery of the purported will, or retention of the unopened safe deposit box and contents.

2007 Acts, ch 174, §49

533.319 Adverse claims to property in safe deposit and safekeeping.

1. A state credit union shall not be required, in the absence of a court order or indemnity required by this section, to recognize any claim to, or claim of authority to exercise control over, property held in safe deposit or property held for safekeeping pursuant to section 533.321 made by a person or persons other than the following:

a. The member in whose name the property is held by the state credit union.

b. An individual or group of individuals who are authorized to have access to the safe deposit box, or to the property held for safekeeping, pursuant to a certified corporate resolution or other written arrangement with the member, currently on file with the state credit union, which has not been revoked by valid corporate action in the case of a corporation, or by a valid agreement or other valid action appropriate for the form of legal organization of any other member, of which the state credit union has received notice and which is not the subject of a dispute known to the state credit union as to its original validity. The safe deposit and safekeeping account records of a state credit union shall be presumptive evidence as to the identity of the member on whose behalf the property is held.

2. A person making an adverse claim to, or an adverse claim of authority to control, property held in a safe deposit box or for safekeeping, must do either of the following:

a. Obtain and serve on the state credit union an appropriate court order or judicial process directed to the state credit union, restraining any action with respect to the property until further order of the court or instructing the state credit union to deliver the property, in whole or in part, as indicated in the order or process.

b. Deliver to the state credit union a bond, in form and amount with sureties satisfactory to the state credit union, indemnifying the state credit union against any liability, loss, or expense which the state credit union might incur because of its refusal to deliver the property to any person described in subsection 1, paragraph "*a*" or "*b*".

2007 Acts, ch 174, §50

533.320 Remedies and proceedings for nonpayment of rent on safe deposit box.

1. A state credit union has a lien upon the contents of a safe deposit box for past due

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rentals and any expense incurred in opening the safe deposit box, replacement of the locks on the safe deposit box, and of a sale made pursuant to this section.

2. If the rental of a safe deposit box is not paid within six months from the day the rental is due, at any time after the six months and while the rental remains unpaid, the state credit union shall mail a notice by restricted certified mail to the member at the member's last known address as shown upon the records of the state credit union, stating that if the amount due for the rental is not paid on or before a specified day, which shall be at least thirty days after the date of mailing such notice, the state credit union will remove the contents of the safe deposit box and hold the contents for the account of the member.

3. If the rental for the safe deposit box has not been paid after the expiration of the period specified in a notice mailed pursuant to subsection 2, the state credit union, in the presence of two of its officers, may cause the safe deposit box to be opened and the contents removed. An inventory of the contents of the safe deposit box shall be made by the two officers present and the contents held by the state credit union for the account of the member.

4. *a.* If the contents are not claimed within two years after their removal from the safe deposit box, the state credit union may proceed to sell so much of the contents as is necessary to pay the past due rentals and expense incurred in opening the safe deposit box, replacement of the locks on the safe deposit box, and the sale of the contents.

b. The sale shall be held at the time and place specified in a notice published prior to the sale once each week for two successive weeks in a newspaper of general circulation published in the city or unincorporated area in which the state credit union has its principal place of business, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the state credit union has its principal place of business.

c. A copy of the published notice shall be mailed to the member at the member's last known address as shown upon the records of the state credit union.

d. The notice shall contain the name of the member and need only describe the contents of the safe deposit box in general terms.

e. The contents of any number of safe deposit boxes may be sold under one notice of sale and the cost of the sale apportioned ratably among the several safe deposit box members involved.

f. At the time and place designated in the notice the contents taken from each respective safe deposit box shall be sold separately to the highest bidder for cash and the proceeds of each sale applied to the rentals and expenses due to the state credit union and the residue from any such sale shall be held by the state credit union for the account of the member or members.

g. An amount held as proceeds from such sale shall be credited with interest at the customary annual rate for savings accounts at the state credit union, or in lieu, at the customary rate of interest in the community where such proceeds are held. The crediting of interest does not activate the account to avoid an abandonment as unclaimed property under chapter 556.

5. *a.* Notwithstanding the provisions of this section, shares, bonds, or other securities which, at the time of a sale pursuant to subsection 4, are listed on an established stock exchange in the United States shall not be sold at public sale but may be sold through an established stock exchange.

b. Upon making a sale of any such securities, an officer of the state credit union shall execute and attach to the securities an affidavit reciting facts showing that the securities were sold pursuant to this section, and that the state credit union has complied with the provisions of this section. The affidavit constitutes sufficient authority to any corporation whose shares are sold or to any registrar or transfer agent of such corporation to cancel the certificates representing the shares to the purchaser of the shares, and to any registrar, trustee, or transfer agent of registered bonds or other securities, to register any such bonds or other securities in the name of the purchaser of the bonds or other securities.

6. The proceeds of any sale made pursuant to this section, after the payment of any amounts with respect to which the state credit union has a lien, any property that was not offered for sale and property which, although offered for sale, was not sold, shall be retained

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by the state credit union until such time as the property is presumed abandoned according to section 556.2, and shall be handled pursuant to chapter 556.

2007 Acts, ch 174, §51
Referred to in §533.321

533.321 Authority to receive property for safekeeping.

1. A state credit union may accept property for safekeeping if the state credit union issues a receipt for the property, except in the case of night depositories.

a. A state credit union accepting property for safekeeping shall purchase and maintain reasonable insurance coverage to ensure against loss incurred in connection with the acceptance of property for safekeeping.

b. Property held for safekeeping shall not be commingled with the property of the state credit union or the property of others.

2. A state credit union has a lien upon any property held for safekeeping and for expenses incurred in any sale made pursuant to this subsection.

a. If the charge for safekeeping of property is not paid within six months from the day the charge is due, at any time after the six months and while the charge remains unpaid, the state credit union may mail a notice to the member at the member's last known address as shown upon the records of the state credit union, stating that if the amount due is not paid on or before a specified day, which shall be at least thirty days after the date of mailing the notice, the state credit union will remove the property from safekeeping and hold the property for the account of the member.

b. After the expiration of the period specified in the notice, if the charge for safekeeping has not been paid, the state credit union may remove the property from safekeeping, cause the property to be inventoried, and hold the property for the account of the member.

c. If the property is not claimed within two years after its removal from safekeeping, the state credit union may proceed to sell so much of the property as is necessary to pay the charge which remains unpaid and the expense incurred in making the sale in the manner provided for in section 533.320, subsections 4 and 5.

d. The proceeds of any sale made pursuant to this section, after payment of any amounts with respect to which the state credit union has a lien, any property that was not offered for sale, and property which, although offered for sale, was not sold, shall be retained by the state credit union until such time as the property is presumed abandoned according to section 556.2, and shall be handled pursuant to chapter 556.

2007 Acts, ch 174, §52
Referred to in §533.319

533.322 Preservation of records.

1. The superintendent may adopt rules regarding the preservation of records and files of a state credit union or any other person supervised or regulated by the superintendent. A state credit union is not required to preserve its records for a period longer than seven years after the first day of January of the year following the time of the making or filing of such records. However, account records showing unpaid balances due to depositors shall not be destroyed.

2. A copy of an original may be kept in lieu of any original records.

a. For purposes of this section, a copy includes any duplicate, rerecording or reproduction of an original record from any photograph, photostat, microfilm, microcard, miniature or microphotograph, computer printout, electronically stored data or image, or other process that accurately reproduces or forms a durable medium for accurately and legibly reproducing an unaltered image or reproduction of the original record.

b. A copy is deemed to be an original and shall be treated as an original record in a judicial or administrative proceeding for purposes of admissibility in evidence. A facsimile, exemplification, or certified copy of any such copy reproduced from a film record is deemed to be a facsimile, exemplification, or certified copy of the original.

2007 Acts, ch 174, §53; 2011 Acts, ch 87, §3
Referred to in §533.404

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533.323 Photographic records.

1. Any state credit union writing or record, or a photostatic or photographic reproduction of such writing or record, whether in the form of an entry in a book or otherwise, made as a memorandum or record of any act, transaction, occurrence, or event, shall be admissible in evidence as proof of the act, transaction, occurrence, or event, if made in the regular course of business.

2. A printout or other tangible output, readable by sight, shown to accurately reflect data contained in a promissory note, negotiable instrument, or letter of credit, that contains a signature made or created by electronic or digital means such that it is stored by a computer or similar device, is deemed to be an original of such note, instrument, or letter for purposes of presenting such note, instrument, or letter for payment, acceptance, or honor, or for purposes of a judicial proceeding involving a claim based upon such note, instrument, or letter.

2007 Acts, ch 174, §54

533.324 Preservation of records — statute of limitations.

1. All causes of action, other than actions for relief on the grounds of fraud or mistake, against a state credit union based upon a claim or claims founded on a written contract, or a claim or claims inconsistent with an entry or entries in a state credit union record, made in the ordinary course of business, shall be deemed to have accrued, and shall accrue for the purpose of the statute of limitations one year after the breach or failure of performance of a written contract, or one year after the date of such entry or entries. No action founded upon such a cause may be brought after the expiration of six years from the date of such accrual.

2. In any cause or proceeding in which state credit union records or files may be called in question or be demanded of the state credit union, or any officer or employee of the state credit union, a showing that such records or files have been destroyed in accordance with the provisions of this chapter or rules adopted pursuant to this chapter shall be a sufficient excuse for the failure to produce them.

2007 Acts, ch 174, §55; 2011 Acts, ch 87, §4

533.325 Confidentiality of state credit union information.

1. The directors, officers, committee members, and employees of a state credit union shall hold in confidence all information regarding transactions of the state credit union, including information regarding transactions with its members and their personal affairs, except to the extent necessary in connection with any of the following:

a. Making, extending, or collecting a loan or line of credit.

b. Guaranteeing of member share drafts by third parties.

c. Communicating with an insurance company for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or the resolution of a claim, pursuant to section 533.308, subsection 3.

d. Pursuant to a confidentiality agreement that is executed pursuant to section 533.108, subsection 1.

e. Complying with the examination of credit union records by regulatory authorities.

f. Compliance with an order from a court having jurisdiction over the state credit union.

2. The board of directors may authorize participation of a state credit union in a credit or consumer reporting agency if the board has determined that use of such an agency is essential in making and extending a loan or line of credit, or guaranteeing member share drafts, and that information supplied by the state credit union to such agency will be made available only to legitimate members of that agency having a legitimate business need for the information in connection with a business transaction involving the state credit union.

2007 Acts, ch 174, §56; 2012 Acts, ch 1020, §17

Referred to in §533.113

533.326 Governmental employees.

1. When a state credit union has been organized by the employees of the state or any political subdivision of the state, the officer who writes warrants for the state or other governmental body by which any public employee state credit union member is employed,

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may withhold from the salary or wages of the employee, and pay over to such state credit union, sums as may be designated by written authorization signed by the employee.

2. The provisions of section 539.4 shall have no application to this section.

2007 Acts, ch 174, §57

533.327 and 533.328 Repealed by 2016 Acts, ch 1030, §9.

533.329 Taxation.

1. A state credit union shall be deemed an institution for savings and is subject to taxation only as to its real estate and moneys and credits. The shares shall not be taxed.

2. *a.* The moneys and credits tax on state credit unions is imposed at a rate of one-half cent on each dollar of the legal and special reserves that are required to be maintained by the state credit union under section 533.303. However, an exemption shall be given to each state credit union in the amount of forty thousand dollars.

b. The moneys and credits tax shall be collected by the department of revenue and shall be apportioned twenty percent to the county, thirty percent to the city general fund, and fifty percent to the general fund of the state, and the amount collected in each taxing district outside of cities shall be apportioned fifty percent to the county and fifty percent to the general fund of the state.

c. The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to sections 15.496 and 15.508.

d. The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to section 15E.27.

e. The moneys and credits tax imposed under this section shall be reduced by an Iowa fund of funds tax credit authorized pursuant to section 15E.66.

f. The moneys and credits tax imposed under this section shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

g. The moneys and credits tax imposed under this section shall be reduced by a redevelopment tax credit allowed under chapter 15, subchapter II, part 9.

h. The moneys and credits tax imposed under this section shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

i. The moneys and credits tax imposed under this section shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

j. The moneys and credits tax imposed under this section shall be reduced by a solar energy system tax credit allowed under section 422.11L.

k. The moneys and credits tax imposed under this section shall be reduced by a Hoover presidential library tax credit allowed under section 15E.364.

l. (1) The moneys and credits tax imposed under this section shall be reduced by an employer child care tax credit allowed pursuant to section 237A.31.

(2) This paragraph is repealed January 1, 2031.

m. The moneys and credits tax imposed under this section shall be reduced by a qualifying wage tax credit allowed under section 15.605.

3. *a.* Returns shall be in the form the director of revenue prescribes, and shall be filed with the department of revenue on or before the last day of the fourth month after the expiration of the tax year. The moneys and credits tax is due and payable on the last day of the fourth month after the expiration of the tax year.

b. A credit union shall file a return required under this section in an electronic format specified by the department for each tax year.

c. (1) Notwithstanding paragraph *"b"*, the department may provide an exception to file a return in an electronic format.

(2) A return subject to the electronic filing requirement in paragraph *"b"* that is filed in a manner other than in an electronic format specified by the department shall not be considered a valid return unless the department provides an exception pursuant to this paragraph.

d. The department shall adopt rules to implement this subsection.

4. The department of revenue shall administer and enforce the provisions of this section, and except as explicitly provided in this section or another provision of law, shall apply all

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applicable penalty, interest, and administrative provisions of chapters 421 and 422 as nearly as possible in administering and enforcing the moneys and credits tax imposed by this section.

2007 Acts, ch 162, §12, 13; 2007 Acts, ch 174, §60, 99; 2008 Acts, ch 1173, §12; 2008 Acts, ch 1191, §165; 2009 Acts, ch 179, §40; 2010 Acts, ch 1138, §14, 16, 24, 26; 2011 Acts, ch 130, §45, 47, 71; 2012 Acts, ch 1136, §37, 39 – 41; 2014 Acts, ch 1130, §23 – 26; 2015 Acts, ch 124, §8, 9, 10; 2018 Acts, ch 1172, §83 – 85; 2019 Acts, ch 152, §70; 2020 Acts, ch 1118, §28, 29; 2021 Acts, ch 176, §6; 2022 Acts, ch 1061, §10, 11; 2022 Acts, ch 1148, §27, 28; 2025 Acts, ch 136, §55, 56, 59, 76, 86; 2026 Acts, ch 1040, §106; 2026 Acts, ch 1199, §11

Referred to in §15.293A, 15.355, 15.496, 15.508, 15.605, 15E.27, 15E.28, 15E.52, 15E.62, 15E.305, 15E.364, 237A.31, 331.427, 421.6, 421.60

Subsection 2, paragraph l applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1148, §28

2022 amendment to subsection 3 applies to tax years ending on or after December 31, 2024, or for tax years ending on or after December 31 of the calendar year in which the department of revenue implements a system for receiving the electronic returns, whichever is later; 2022 Acts, ch 1061, §11

For preservation of existing rights relating to tax incentives issued, awarded, or allowed before December 31, 2025, see 2025 Acts, ch 136, §58

Subsection 2, paragraph c amended

Subsection 2, NEW paragraph m

533.330 Reports.

1. A state credit union shall report quarterly at a specified time to the superintendent in a format prescribed by the superintendent for that purpose.

a. If any quarterly report is in arrears, a penalty of one hundred dollars for each day or fraction of a day such report is in arrears may be levied by the superintendent against the offending state credit union. This penalty shall be in addition to the penalty for failure to pay the annual fee pursuant to section 533.112.

b. If a quarterly report is not provided to the superintendent within thirty days of the due date, the superintendent may, after written notice to the board of directors of the state credit union, suspend or revoke the certificate of approval, take possession of the business and property of the state credit union, and order its dissolution.

2. In addition to the quarterly report, the superintendent may, from time to time, require a state credit union to provide other supplemental reports at a specified time. Failure of a state credit union to provide supplemental reports when due may result in the superintendent levying a penalty of fifty dollars per day for each day or fraction of a day such report is late.

2007 Acts, ch 174, §61

533.331 Data breach — duty to notify.

1. In accordance with 12 C.F.R. pt. 748, Appendix B, a state credit union shall maintain an information security response program that includes procedures for notifying the credit union division as soon as possible after the credit union becomes aware of an incident involving unauthorized access to or use of sensitive member information that would permit access to the member's account, as further detailed in 12 C.F.R. pt. 748.

2. State credit unions that experience an information security breach may be subject to chapter 715C.

2016 Acts, ch 1030, §7

533.332 through 533.400 Reserved.

SUBCHAPTER IV

MERGER, CONVERSION, AND DISSOLUTION OF CREDIT UNIONS

533.401 Merger.

1. With the approval of the superintendent and the national credit union administration, a state credit union may merge with another credit union under the existing certificate of approval of the other credit union if the merger is pursuant to a plan agreed upon by a majority of the board of directors of each credit union joining in the merger and the merger is approved by the affirmative vote of a majority of the members of the merging credit union according

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to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

2. At least fifteen days before notice of balloting for the membership vote on a merger is sent to the members, a merging credit union shall submit to the superintendent all materials to be included in the notice. The superintendent shall review and approve the materials to be included in the notice at least ten days before the notice is sent to the members. The superintendent may direct any materials to be included in the notice of balloting sent to members.

3. A plan of merger, whether by act of consolidation, acquisition, or business combination, along with evidence that the plan has been approved by the members of the merging credit union in accordance with the provisions of this section, shall be submitted to the superintendent, along with any additional materials the superintendent may request.

4. The superintendent may approve a merger according to the plan agreed upon by the majority of the board of directors of each credit union if the superintendent receives a written and verified application filed by the board of directors of each credit union and finds all of the following:

a. All materials included in the notice of balloting for the membership vote on the merger were reviewed and approved by the superintendent pursuant to subsection 2.

b. Notice of balloting for the membership vote on the merger was mailed to each member of the merging credit union entitled to vote upon the question at least twenty days prior to the scheduled conclusion of the vote.

c. The notice of balloting disclosed the purpose of the vote and properly informed the membership that approval of the merger would be sought pursuant to this section.

d. A majority of the votes received, according to the method of voting selected by the board of directors pursuant to section 533.203, were in favor of the merger.

e. Control of the merging credit union shall transfer to the board of directors of the continuing credit union upon approval of the merger by the superintendent and the favorable vote of a majority of the members as prescribed in paragraph *"d"*. Upon transfer of control, the board of directors of the merging credit union may only do such things necessary to execute the merger.

5. The superintendent may disapprove a merger if the superintendent finds either of the following:

a. The merger would not result in a safe and sound credit union.

b. The procedures required by this section, particularly those used to obtain member approval for the merger, were not followed or were irregular.

6. The superintendent may waive the membership merger vote if the superintendent finds that an emergency exists which justifies the waiver.

7. The certificate of merger and a copy of the agreed plan of merger shall be forwarded to the superintendent, certified by the superintendent, and returned to both credit unions within thirty days of the date of receipt by the superintendent.

8. *a.* Upon return of the certificate from the superintendent, all of the merging credit union's property, property rights, and members' interests shall vest in the continuing credit union without the legal need for deeds, endorsements or other instruments of transfer, and all debts, obligations, and liabilities of the merging credit union shall be assumed by the continuing credit union.

b. The rights and privileges of the members of the merging credit union shall continue as provided in the plan.

c. Credit union membership in the continuing credit union shall be available to persons within the common bond of the merging credit union.

9. This section shall be construed to permit a credit union organized under any other statute to merge with one organized under this chapter, or to permit one organized under this chapter to merge with one organized under any other statute.

2007 Acts, ch 174, §62; 2012 Acts, ch 1020, §18, 19; 2013 Acts, ch 17, §4, 5; 2016 Acts, ch 1030, §8; 2019 Acts, ch 37, §1, 2; 2020 Acts, ch 1063, §306

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533.402 Conversion of financial institution to state credit union.

1. Any financial institution may convert to a state credit union by complying with the laws of the original chartered authority and upon the approval of the superintendent. As used in this section, "*financial institution*" means any credit union, bank, savings bank, or savings and loan association chartered under federal or state law.

a. Application for approval of the conversion to a state credit union shall be submitted to the superintendent in the form prescribed by the superintendent, together with the articles of incorporation and bylaws as required for organization of a state credit union pursuant to this chapter.

b. The superintendent may cause an examination to be made of any converting financial institution. The converting financial institution shall reimburse the superintendent for the division's costs related to the conversion.

2. *a.* If the superintendent approves the application of a financial institution for conversion to a state credit union, the superintendent shall cause the articles of incorporation of the resulting state credit union to be filed and recorded in the county in which the state credit union has its principal place of business and the superintendent shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union. The financial institution shall then become a state credit union subject to the laws of this state.

b. The superintendent shall furnish a copy of the certificate to the administrator of the national credit union administration.

3. *a.* Upon conversion, the existence of the original financial institution shall cease.

b. The state credit union resulting from the conversion shall have only the authority to engage in the business and exercise the powers of a state credit union.

4. *a.* A liability of the original financial institution or of its members, directors, or officers shall not be affected, and any lien on any property of the financial institution shall not be impaired by the conversion.

b. Any claim existing or action pending by or against the original financial institution may be prosecuted to judgment as if the conversion had not taken place, or the resulting state credit union may be substituted in its place.

2007 Acts, ch 174, §63

533.403 Conversion of state credit union into federal credit union.

1. A state credit union may convert into a federal credit union with the approval of the administrator of the national credit union administration and by the affirmative vote of a majority of the credit union's members who vote on the proposal, according to the provisions of section 533.203.

2. The board of directors of the state credit union shall notify the superintendent of any proposed conversion and of any abandonment or disapproval of the conversion by the members or by the administrator of the national credit union administration. The board of directors of the state credit union shall file with the superintendent appropriate evidence of approval of the conversion by the administrator of the national credit union administration and shall notify the superintendent of the date on which the conversion is to be effective.

3. Upon receipt of satisfactory proof that the state credit union has complied with all applicable laws of this state and of the United States, the superintendent shall issue a certificate of conversion which shall be filed and recorded in the county in which the state credit union has its principal place of business and in the county in which its original articles of incorporation were filed and recorded.

2007 Acts, ch 174, §64; 2012 Acts, ch 1020, §20

533.404 Dissolution generally.

The following shall apply to dissolution of a state credit union under this chapter, whether voluntary or involuntary:

1. Distribution of the assets of the state credit union shall be made in the following order:

a. The payment of costs and expense of the administrator of dissolution.

b. The payment of claims for public funds deposited pursuant to chapter 12C and the payment of claims which are given priority by applicable statutes. If the assets are insufficient

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for payment of the claims in full, priority shall be determined by the statutes or, in the absence of conflicting provisions, on a pro rata basis.

c. The payment of deposits, including accrued interest, up to the date of the special meeting of the members at which voluntary dissolution was authorized, or in the case of involuntary dissolution, the date of appointment of a receiver.

d. The pro rata apportionment of the balance among the members of record on the date of the special meeting of the members at which voluntary dissolution was authorized, or in the case of involuntary dissolution, the members of record on the date of appointment of a receiver.

2. All amounts due members who are unknown, or who are under a disability and no person is legally competent to receive the amounts, or who cannot be found after the exercise of reasonable diligence, shall be transmitted to the treasurer of state who shall hold the amounts in the manner prescribed by chapter 556. All amounts due creditors as described in section 490.1440 shall be transmitted to the treasurer of state in accordance with that section, shall be retained by the treasurer of state, and are subject to claim as provided for in that section.

3. The superintendent shall assume custody of the records of a state credit union dissolved pursuant to this chapter and shall retain the records which, in the superintendent's discretion, are deemed necessary, in accordance with the provisions of section 533.322. The superintendent may cause film, photographic, photostatic, or other copies of the records to be made and the superintendent shall retain the copies in lieu of the original records.

2007 Acts, ch 174, §65; 2011 Acts, ch 34, §127; 2013 Acts, ch 17, §6
Referred to in §12C.23, 533.314, 533.405, 533.405A

533.405 Voluntary dissolution.

The process of voluntary dissolution shall be as follows:

1. A state credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote according to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

2. *a.* The state credit union shall cease to do business except for the purposes of liquidation immediately upon sending notice of the members' vote on dissolution.

b. The board of directors shall notify the superintendent of the intention of the state credit union to dissolve within three business days of a vote by a majority of the board of directors in favor of dissolution, and prior to sending notice of the members' vote.

c. The state credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members have revoked prior affirmative action to dissolve as provided for in subsection 7.

d. The board of directors shall notify the national credit union administration of the intent to dissolve, as required by federal regulation.

3. *a.* The board of directors shall have power to terminate and settle the affairs of a state credit union in voluntary dissolution.

b. The state credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in order to terminate its affairs.

c. The state credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled.

d. During the course of dissolution proceedings, the state credit union shall make such reports and shall be subject to such examinations as the superintendent may require.

e. If at any time after the affirmative vote of a majority of the members of a state credit union to dissolve the state credit union, the superintendent finds that the state credit union is not making reasonable progress toward terminating its affairs, the superintendent may apply to the district court for appointment of a receiver to terminate the affairs of the state credit union.

f. If the superintendent finds that a dissolving state credit union is insolvent, the superintendent may proceed as otherwise provided in this chapter.

4. *a.* The board of directors may appoint by resolution any responsible person as defined

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in section 4.1, whose appointment has been approved by the superintendent, to exercise its powers to terminate and settle the affairs of the state credit union pursuant to this section.

b. The superintendent may adopt rules establishing the qualifications that must be met by such appointees, including but not limited to filing a surety bond with the superintendent.

5. *a.* (1) Within ten days of the conclusion of a membership vote approving the voluntary dissolution, the board of directors or the liquidating agent appointed pursuant to subsection 4 shall cause notice, as provided in this subsection, to be given to creditors of the state credit union to present their claims.

(2) A copy of the notice of voluntary dissolution shall be mailed to all creditors reflected on the records of the state credit union.

b. In addition to mailing notice to known creditors, the state credit union shall also publish notice of the voluntary dissolution as follows:

(1) State credit unions with assets in excess of five million dollars as of the month ending immediately prior to the date of the conclusion of the vote by the membership approving the dissolution shall publish the notice once a week for two successive weeks in a newspaper of general circulation in each county in which the state credit union maintains an office or branch for the transaction of business.

(2) State credit unions with assets of five million dollars or less as of the month ending immediately prior to the date of the conclusion of the vote by the membership approving the dissolution shall publish the notice once in a newspaper of general circulation in each county in which the state credit union maintains an office or branch.

c. Mailed and published notices under this subsection shall indicate all of the following:

(1) A creditor shall have thirty days from the date the notice was sent or first published to submit the creditor's claim. The state credit union must receive the claim on or before the thirtieth day, or the claim is barred.

(2) Information that must be included in a claim.

(3) A mailing address where a claim is to be sent.

6. *a.* Upon such proof as is satisfactory to the superintendent that all of the following have occurred, the superintendent shall issue a certificate of dissolution:

(1) Assets have been liquidated from which there is a reasonable expectance of realization.

(2) The liabilities of the state credit union have been discharged.

(3) Distribution has been made pursuant to section 533.404, subsection 1.

(4) The liquidation has been completed.

b. The certificate shall be filed and recorded in the county in which the state credit union has its principal place of business and in the county in which its original articles of incorporation were filed and recorded.

c. Upon the filing of a certificate of dissolution, the existence of the state credit union shall cease.

7. *a.* At any time prior to the final distribution of its assets, a state credit union may revoke the voluntary dissolution proceedings by the affirmative vote of a majority of its members eligible to vote, according to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

b. Upon the conclusion of the vote, the board of directors shall immediately notify the superintendent of any such action to revoke voluntary dissolution proceedings.

2007 Acts, ch 174, §66; 2012 Acts, ch 1020, §21; 2013 Acts, ch 17, §7 – 9; 2013 Acts, ch 140, §74

Referred to in §533.314, 533.405A

533.405A Involuntary dissolution.

1. If the superintendent has taken over management of the property and business of a state credit union pursuant to section 533.502, and determined that the state credit union cannot be reorganized or merged with another credit union, the superintendent may move for the involuntary dissolution of the state credit union and shall apply to the district court for appointment as receiver with the authority to dissolve the state credit union.

2. If a state credit union is in the process of a voluntary dissolution, and pursuant to

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section 533.405, the superintendent finds that the state credit union is not making reasonable progress toward terminating its affairs, the superintendent may move for the involuntary dissolution of the state credit union and shall apply to the district court for appointment as receiver with the authority to dissolve the state credit union.

3. The provisions of section 533.503 shall apply when the superintendent is acting as receiver, and as receiver the superintendent shall distribute the assets pursuant to the provisions of section 533.404.

2014 Acts, ch 1011, §5

533.406 State credit union merger, conversion, or dissolution.

Notwithstanding section 533.301, subsection 25, a state credit union shall comply with the state law requirements for merger, conversion, or dissolution of a state credit union.

2007 Acts, ch 174, §67

533.407 through 533.500 Reserved.

SUBCHAPTER V

SUPERVISORY ACTIONS, LIMITATIONS, AND PENALTIES

533.501 Supervisory action.

1. *Cease and desist order.*

a. (1) If the superintendent has reason to believe that an officer, director, employee, or committee member of a state credit union has violated any law, rule, or cease and desist order relating to a state credit union, or has engaged in an unsafe or unsound practice in conducting the business of a state credit union, the superintendent may cause notice to be served upon the officer, director, employee, or committee member to appear before the superintendent to show cause why the person should not be removed from office or employment. A copy of such notice shall be sent by certified mail or restricted certified mail to each director of the state credit union affected.

(2) If the superintendent finds that the accused has violated a law, rule, or cease and desist order relating to a state credit union, or has engaged in an unsafe or unsound practice in conducting the business of a state credit union, after granting the accused a hearing before an independent administrative law judge, the superintendent in the superintendent's discretion may order that the accused be removed from office and from any position of employment with the state credit union. The superintendent may further order that the accused not accept employment in any state credit union under the superintendent's jurisdiction without the superintendent's prior approval.

(3) A copy of the order shall be served upon the accused and upon the state credit union affected, at which time the accused shall cease to be an officer, director, employee, or committee member of the state credit union.

b. (1) If the superintendent determines that a state credit union has violated any of the provisions of this chapter, after notice and opportunity for hearing, the superintendent shall order the state credit union to correct the violation, except when the state credit union is insolvent.

(2) The superintendent may specify the manner in which the violation is to be corrected and grant the state credit union not more than sixty days within which to comply with the order.

(3) The superintendent may revoke a state credit union's certificate of approval for failure to comply with the order.

(4) If the certificate of approval has been revoked, the superintendent may apply to the district court of the county in which the state credit union is located for the appointment of a receiver for the state credit union.

2. *Summary cease and desist order.*

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a. (1) If it appears to the superintendent that a state credit union, or any director, officer, employee, or committee member of a state credit union, is engaging in or is about to engage in an unsafe or unsound practice or dishonest act in conducting the business of the state credit union that is likely to cause insolvency or substantial dissipation of assets or earnings of the state credit union, or is likely to seriously weaken the condition of the state credit union or otherwise seriously prejudice the interests of its members, the superintendent may issue an interim summary cease and desist order requiring the state credit union, or any director, officer, employee, or committee member, to cease and desist from any such practice or act, and may take affirmative action, including suspension of the director, officer, employee, or committee member to prevent such insolvency, dissipation, condition, or prejudice.

(2) The interim order shall become effective upon personal service upon the state credit union, or upon the director, officer, employee, or committee member of the state credit union, and remain effective and enforceable pending the completion of administrative proceedings conducted pursuant to this section and issuance of a final order.

b. (1) The interim order shall contain a concise statement of the facts constituting the alleged unsafe or unsound practice or alleged dishonest act, and shall fix a time and place at which a hearing will be held to determine whether a final order to cease and desist should issue against the state credit union, or any director, officer, employee, or committee member.

(2) The hearing shall be fixed for a date not later than thirty days after service of the interim order unless a later date is set at the request of the party served.

(3) If the state credit union, or the director, officer, employee, or committee member, fails to appear at the hearing, the state credit union, or the director, officer, employee, or committee member, is deemed to have consented to the issuance of a final cease and desist order.

(4) In the event of such consent, or if upon the record made at the hearing the superintendent finds that any unsafe or unsound practice or dishonest act specified in the interim order has been established, the superintendent may issue and serve upon the state credit union, or the director, officer, employee, or committee member, a final order to cease and desist from any such practice or act. The order may require the state credit union, or the director, officer, employee, or committee member, to cease and desist from any such practice or act and direct affirmative action, including suspension of the director, officer, employee, or committee member.

c. (1) A hearing provided for in this section shall be presided over by an administrative law judge appointed in accordance with section 17A.11.

(2) The hearing shall be private, unless the superintendent determines after full consideration of the views of the party afforded the hearing, that a public hearing is necessary to protect the public interest.

(3) After the hearing, and within thirty days after the case has been submitted for decision, the superintendent shall review the proposed order of the administrative law judge and render a final decision, including findings of fact upon which the decision is predicated, and issue and serve upon each party to the proceeding an order consistent with this section.

(4) Records and information relating to the hearing shall be confidential and not subject to subpoena. Such records and information shall not constitute a public record subject to examination or copying under chapter 22.

d. Any final order issued by the superintendent shall become effective upon service upon the state credit union, director, officer, employee, or committee member.

e. In the case of violation or threatened violation of, or failure to obey, an order, the superintendent may apply to the district court of the county in which the state credit union has its principal place of business for the enforcement of the order and such court shall have jurisdiction and power to order and require compliance with the order.

f. (1) Within ten days after a state credit union or any director, officer, employee, or committee member is served with a summary cease and desist order, the state credit union or director, officer, employee, or committee member affected may apply to the district court in the county in which the state credit union has its principal place of business for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the interim order pending the completion of administrative proceedings.

(2) If serious prejudice to the interests of the superintendent, the state credit union, or

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the officer, director, employee, or committee member would result from a court hearing, the court may order the judicial proceeding to be conducted in camera.

3. *Complaint response process.* The superintendent shall adopt rules establishing a complaint response process that shall include provisions relating to but not limited to complaint intake, preliminary informal and formal investigation procedures, complaint dismissal procedures, and imposition of remedial sanctions through an administrative resolution procedure or a contested case hearing.

a. Notwithstanding chapter 22, the superintendent shall keep confidential any social security number, residence address, or residence telephone number obtained in connection with a complaint intake, investigation, dismissal, or imposition of remedial sanctions, and may keep confidential the name of the complainant, the name of the subject of the complaint, and any other information obtained in connection with a complaint intake, investigation, dismissal, or imposition of remedial sanctions, if disclosure is not required in the performance of the duties of the superintendent, or in order to accomplish the provisions of this chapter, or otherwise required by law. At the discretion of the superintendent, the name of the complainant, residence address of the complainant, and residence telephone number of the complainant may be provided to the subject of the complaint, or to an authorized agent of such person, without waiving the confidentiality afforded by this subsection, provided that the superintendent has notified the complainant in advance of such disclosure. Disclosure or release of information by the superintendent in the course of an administrative or judicial proceeding shall not constitute a violation of this subsection.

b. Notwithstanding chapter 22, or paragraph "*a*" of this subsection, if the superintendent determines it is necessary or appropriate in the public interest or for the protection of the public, the superintendent may share information with other regulatory authorities or government agencies and may publish information concerning a complaint if it is determined that there is or has been a violation of this chapter, the laws of this state or the United States, or a rule promulgated or order issued pursuant to this chapter. Such information as the superintendent deems appropriate may be redacted so that the sharing, releasing, or publishing of the information in accordance with this subsection does not make available personally identifiable information.

2007 Acts, ch 174, §68; 2009 Acts, ch 48, §2
Referred to in §22.7(63)

533.502 Grounds for management of state credit union by superintendent.

1. Notwithstanding any other provision of this chapter, the superintendent may take over the management of the property and business of a state credit union when it appears to the superintendent that any of the following actions have occurred or conditions exist:

a. The state credit union has violated any law of this state.

b. The capital of the state credit union is impaired.

c. The state credit union is conducting its business in an unsafe or unsound manner.

d. The state credit union is in such condition that it is unsound, unsafe, or inexpedient for it to transact business.

e. The state credit union has suspended or refused payment of its deposits or other liabilities.

f. The state credit union refuses to make its records available to the superintendent for examination or otherwise refuses to make available, through an officer or employee having knowledge, information required by the superintendent for the proper discharge of the duties of the superintendent's office.

g. The state credit union neglects or refuses to observe any order of the superintendent made pursuant to the provisions of this chapter, unless the enforcement of such order is stayed in a court proceeding brought by the state credit union.

h. The state credit union has not transacted any business or performed any of the duties contemplated by its authorization to do business for a period of at least one hundred eighty days.

2. *a.* The superintendent shall manage the property and business of the state credit union until such time as the superintendent may relinquish to the state credit union the

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management, upon such conditions as the superintendent may prescribe, or until the affairs of the state credit union are finally dissolved as provided in this chapter. The superintendent may operate and direct the affairs of the state credit union in its regular course of business. The superintendent may also collect amounts due the state credit union and do such other acts as are necessary or expedient to conduct the affairs of the state credit union and conserve or protect its assets, property, and business.

b. The superintendent may appoint one or more persons, with powers specified in the certificate of appointment, to assist the superintendent in the duty of management, conservation, or dissolution and distribution of the business and property of a state credit union.

c. During the period of the superintendent's management of the property and business of the state credit union, and prior to the time that the superintendent may apply to the district court for appointment as receiver, the superintendent may assess the state credit union for costs and expenses incurred by the division in the management of the state credit union. Costs and expenses shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the management of the state credit union.

3. Judicial review of the actions of the superintendent may be sought in accordance with chapter 17A. However, the contested case provisions of chapter 17A, the Iowa administrative procedure Act, do not apply to an action by the superintendent to take over the management of or to manage a state credit union, as authorized by this section.

2007 Acts, ch 174, §69; 2012 Acts, ch 1020, §22
Referred to in §533.405A

533.503 Superintendent as receiver.

1. In all situations in which the superintendent has been appointed as receiver as provided in this chapter, the superintendent shall make a diligent effort to collect and realize on the assets of the state credit union, and shall make distribution of the proceeds from time to time to those entitled in the order provided for by law.

a. The superintendent may execute as receiver, or after the receivership has terminated, assignments, releases, and satisfactions to effectuate sales and transfers.

b. Upon the order of the court in which the receivership is pending, the superintendent may sell or compound all bad or doubtful debts.

c. Upon the order of the court in which the receivership is pending, the superintendent may sell all the real and personal property of the state credit union, on such terms as the court shall direct.

2. All expenses of the receivership and dissolution shall be determined by the superintendent, subject to the approval of the district court, and shall be paid out of the assets of the state credit union.

3. The superintendent as receiver may sue and defend in the superintendent's name with respect to the affairs of a state credit union.

4. At the completion of the receivership, the superintendent shall file a final report which shall contain details of receivership activity and such additional facts as the court may require.

5. *a.* Upon the submission and approval of the final report, the court shall enter a decree dissolving the state credit union and discharging the receiver, at which time the existence of the state credit union shall cease.

b. The clerk of the district court shall file and record certified copies of the decree with the county recorder of the county in which the state credit union has its principal place of business and with the county recorder of the county in which its original articles of incorporation were filed and recorded. A fee shall not be charged by the county recorder for the filing or recording of such decree.

6. The superintendent as receiver shall hold all records of the receivership for a period of two years after the court decree dissolving the state credit union and discharging the receiver, and at the termination of the two-year period, the records may then be destroyed.

2007 Acts, ch 174, §70; 2014 Acts, ch 1011, §6
Referred to in §533.405A, 602.8102(73)

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533.504 Tender of receivership to insurance plan.

1. *a.* The superintendent may tender to the administrator of an account insurance plan approved under this chapter the appointment as receiver for an insured state credit union.

b. If the insurance plan administrator accepts the appointment as receiver, the rights of the members and other creditors of the insured state credit union shall be determined in accordance with the laws of this state and the insurance plan administrator shall comply with all applicable provisions of this chapter.

2. The administrator of an account insurance plan as receiver shall possess the powers, rights, and privileges given to the superintendent as provided by law.

3. If the administrator of an account insurance plan pays or makes available for payment the insured liabilities of a state credit union, the administrator shall be subrogated by operation of law to all rights of the members against the insured state credit union in the same manner and to the same extent as subrogation is provided for in applicable laws in the case of a closed federal credit union.

2007 Acts, ch 174, §71

533.505 Subpoena — contempt.

1. The superintendent or the superintendent's designee may subpoena witnesses, compel their attendance, administer an oath, examine any person under oath, and require the production of any relevant record related to any period of examination, or related to any report or filing made by or provided to the credit union division.

2. An examination may be conducted on any subject relating to the duties imposed upon or powers vested in the superintendent.

3. Whenever a person subpoenaed pursuant to subsection 1 fails to produce a record or to give testimony as required by the terms of the subpoena, the superintendent may apply to the district court of Polk county for the enforcement of the subpoena or the issuance of an order compelling compliance.

4. The refusal of any person to obey an order of the district court issued pursuant to subsection 3, without reasonable cause, shall be considered a contempt of court.

2007 Acts, ch 174, §72; 2011 Acts, ch 34, §128; 2019 Acts, ch 36, §1

533.506 Limitation of actions.

1. All causes of action against a state credit union based upon a claim or claims inconsistent with an entry or entries in a state credit union record or ledger, made in the regular course of business, shall be deemed to have accrued, and shall accrue, one year after the date of such entry or entries.

2. An action founded upon such a cause shall not be brought after the expiration of ten years from the date of such accrual.

2007 Acts, ch 174, §73

533.507 False statements for credit — fraudulent practice.

A person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person or any other person in which such person is interested or for whom such person is acting with the intent that such statement shall be relied upon by a state credit union for the purpose of procuring the delivery of property, the payment of cash, or the receipt of credit in any form, for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, is guilty of a fraudulent practice.

2007 Acts, ch 174, §74

Fraudulent practices, see §714.8 – 714.14

533.508 False statements — penalties.

1. A director, officer, or employee of a state credit union shall not intentionally publish, disseminate, or distribute any advertising or notice containing any false, misleading, or deceptive statements concerning rates, terms, or conditions on which loans are made, or

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deposits or share installments are received, or concerning any charge which the state credit union is authorized to impose pursuant to this chapter, or concerning the financial condition of the state credit union. Any director, officer, or employee of a state credit union who violates the provisions of this subsection is guilty of a fraudulent practice.

2. Any person who maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false statement concerning any state credit union which imputes or tends to impute insolvency, unsound financial condition or financial embarrassment, or which may tend to cause or provoke or aid in causing or provoking a general withdrawal of deposits from such state credit union, or which may otherwise injure or tend to injure the business or goodwill of such state credit union, is guilty of a simple misdemeanor.

2007 Acts, ch 174, §75; 2020 Acts, ch 1063, §307

Fraudulent practices, see §714.8 – 714.14

533.509 Penalty for falsification.

A director, officer, agent, or employee of a state credit union, a credit union service organization, or any other person who knowingly signs, makes, or consents to another person making any false statement or false entry in the books of the state credit union or credit union service organization, or knowingly signs, makes, or consents to the making of any false report regarding a state credit union or credit union service organization, or knowingly diverts the funds of the state credit union, is guilty of a class "C" felony and is forever after barred from holding any office or position in a state credit union or credit union service organization.

2007 Acts, ch 174, §76

533.510 Submissions to credit union division — good faith requirement.

Any information, record, application, or document provided to the credit union division pursuant to this chapter shall be provided in good faith. A director, officer, agent, or employee of a state credit union, a credit union service organization, or any other person shall not intentionally publish, report, submit, file, or cause to be filed with the division any information, record, application, or document that is false or misleading by statement or omission. Any information, record, application, or document provided to the division in the absence of good faith or in violation of this section is subject to revocation of prior approval or denial, if applicable.

2019 Acts, ch 35, §1

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CHAPTER 533A

DEBT MANAGEMENT

Referred to in §524.211, 524.212, 524.606, 546.3, 669.14, 714E.1

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533A.1 Definitions.

As used in this chapter:

1. *"Creditor"* means a person who grants credit, a person who takes assignment of the rights to payments of a person who grants credit, or a person for whose benefit moneys are being collected and distributed by a licensee.

2. *"Debt management"* means, when done for a fee, any of the following:

a. Arranging or negotiating, or attempting to arrange or negotiate, the amount or terms of debt owed by a debtor to a creditor.

b. Receiving from a debtor, directly or indirectly, money or evidences thereof for the purposes of distributing the same to one or more creditors of the debtor in payment or partial payment of the debtor's obligations.

c. Serving as an intermediary between a debtor and one or more creditors of the debtor for the purpose of obtaining concessions from the creditors.

d. Engaging in debt settlement.

e. Serving as an intermediary between a debtor and one or more creditors or loan servicers of the debtor for the purpose of seeking modification of the terms of an educational loan.

3. *"Debt settlement"* means seeking to settle the amount of a debtor's debts with creditors for less than the amounts owed on the debts.

4. *"Debtor"* means any natural person.

5. *"Donation"* means money given by the debtor to a licensee as a gift for debt management and outside of the debt management contract.

6. *"Educational loan"* means the same as defined in section 261F.1.

7. *"Fee"* means the moneys paid by the debtor to the licensee as payment for debt management and shall not include money paid to the licensee or held by the licensee for distribution to a creditor, a distribution to the debtor as a refund, or a donation.

8. *"Gratuitous debt-management service"* means debt management without charging a fee.

9. *"Licensee"* means any person licensed under this chapter.

10. *"Loan servicer"* means a person who is engaged in the direct collection of payments on a loan from the debtor or holds the right to undertake direct collection of payments on a loan from the debtor, including but not limited to receiving scheduled periodic payments from the debtor pursuant to the terms of the loan or holding the right to service the loan, such as by contracting with or otherwise arranging for another person to service the loan.

11. *"Natural person"* means an individual who is not an association, joint venture or joint stock company, partnership, limited partnership, business corporation, nonprofit corporation, other business entity, or any group of individuals or business entities, however organized.

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12. *"Office"* means each location by street number, building number, city, and state where any person engages in debt management.

13. *"Person"* means an individual, an association, joint venture or joint stock company, partnership, limited partnership, business corporation, nonprofit corporation, or any other group of individuals however organized.

14. *"Superintendent"* means the superintendent of banking.

[C71, 73, 75, 77, 79, 81, §533A.1]

2006 Acts, ch 1042, §1; 2009 Acts, ch 34, §1; 2020 Acts, ch 1067, §1, 2

Referred to in §533A.8A

533A.2 Licenses required — exceptions.

1. A person shall not engage in the business of debt management in this state without a license as provided for in this chapter unless exempt under subsection 2. A person engages in the business of debt management in this state if the person solicits on behalf of the person or another person to provide, or enters into a contract with one or more debtors to provide, debt management to a debtor who resides in this state.

2. The following persons, including employees of such persons, shall not be required to be licensed or to otherwise comply with the provisions of this chapter:

a. A licensed attorney admitted to practice in this state acting solely as an incident to the practice of law.

b. Banks, federally chartered savings and loan associations, credit unions, mortgage bankers and mortgage brokers licensed or registered under chapter 535B, insurance companies and similar fiduciaries, regulated loan companies licensed under chapter 536, and industrial loan companies licensed under chapter 536A, authorized and admitted to transact business in this state and performing credit and financial adjusting in the regular course of their principal business, or while performing an escrow function.

c. Abstract companies, while performing an escrow function.

d. Employees of licensees under this chapter, while performing services for the employee's licensed employer.

e. Judicial officers or others acting under court orders.

f. Nonprofit religious, fraternal, or cooperative organizations offering to debtors gratuitous debt-management service.

g. Those persons whose principal business is the origination of first mortgage loans on real estate for their own portfolios or for sale to institutional investors.

h. A person licensed under chapter 533C, including that person's authorized delegates as defined in section 533C.102, or a person exempt from licensing under section 533C.103, when engaging in money transmission as defined in section 533C.102.

3. The application for a license shall be in the form prescribed by the superintendent. If the applicant is not a natural person, a copy of the legal documents creating the applicant shall be filed with the application. The application shall contain all of the following:

a. The name of the applicant.

b. If the applicant is not a natural person, the type of business entity of the applicant and the date the entity was organized.

c. If the applicant is a foreign corporation, both of the following:

(1) An irrevocable consent, duly acknowledged, that suits and actions may be commenced against the licensee in the courts of this state by service of process performed as provided in section 617.3 or as provided in the Iowa rules of civil procedure.

(2) Proof of authorization to do business in this state.

d. The address where the business is to be conducted, including information as to any branch office of the applicant.

e. The name and resident address of the applicant's owner or partners, or, if a corporation, association, or agency, of the members, shareholders, directors, trustees, principal officers, managers, and agents.

f. The name, physical address, and telephone number of the licensee's agent for service of process.

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g. Other pertinent information as the superintendent may require, including a credit report.

4. Each application shall be accompanied by a bond to be approved by the superintendent in favor of the people of the state of Iowa in the penal sum of twenty-five thousand dollars for each office, and conditioned that the obligor will not violate any law pertaining to such business and upon the faithful accounting of all moneys collected upon accounts entrusted to such person engaged in debt management, and their employees and agents for the purpose of indemnifying debtors for loss resulting from conduct prohibited by this chapter. The aggregate liability of the surety to all debtors doing business with the office for which the bond is filed shall, in no event, exceed the penal sum of such bond. The surety on the bond shall have the right to cancel such bond upon giving thirty days' notice to the superintendent and thereafter shall be relieved of liability for any breach of condition occurring after the effective date of the cancellation. A person shall not engage in the business of debt management until a good and sufficient bond is filed in accordance with the provisions of this chapter.

5. Each applicant shall furnish with the application a description of its proposed debt management program, a copy of the disclosures it will be providing debtors pursuant to section 533A.8, subsection 3, and a copy of the contract the applicant proposes to use between the applicant and the debtor pursuant to section 533A.8, subsection 4.

6. At the time of making the application the applicant shall pay to the superintendent the sum of two hundred fifty dollars as a license fee for each of the applicant's offices and an investigation fee in the sum of one hundred dollars. A separate application shall be made for each office maintained by the applicant.

7. The superintendent may authorize applicants and licensees to be licensed through a nationwide licensing system and to pay the corresponding system processing fees. The superintendent may establish by rule or order new requirements as necessary, including but not limited to requirements that applicants, including officers and directors and those who have control of the applicant, submit to fingerprinting and criminal history checks.

8. For the purposes of this section and in order to reduce the points of contact which the federal bureau of investigation may be required to maintain for purposes of subsection 7, the superintendent may use the nationwide licensing system as a channeling agent for requesting information from and distributing information to the United States department of justice or other governmental agency, or to or from any other source so directed by the superintendent.

[C71, 73, 75, 77, 79, 81, §533A.2]

85 Acts, ch 158, §1; 2006 Acts, ch 1042, §2; 2007 Acts, ch 126, §92; 2008 Acts, ch 1160, §9; 2009 Acts, ch 34, §2 – 4; 2009 Acts, ch 179, §41; 2012 Acts, ch 1017, §131; 2013 Acts, ch 5, §3; 2023 Acts, ch 83, §1

Referred to in §533C.103

533A.3 Investigation.

1. Upon the filing of each application and the payment of the fees, the superintendent shall conduct an investigation of the facts concerning the application and the requirements provided in subsection 3.

2. The superintendent shall grant or deny each application for a license within sixty days from the date that the application and the required fee are filed and paid, unless the period is extended by written agreement between the applicant and the superintendent.

3. *a.* The superintendent shall enter an order granting the application, and issue and deliver a license to the applicant if the superintendent finds that both of the following are satisfied:

(1) The experience, financial responsibility, character, and general fitness of the applicant is sufficient as to command the confidence of the public and to warrant belief that the business will be operated lawfully, honestly, fairly, and efficiently within the purposes of this chapter.

(2) The applicant has not been convicted of or pled guilty to a felony or an indictable misdemeanor for financial gain, or has not had a record of having defaulted in payment of money collected for others, including the discharge of such debts through bankruptcy proceedings.

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b. If the applicant is not a natural person, this subsection shall apply to the owners, partners, members, shareholders, officers, directors, and managers of the applicant.

4. If the applicant has, at the time of the application, a license for an office located within ten miles of the location of the office named in the application, a license shall not be issued unless the superintendent finds that public convenience will be served by the issuance of the license.

5. A license shall not be transferable or assignable.

6. If the superintendent finds the applicant not qualified under subsection 3, the superintendent shall enter an order denying the application and notify the applicant of the denial, returning the license fee. Within fifteen days after the entry of such order, the superintendent shall prepare written findings and shall deliver a copy to the applicant.

[C71, 73, 75, 77, 79, 81, §533A.3]
2006 Acts, ch 1042, §3
Referred to in §533A.15

533A.4 Expiration date.

The license issued under this chapter shall expire on December 31 following its issuance unless sooner surrendered, revoked, or suspended, but may be renewed as provided in this chapter.

[C71, 73, 75, 77, 79, 81, §533A.4]
2013 Acts, ch 5, §4

533A.5 Renewal.

1. To continue in the business of debt management, each licensee shall annually apply on or before December 1 to the superintendent for renewal of its license. The superintendent may assess a late fee of ten dollars per day for applications submitted and accepted for processing after December 1.

2. The renewal application shall be on the form prescribed by the superintendent and shall be accompanied by a fee of two hundred fifty dollars. A separate renewal application shall be made for each office maintained by the applicant.

[C71, 73, 75, 77, 79, 81, §533A.5]
2006 Acts, ch 1042, §4; 2007 Acts, ch 126, §93; 2013 Acts, ch 5, §5

533A.5A Change in control — name or address.

1. The prior written approval of the superintendent is required whenever a change in the control of a licensee is proposed. For purposes of this section, *"control"* in the case of a corporation means direct or indirect ownership, or the right to control, ten percent or more of the voting shares of the corporation, or the ability of a person to elect a majority of the directors or otherwise effect a change in policy. *"Control"* in the case of any other entity means the principals of the organization whether active or passive. The superintendent may require information deemed necessary to determine whether a new application is required. When requesting approval, the person shall submit a fee of one hundred dollars to the superintendent.

2. A licensee shall notify the superintendent and submit a fee of twenty-five dollars per license to the superintendent thirty days in advance of the effective date of any of the following:

a. A change in the name of the licensee.

b. A change in the address where the business is conducted.

2006 Acts, ch 1042, §5

533A.6 Appointment of process agent. Repealed by 2009 Acts, ch 34, §9. See §533A.2(3).

533A.7 Disciplinary action.

1. The superintendent may, after notice and hearing pursuant to chapter 17A, take disciplinary action against a licensee if the superintendent finds any of the following:

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a. The licensee, or an owner, partner, member, shareholder, officer, director, or manager of the licensee, has been convicted of a felony or of an indictable misdemeanor for financial gain.

b. The licensee, or an owner, partner, member, shareholder, officer, director, or manager of the licensee, has violated any of the provisions of this chapter or any other state or federal law, rule, or regulation applicable to the conduct of its business.

c. The licensee, or an owner, partner, member, shareholder, officer, director, or manager of the licensee, has engaged in fraud or deceit in procuring the issuance of a license or renewal under this chapter.

d. The licensee, or an owner, partner, member, shareholder, officer, director, or manager of the licensee, has engaged in unfair conduct.

e. The licensee is insolvent, or has filed for bankruptcy, receivership, or assignment for the benefit of creditors.

f. The licensee fails to post the bond required by the provisions of this chapter or the superintendent receives notice that the required bond has been canceled.

2. The superintendent may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

b. Suspend a license until further order of the superintendent for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning respecting licensee behavior.

f. Order the licensee to pay restitution.

3. The superintendent may order an emergency suspension of a licensee's license pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of the suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. Except as provided in this section, a license shall not be revoked or suspended except after notice and a hearing thereon in accordance with chapter 17A.

5. A licensee may surrender a license by delivering to the superintendent written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

6. A revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and any person, including a debtor.

[C71, 73, 75, 77, 79, 81, §533A.7]

2006 Acts, ch 1042, §6; 2008 Acts, ch 1160, §10

Referred to in §533A.15

533A.8 Licensee requirements.

1. A licensee shall describe the methodology of its debt management program to each potential debtor client so that the debtor can make an informed decision as to whether or not the licensee's program is an appropriate option for the debtor.

2. A licensee shall conduct a comprehensive review of a debtor's debts and monthly budget and make a determination that the licensee's program is an appropriate option for the debtor before entering into a contract with the debtor. A licensee shall not accept an account unless a written and thorough budget analysis has been performed which indicates that the debtor can meet the requirements determined by the budget analysis.

3. *a.* A licensee, including any third party who markets or sells a debt management program on behalf of a licensee, shall make the following disclosures to a debtor both verbally and in writing before the debtor signs a contract to enroll in the debt management program:

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(1) The total estimated fee the debtor will pay for participating in the program if the debtor remains in the program for the entire term of the contract.

(2) That the licensee cannot guarantee any specific results from participation in the program.

(3) That the debtor may elect to discontinue participation in the program without penalty at any time during the program.

(4) If the program includes obtaining concessions regarding the principal amount of the debt from creditors, that any concessions may be considered income to the debtor subject to income tax.

(5) If the program is based on a model which does not require the licensee or another licensee to receive money or evidence thereof from the debtor to distribute to the debtor's creditors, the following:

(a) That payments are not made to creditors on the debtor's behalf, so the debtor is still obligated to make payments to creditors.

(b) That creditors may continue to try to collect the debtor's debts while the debtor is enrolled in the program.

(6) If the program is a debt settlement program, that the following may occur:

(a) The debtor's credit report and credit score may be harmed by participating in the program.

(b) Failure to make required minimum payments to the debtor's creditors may violate the debtor's agreement with the creditors and may result in additional charges, such as late fees, over limit fees, and penalties and creditors may raise the debtor's interest rate.

(c) The debtor may be sued by creditors if the debtor fails to make required minimum payments to the debtor's creditors.

b. The verbal disclosures required pursuant to this subsection shall be made at a normal rate of speech in a manner designed to ensure the debtor understands the disclosures. The written disclosures shall be provided in a separate document from the contract between the licensee and the debtor and shall be designed to ensure the debtor understands the disclosures. It is a violation of this chapter for a licensee, or any third party who markets or sells a debt management program on behalf of a licensee, to contradict these disclosures in any representation, advertising, or solicitation.

4. A licensee shall make a written contract with a debtor and shall immediately and before collecting any fee, furnish the debtor with a true copy of the contract. A contract shall not extend for a period longer than sixty months. The contract between a licensee and a debtor shall include all of the following:

a. The total estimated charges agreed upon for the services of the licensee and any third parties providing services for or in conjunction with the licensee.

b. A statement of how and when the charges are to be paid.

c. A statement that the debtor may elect to discontinue participation in the program without penalty at any time during the program.

d. The beginning and expiration date of the contract.

e. The name, physical address, mailing address if different from the physical address, and telephone number of the licensee.

f. A description of the services to be provided by the licensee, which shall include educational and counseling services designed to assist the debtor in managing the debtor's borrowing, spending, and saving habits.

g. If the debt management program is a debt settlement program, the following:

(1) A comprehensive list of every debt at the time of enrollment that is to be negotiated for settlement by the licensee, including the creditors' names and identifying information.

(2) The estimated amount of money needed to fund settlements.

h. If the debt management program is based on a model which requires the licensee or any licensee to receive money or evidences thereof from the debtor to distribute to the debtor's creditors, the contract shall set forth the complete list of creditors who are to receive payments under the contract.

5. If the debt management program is based on a model which requires the licensee or any licensee to receive money or evidences thereof from the debtor to distribute to the

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debtor's creditors, the licensee who receives the money or evidences thereof from the debtor for distribution to the debtor's creditors shall do all of the following:

a. Maintain a separate bank trust account in which all payments received from debtors for the benefit of creditors shall be deposited and in which all payments shall remain until a remittance is made to either the debtor or the creditor.

b. Make remittances to creditors within forty-five days after initial receipt of funds, and thereafter remittances shall be made to creditors within thirty days of receipt, less fees, unless the reasonable payment of one or more of the debtor's obligations requires that such funds be held for a longer period so as to accumulate a sum certain.

c. Provide each debtor a monthly written statement of disbursements made and fees deducted from the debtor's account. The licensee shall also provide a verbal accounting of disbursements made and fees deducted from the debtor's account at any time the debtor requests it during normal business hours.

d. Not receive any fee, or have or cause any fee to be received by any other licensee, other than the initiation fee permitted in section 533A.9, subsection 2, unless the licensee has the consent of at least fifty percent of the total number of the creditors listed in the licensee's contract with the debtor, or such a like number of creditors have accepted a distribution of payment. The debtor shall be informed by the licensee of those creditors who have not agreed to the licensee's handling of the account.

6. If the debt management program is not based on a model which requires the licensee or any licensee to receive money or evidences thereof from the debtor to distribute to the debtor's creditors, both of the following shall apply:

a. The debtor shall maintain full control of and access to any moneys set aside for payment to creditors.

b. The licensee may not receive consideration from any third party in connection with services rendered to a debtor.

7. A licensee shall keep, and use in the licensee's business, books, accounts, and records which will enable the superintendent to determine whether such licensee is complying with the provisions of this chapter, any applicable state or federal laws or regulations, and the rules and regulations of the superintendent. A licensee shall preserve such books, accounts, and records for at least five years after making the final entry on any transaction recorded therein. Records shall contain complete information regarding all contracts, extensions thereof, payments, disbursements, and charges, which records shall be open to inspection by the superintendent and the superintendent's duly appointed agents during normal business hours.

8. In the event a compromise of a debt is arranged by a licensee with one or more creditors, the debtor shall have the full benefit of such compromise.

9. All licensee advertising content, and data supporting any claims made in the advertising, shall be maintained in retrievable format and available to the superintendent for inspection for a minimum of five years.

10. If the licensee maintains an internet site, the licensee shall make available on its internet site a physical address for its headquarters, a main telephone number, and an electronic mail contact address.

11. The superintendent may adopt additional requirements applicable to licensees pursuant to administrative rule.

[C71, 73, 75, 77, 79, 81, §533A.8]

2009 Acts, ch 34, §5; 2010 Acts, ch 1061, §69; 2013 Acts, ch 90, §257

Referred to in §533A.2, 533A.11

533A.8A Educational loan debt management services — contract requirements — prohibitions — remedies.

1. In addition to any other requirements applicable to a licensee pursuant to this chapter, a licensee who is engaged primarily in the business of debt management in connection with educational loans, as described in section 533A.1, subsection 2, paragraph *"e"*, shall do so in accordance with this section. The provisions of this section are not exclusive and do not relieve persons or a contract from compliance with other applicable law.

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2. A licensee shall not receive any compensation for providing educational loan debt management services until after the licensee has fully performed all services that the licensee contracted to perform or represented the licensee would perform, and shall not request any payment from the debtor or require the debtor to provide payment to any third party prior to fully performing all services.

3. *a.* A debtor has an unconditional right to cancel a contract with a licensee for educational loan debt management services at any time prior to midnight of the third business day following the date a contract which complies with this section is signed and executed.

b. Cancellation of a contract occurs when the debtor delivers, by any means, written notice of cancellation to the address specified in the contract. Notice of cancellation, if delivered by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice of cancellation delivered by electronic mail is effective upon transmission. Notice of cancellation delivered personally is effective upon delivery. Notice of cancellation given by the debtor need not take the particular form as provided in the contract and, however expressed, is effective if the notice of cancellation indicates the intention of the debtor not to be bound by the contract.

4. A contract to provide debt management services in connection with an educational loan shall be written in clear, understandable language, shall clearly and conspicuously set forth any and all terms, restrictions, and conditions governing the contract, and shall describe fully and in detail all services that the licensee contracts to perform for the debtor. The contract shall be dated and signed by the debtor. The contract shall set forth information required in this section in at least ten point type. The following shall be included in the contract:

a. The licensee's name, the licensee's electronic mail address, and the physical address of the licensee's place of business to which the notice of cancellation is to be mailed or otherwise delivered. A post office box does not constitute a physical address. A post office box may be designated for delivery by mail only if it is accompanied by a physical address at which the notice could be delivered by a method other than mail.

b. A disclosure statement in substantially the following form shall appear in at least fourteen point boldface type immediately above the place where the debtor is to sign:

> You, the debtor, may cancel this contract at any time prior to midnight of the third business day after the contract is signed and executed. See the attached notice of cancellation form for an explanation of this right.

c. A completed, easily detachable form in duplicate, captioned "notice of cancellation", as an attachment, in at least fourteen point boldface type, containing the following statement in substantially the following form and language:

> NOTICE OF CANCELLATION
>
> .....
> (date contract is signed and executed)
>
> You, the debtor, may cancel this contract without any penalty or obligation, within three business days from the above date.
>
> To cancel this contract, you may use any of the following methods: (1) send by postal mail or otherwise deliver a signed and dated copy of this cancellation notice, or any other written notice of cancellation, to (physical address of licensee's place of business); or (2) send by electronic mail a notice of cancellation to (licensee's electronic mail address).
>
> No later than midnight of (date).
>
> I hereby cancel this contract.
>
> .....
> (date)
>
> .....
> (debtor's signature)

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d. A disclosure statement in substantially the following form shall appear in at least fourteen point boldface type immediately above the "Notice of Cancellation" form described in paragraph *"c"*:

NOTICE REQUIRED BY IOWA LAW

(Insert name of licensee) or anyone working for (insert name of licensee) CANNOT take payment directly from you or require you to pay for or finance its services through a third party until (insert name of licensee) has fully performed each and every service that (insert name of licensee) contracted to perform or represented that (insert name of licensee) would perform.

5. A licensee who is engaged primarily in the business of debt management in connection with educational loans shall not do any of the following:

a. Claim, demand, charge, collect, or receive compensation until after the licensee has fully performed each and every service the licensee contracted to perform or represented the licensee would perform.

b. Execute a contract with a debtor for educational loan debt management services in violation of this section.

c. Receive consideration from any third party in connection with services rendered to a debtor unless the consideration is first fully disclosed to the debtor.

d. Prohibit or impede a debtor from contacting any creditor, lender, loan servicer, government entity, attorney, counselor, individual, or company that may seek to help the debtor. Any such provision is void and unenforceable.

e. Access or obtain a debtor's federal student aid information in violation of federal law.

f. Compensate employees, including independent contractors, based on the number of debtors recruited by the employees or enrolled in particular programs, or provide compensation to employees on any other commission-based system.

g. Pay or offer to pay any compensation, bonus, gift, commission, or other consideration to any person for the referral of a debtor to the licensee's business.

h. Accept or receive any compensation, bonus, gift, commission, or other consideration for service to the debtor from any person other than the debtor, the debtor's representative, or any third party providing financing that is otherwise in compliance with the requirements of this section.

i. Disclose any information regarding a debtor to anyone other than law enforcement, government entities, loan servicers, creditors of the debtor, or as required by law.

j. Disclose any information regarding the creditor of a debtor to anyone other than the debtor, the debtor's representative, or as required by law.

6. *a.* A violation of this section is an unlawful practice pursuant to section 714.16, and all remedies of section 714.16 are available for such an action. A private cause of action brought under this section by a debtor is in the public interest. A debtor may bring an action against a licensee for a violation of this section. If the court finds that the licensee violated this section, the court shall award the debtor actual damages, appropriate equitable relief, and the costs of the action, and shall award reasonable fees to the debtor's attorney.

b. The rights and remedies provided in paragraph *"a"* are cumulative to, and not a limitation of, any other rights and remedies provided by law. Any action brought by a person other than the attorney general or the superintendent pursuant to this section must be commenced within four years from the date of the alleged violation.

c. Notwithstanding any other provision of this section, an action shall not be brought on the basis of a violation of this section, except by a debtor against whom the violation was committed or by the attorney general or superintendent. This limitation does not apply to administrative action by either the attorney general or the superintendent.

2020 Acts, ch 1067, §3

533A.9 Fee agreed in advance.

1. The fee of a licensee charged to a debtor shall be agreed upon in advance and stated in

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the contract and provision for settlement in case of cancellation shall also be clearly stated in the contract.

2. A debtor may be charged a one-time initiation fee for debt management services, which shall not exceed fifty dollars.

3. If a debt management program is based on a model that required the licensee or any other licensee to receive money or evidences thereof from the debtor to distribute to the debtor's creditors, the debtor may not be charged a fee exceeding the initiation fee permitted in subsection 2 plus a fee not to exceed fifteen percent of amounts actually applied to the debtor's accounts with the creditors. Other than the initiation fee, the debtor shall at no time be required to pay fees exceeding fifteen percent of amounts actually applied to the debtor's accounts with the creditors.

4. If a debt management program is not based on a model that requires the licensee or another licensee to receive money or evidences thereof from the debtor to distribute to the debtor's creditors, a debtor may not be charged a fee exceeding the sum of the following:

a. The initiation fee permitted in subsection 2.

b. An additional fee not to exceed eighteen percent of the total amount of the debtor's debts enrolled in the licensee's program at the time the debtor enrolled in the program. The additional fee shall not be collected pursuant to a method other than the percent of total debt method or the percent of savings method, as provided in subparagraphs (1) and (2), respectively.

(1) The percent of total debt method involves the additional fee being collected in equal monthly installments payable over the first two-thirds of the term of the contract between the debtor and the licensee. The debtor may elect to discontinue participation at any time during the program by providing written notice to the licensee at the address specified in the contract. Notice of discontinuance, if given by mail, is effective when deposited in the mail properly addressed with postage paid. If the debtor discontinues participation in the program, no future installments are due after the mailing of the notice. If participation is discontinued within the first twelve months of the contract, the licensee may retain only fifty percent of the installments it is scheduled to receive through the date the debtor gives the discontinuation notice and shall refund the excess to the debtor. Notwithstanding the foregoing, the licensee may collect a pro rata portion of the total fee upon completion of a settlement of a debtor's debt. The pro rata portion shall be calculated by multiplying the total dollar amount of the contracted additional fee by the percentage of debt settled of the original amount of debt enrolled in the program. In no event shall the additional fee exceed eighteen percent of the total amount of the debtor's debts enrolled in the licensee's program at the time the debtor enrolled in the program.

(2) The percent of savings method involves the additional fee being collected in monthly installments of fifty dollars per month, and the monthly fees collected shall be credited against any fees the licensee earns as the result of settlements. The debtor may elect to discontinue participation at any time during the program by providing written notice to the licensee at the address specified in the contract. Notice of discontinuance, if given by mail, is effective when deposited in the mail properly addressed with postage paid. If the debtor discontinues participation in the program, no future installments are due after the mailing of the notice. If participation is discontinued within the first twelve months of the contract, the licensee may retain only fifty percent of the installments it is scheduled to receive through the date the debtor gives the discontinuation notice and shall refund the excess to the debtor. Notwithstanding the foregoing, the licensee may collect a pro rata portion of the total fee upon completion of a settlement of a debtor's debt. The pro rata portion, which may be collected at the time of settlement, shall be calculated by multiplying the contracted savings percentage, not to exceed thirty percent, by the amount saved on settled debt. The amount saved on settled debt is the difference between the balance of that debt upon enrollment in the program and the amount settled. In no event shall the additional fee exceed eighteen percent of the total amount of the debtor's debts enrolled in the licensee's program at the time the debtor enrolled in the program.

5. Any services provided by a third party, other than the debtor's own banking fees, including lead generating, marketing, and selling services, shall be paid for by the licensee.

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Under no circumstances shall a debtor be required to pay a fee to a third party to obtain a licensee's services.

[C71, 73, 75, 77, 79, 81, §533A.9]

90 Acts, ch 1100, §1; 2006 Acts, ch 1042, §7; 2009 Acts, ch 34, §6

Referred to in §533A.8

533A.9A Donations.

A donation shall not be charged to a debtor or creditor, deducted from a payment to a creditor, deducted from the debtor's account, or deducted from payments made to the licensee pursuant to the debt management contract. If a licensee requests a donation from a debtor, the licensee must clearly indicate that any donation is voluntary and not a condition or requirement for providing debt management.

2006 Acts, ch 1042, §8; 2007 Acts, ch 126, §94

533A.10 Examination of licensee — records.

1. The superintendent may examine the condition and affairs of a licensee. In connection with any examination, the superintendent may examine on oath any licensee, and any director, officer, employee, customer, creditor, or stockholder of a licensee concerning the affairs and business of the licensee. The superintendent shall ascertain whether the licensee transacts its business in the manner prescribed by the law and applicable rules. The licensee shall pay the cost of the examination as determined by the superintendent based on the actual cost of the operation of the finance bureau of the banking division of the department of insurance and financial services, including the proportionate share of the administrative expenses in the operation of the banking division attributable to the finance bureau, as determined by the superintendent, incurred in the discharge of duties imposed upon the superintendent by this chapter. Failure to pay the examination fee within thirty days of receipt of demand from the superintendent shall subject the licensee to a late fee of up to five percent per day of the amount of the examination fee for each day the payment is delinquent.

2. In the investigation of alleged violations of this chapter, the superintendent may compel the attendance of any person or the production of any books, accounts, records and files, and may examine under oath all persons in attendance.

3. Except as otherwise provided by this chapter, all papers, documents, examination reports and other writings relating to the supervision of licensees are not public records and are not subject to disclosure under chapter 22. The superintendent may disclose information to representatives of other state or federal regulatory authorities. The superintendent may release summary complaint information as long as the information does not specifically identify the complainant. The superintendent may prepare and circulate reports reflecting financial information examination results for all licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information. The superintendent may prepare and circulate reports provided by law. The superintendent may release the reports and correspondence in the course of an enforcement proceeding or a hearing held by the superintendent and may provide this information to the attorney general for purposes of enforcing this chapter or the consumer fraud Act, section 714.16.

4. The superintendent may receive documents, materials, or other information, including otherwise confidential and privileged documents, materials, or other information, through a nationwide licensing system and from other local, state, federal, or international regulatory agencies, the conference of state bank supervisors and its affiliates and subsidiaries, the national association of consumer credit administrators and its affiliates and subsidiaries, and any other regulator association, and shall maintain as confidential and privileged any such document, material, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information.

[C71, 73, 75, 77, 79, 81, §533A.10]

2006 Acts, ch 1042, §9; 2007 Acts, ch 170, §4; 2013 Acts, ch 5, §6; 2023 Acts, ch 19, §2748

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533A.11 Unlawful acts of licensee.

It is unlawful and a violation of this chapter for the holder of any license issued under this chapter:

1. To purchase from a creditor any obligation of a debtor.

2. To operate as a collection agent and as a licensee as to the same debtor's account without first disclosing in writing such fact to both the debtor and creditor.

3. To execute any contract or agreement to be signed by the debtor unless the contract or agreement is fully and completely filled in and finished.

4. To receive or charge any fee in the form of a promissory note or other promise to pay, or receive or accept any mortgage or other security for any fee, both as to real or personal property.

5. To pay any bonus or other consideration to any individual, agency, partnership, unincorporated association, or corporation for the referral of a debtor to the licensee's business, or to accept or receive any bonus, commission, or other consideration for referring any debtor to any individual, partnership, unincorporated association, agency, or corporation for any reason.

6. To advertise the licensee's services, display, distribute, broadcast, or televise, or permit to be displayed, advertised, distributed, broadcast, or televised the licensee's services in any manner inconsistent with the law.

7. To make, or facilitate the debtor in making, any false or misleading claim regarding a creditor's right to collect a debt.

8. To dispute, or facilitate the debtor in disputing, the validity of a debt absent a good faith belief by the debtor that the debt is not validly owing.

9. To challenge a debt without the written consent of the debtor.

10. To provide or offer to provide legal advice or legal services, including but not limited to the negotiation of payments or the settlement of a debtor's delinquent account that is subject to pending litigation, unless the person providing or offering to provide legal advice is licensed to practice law in the state in which the debtor resides.

11. To execute a power of attorney or any other written agreement that extinguishes or limits the debtor's right to contact or communicate with any creditor.

12. To take a wage assignment, a lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable.

13. To induce or attempt to induce a debtor to enter into a contract which does not comply in all respects with the requirements of this chapter.

14. Where applicable, to make any statements, or allow a third party marketing or selling the licensee's program to make any statements, in the course of advertising or solicitation that contradicts the disclosures required by section 533A.8.

15. When the licensee's program is a debt settlement program, the following:

a. To advise a debtor to stop making payments to creditors.

b. To lead a debtor to believe that a payment to a creditor is in settlement of a debt to the creditor unless the creditor provides a written certification or confirmation that the payment is in full settlement of the debt, or is part of a payment plan that is in full settlement of the debt.

c. To make any of the following representations:

(1) The licensee will furnish money to pay bills or prevent attachments.

(2) Payment of a certain amount will guarantee satisfaction of a certain amount or range of indebtedness.

(3) Participation in a program will prevent debt collection calls, litigation, garnishment, attachment, repossession, foreclosure, eviction, or loss of employment.

(4) Participation in a program will not harm the debtor's credit report or credit score.

(5) Participation in a program will prevent the debtor from having to declare bankruptcy.

(6) That the licensee is authorized or competent to furnish legal advice or perform legal services, including but not limited to the negotiation of payments or the settlement of a debtor's delinquent account that is subject to pending litigation.

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(7) That the licensee's negotiations with creditors will result in the elimination of adverse information on the debtor's credit report.

[C71, 73, 75, 77, 79, 81, §533A.11]

90 Acts, ch 1100, §2; 2009 Acts, ch 34, §7

533A.12 Rules.

The superintendent may adopt administrative rules pursuant to chapter 17A to administer and enforce the provisions of this chapter.

2006 Acts, ch 1042, §10

533A.13 License mandatory to business.

It shall be unlawful for a person to engage in the business of debt management without first obtaining a license as required by this chapter. Any person or any owner, partner, member, officer, director, employee, agent, or representative thereof who shall willfully or knowingly engage in the business of debt management without the license required by this chapter shall be guilty of a serious misdemeanor.

[C71, 73, 75, 77, 79, 81, §533A.13]

2006 Acts, ch 1042, §11

533A.14 Fees to state treasurer.

All moneys received by the superintendent from fees, licenses, and examinations pursuant to this chapter shall be deposited by the superintendent with the treasurer of state for deposit in the commerce revolving fund created in section 546.12.

[C71, 73, 75, 77, 79, 81, §533A.14]

2009 Acts, ch 181, §105; 2023 Acts, ch 19, §2749

533A.15 Judicial review.

Judicial review of actions of the superintendent pursuant to sections 533A.3 and 533A.7 may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C71, 73, 75, 77, 79, 81, §533A.15]

2003 Acts, ch 44, §114

533A.16 Violations — injunctions — civil penalties.

1. If the superintendent believes that a person has engaged in, or is about to engage in, an act or practice that constitutes or will constitute a violation of this chapter, the superintendent may apply to the district court for an order enjoining such act or practice. Upon a showing by the superintendent that such person has engaged, or is about to engage, in any such act or practice, the district court shall grant an injunction.

2. The superintendent may investigate or initiate complaints against persons who are not licensed under this chapter to determine whether the person is violating this chapter.

3. In addition to or as an alternative to applying to the district court for an injunction, the superintendent may issue an order to a person who is not licensed under this chapter to require compliance with this chapter, may impose a civil penalty against such person for any violation of this chapter in an amount up to five thousand dollars for each violation, and may order the person to pay restitution.

4. Before issuing an order under this section, the superintendent shall provide the person written notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for in disciplinary proceedings involving a licensee under this chapter.

5. A person aggrieved by the imposition of a civil penalty under this section may seek judicial review pursuant to section 17A.19.

6. An action to enforce an order under this section may be joined with an action for an injunction.

2008 Acts, ch 1160, §11

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533A.17 Waiver not allowed.

A waiver by a debtor of the provisions of this chapter is void and unenforceable as contrary to public policy. An attempt by a licensee to induce a debtor to waive the debtor's rights is a violation of this chapter.

2009 Acts, ch 34, §8

CHAPTER 533B

SALE OF CERTAIN INSTRUMENTS FOR PAYMENT OF MONEY

Repealed by 2003 Acts, ch 96, §41, 42; see chapter 533C

CHAPTER 533C

UNIFORM MONEY TRANSMISSION MODERNIZATION ACT

Referred to in §524.212, 524.606, 533A.2, 546.3, 669.14

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ARTICLE 1
GENERAL PROVISIONS

533C.101 Short title.

This chapter may be cited as the *"Uniform Money Transmission Modernization Act"*.

2003 Acts, ch 96, §1, 42; 2023 Acts, ch 83, §2

533C.102 Definitions.

In this chapter:

1. *"Acting in concert"* means persons knowingly acting together with a common goal of jointly acquiring control of a licensee whether or not pursuant to an express agreement.

2. *"Authorized delegate"* means a person a licensee designates to provide money transmission on behalf of the licensee.

3. *"Average daily money transmission liability"* means the amount of the licensee's outstanding money transmission obligations in this state at the end of each day in a given period of time, added together, and divided by the total number of days in the given period of time. For purposes of calculating average daily money transmission liability under this chapter for any required licensee, the given period of time shall be the quarters ending March 31, June 30, September 30, and December 31.

4. *"Bank Secrecy Act"* means the federal Bank Secrecy Act, 31 U.S.C. §5311 et seq., and its implementing regulations, as amended.

5. *"Closed loop stored value"* means stored value that is redeemable by the issuer only for goods or services provided by the issuer or its affiliate or franchisees of the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value.

6. *"Control"* means any of the following:

a. The power to vote, directly or indirectly, at least twenty-five percent of outstanding voting securities or voting interests of a licensee or person in control of a licensee.

b. The power to elect or appoint a majority of key individuals, executive officers, managers, directors, trustees, or other persons exercising managerial authority of a licensee or person in control of a licensee.

c. The power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

7. *"Eligible rating"* means a credit rating of any of the three highest rating categories provided by an eligible rating service, whereby each category may include rating category modifiers such as "plus" or "minus" for Standard and Poor's 500 stock market index, or the equivalent for any other eligible rating service. A long-term credit rating is deemed eligible if the rating is equal to "A-" or higher by Standard and Poor's 500 stock market index, or the equivalent from any other eligible rating service. A short-term credit rating is deemed eligible if the rating is equal to or higher than "A-2" or "SP-2" by Standard and Poor's 500 stock market index, or the equivalent from any other eligible rating service. In the event that the ratings differ among eligible rating services, the highest rating shall apply when determining whether a security bears an eligible rating.

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8. *"Eligible rating service"* means any nationally recognized statistical rating organization as defined by the federal securities and exchange commission, and any other organization designated by the superintendent by rule or order.

9. *"Federally insured depository financial institution"* means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state, when such entity has federally insured deposits.

10. *"In the United States"* means a person in any state, territory, or possession of the United States, District of Columbia, Commonwealth of Puerto Rico, or U.S. military installation that is located in a foreign country.

11. *"In this state"* means at a physical location within Iowa for an in-person transaction request.

12. *"Individual"* means a natural person.

13. *"Key individual"* means an individual ultimately responsible for establishing or directing policies and procedures of the licensee, including an executive officer, manager, director, or trustee.

14. *"Licensee"* means a person licensed under this chapter.

15. *"Material litigation"* means litigation that, according to generally accepted accounting principles in the United States, is significant to a person's financial health and would be required to be disclosed in the person's audited financial statements, report to shareholders, or similar records.

16. *"Monetary value"* means a medium of exchange, whether or not redeemable in money.

17. *"Money"* means a medium of exchange authorized or adopted by the United States or a foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

18. *"Money services businesses accredited state"* or *"MSB accredited state"* means a state agency that is accredited by the conference of state bank supervisors and the money transmitter regulators association for money transmission licensing and supervision.

19. *a.* *"Money transmission"* means and includes any of the following:

(1) Selling or issuing payment instruments to a person located in this state.

(2) Selling or issuing stored value to a person located in this state.

(3) Receiving money for transmission from a person located in this state.

b. *"Money transmission"* does not include the provision solely of online or telecommunications services or network access.

20. *"Multistate licensing process"* means any agreement entered into by and among state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

21. *"Nationwide multistate licensing system"* or *"NMLS"* means the nationwide multistate licensing system and registry developed by the conference of state bank supervisors and the American association of residential mortgage regulators and owned and operated by the state regulatory registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in financial services industries.

22. *"Outstanding money transmission obligations"* means any of the following:

a. Any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws.

b. Any money received for transmission by the licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender, or escheated in accordance with applicable abandoned property laws.

23. *"Passive investor"* means a person that can attest in a medium prescribed by the superintendent or commits in writing to any of the following:

a. The person does not have the power to elect a majority of key individuals or executive

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officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee.

b. The person is not employed by and does not have any managerial duties of the licensee or person in control of a licensee.

c. The person does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

24. *"Payment instrument"* means a written or electronic check, draft, money order, traveler's check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not that instrument is negotiable. *"Payment instrument"* does not include stored value or any instrument that is redeemable by the issuer only for goods or services provided by the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value, or not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

25. *"Payroll processing services"* means receiving money for transmission pursuant to a contract with a person to deliver wages or salaries, make payments of payroll taxes to states and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions from wages or salaries. The term *"payroll processing services"* does not include an employer performing payroll processing services on its own behalf or on behalf of its affiliate, or a professional employer organization subject to regulation under other applicable state law.

26. *"Person"* means an individual, general partnership, limited partnership, limited liability company, association, joint stock corporation, trust, corporation, or any other corporate entity identified by the superintendent.

27. *"Receipt"* means a paper receipt, electronic record, or other written confirmation.

28. *"Receiving money for transmission"* or *"money received for transmission"* means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

29. *"Remit"* means to make direct payments of money to a licensee or its representative authorized to receive money or to deposit money in a bank in an account specified by the licensee.

30. *"Stored-value"* means monetary value representing a claim against the issuer evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. *"Stored-value"* includes but is not limited to prepaid access as defined by 31 C.F.R. §1010.100, as amended. *"Stored-value"* does not include a payment instrument or closed loop stored value, or stored value not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

31. *"Superintendent"* means the superintendent of banking for the state of Iowa.

32. *"Tangible net worth"* means the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with generally accepted accounting principles in the United States.

2003 Acts, ch 96, §2, 42; 2023 Acts, ch 83, §3; 2024 Acts, ch 1030, §1, 14, 15
Referred to in §533A.2
2024 amendment to subsection 2 applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.103 Exemptions.

The superintendent may require that any person claiming to be exempt from licensing pursuant to this section provide information and documentation to the superintendent demonstrating that the person qualifies for any claimed exemption. This chapter does not apply to:

1. The United States or a department, agency, agent, or instrumentality thereof.

2. Money transmission by the United States postal service or by an agent of the United States postal service.

3. A state, county, city, or governmental agency, governmental subdivision, instrumentality, or agent of a state.

4. A federally insured depository financial institution, bank holding company, office of an

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international banking corporation, foreign bank that establishes a federal branch pursuant to the federal International Bank Act, 12 U.S.C. §3102, as amended, corporation organized pursuant to the federal Bank Service Company Act, 12 U.S.C. §1861 – 1867, as amended, or corporation organized under the federal Edge Act, 12 U.S.C. §611 – 633, as amended.

5. Electronic funds transfer of governmental benefits for a federal, state, county, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or instrumentality thereof.

6. A board of trade designated as a contract market under the federal Commodity Exchange Act, 7 U.S.C. §1 – 25, as amended, or a person that, in the ordinary course of business, provides clearance and settlement services for a board of trade to the extent of its operation as or for such a board.

7. A registered futures commission merchant under the federal commodities laws to the extent of its operation as such a merchant.

8. A person that acts as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient, provided all of the following apply:

a. The entity is properly licensed or exempt from licensing requirements under this chapter.

b. The entity provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction.

c. The entity bears sole responsibility to satisfy the outstanding money transmission obligations to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient.

9. An operator of a payment system to the extent that it provides processing, clearing, or settlement services, between or among persons excluded by this section, or licensees, in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers.

10. A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as such a broker-dealer.

11. A delayed deposit services business as defined in chapter 533D.

12. A real estate broker or salesperson as defined in chapter 543B.

13. Pari-mutuel wagering, racetracks, excursion gambling boats, and gambling structures as provided in chapters 99D and 99F.

14. A person engaging in the business of debt management that is licensed or exempt from licensing pursuant to section 533A.2.

15. An insurance company organized under chapter 508, 514, 514B, 515, 518, 518A, or 520, or authorized to do the business of insurance in Iowa to the extent of its operation as an insurance company.

16. An insurance producer as defined in section 522B.1 to the extent of its operation as an insurance producer.

17. A person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, provided all of the following apply:

a. There exists a written agreement between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf.

b. The payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf.

c. Payment for the goods and services is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee.

18. An individual employed by a licensee, authorized delegate, or any person exempted from the licensing requirements of this chapter when acting within the scope of employment and under the supervision of the licensee, authorized delegate, or exempted person as an employee and not as an independent contractor.

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19. A person expressly appointed as a third-party service provider to or agent of an entity exempt under subsection 4, provided all of the following apply:

a. The service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform.

b. The exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent.

20. A person exempt by regulation or order if the superintendent finds such exemption to be in the public interest and that the regulation of such person is not necessary for the purposes of this chapter.

21. A person appointed as an agent of a payor for purposes of providing payroll processing services for which the agent would otherwise need to be licensed, provided all of the following apply:

a. There is a written agreement between the payor and the agent that directs the agent to provide payroll processing services on the payor's behalf.

b. The payor holds the agent out to employees and other payees as providing payroll processing services on the payor's behalf.

c. The payor's obligation to a payee, including an employee or any other party entitled to receive funds via the payroll processing services provided by the agent, shall not be extinguished if the agent fails to remit the funds to the payee.

2003 Acts, ch 96, §3, 42; 2004 Acts, ch 1101, §76; 2007 Acts, ch 188, §20; 2023 Acts, ch 83, §4; 2024 Acts, ch 1030, §2, 14

Referred to in §533A.2, 533C.301, 533C.401

ARTICLE 2

IMPLEMENTATION, CONFIDENTIALITY, SUPERVISION, AND RELATIONSHIP TO FEDERAL LAW

533C.201 Implementation.

1. In order to carry out the purposes of this chapter, the superintendent may, subject to the provisions of section 533C.202:

a. Enter into agreements or relationships with other government officials, federal and state regulatory agencies, and regulatory associations in order to improve efficiencies and reduce regulatory burden by standardizing methods or procedures, and sharing resources, records, or related information obtained under this chapter.

b. Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this chapter.

c. Accept, from other state or federal government agencies or officials, licensing, examination, or investigation reports made by such other state or federal government agencies or officials.

d. Accept audit reports made by an independent certified public accountant or other qualified third-party auditor for an applicant or licensee and incorporate the audit report in any report of examination or investigation.

2. The superintendent shall have the broad administrative authority to administer, interpret, and enforce this chapter, to promulgate rules or regulations implementing this chapter, and to recover the cost of administering and enforcing this chapter by imposing and collecting proportionate and equitable fees and costs associated with applications, examinations, investigations, and other actions required to achieve the purpose of this chapter.

3. For a transaction requested electronically or by phone, the provider of money transmission may determine if the person requesting the transmission is located in this state by relying on other information provided by the person regarding the location of the individual's residential address or a business entity's principal place of business or other

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physical address location, and any records associated with the person that the provider of money transmission may have that indicate such location, including but not limited to an address associated with an account, provided that any transaction requested by an individual whose residential address is in Iowa shall be presumed to occur in Iowa.

4. Outstanding money transmission obligations shall be established and extinguished in accordance with applicable state law.

2003 Acts, ch 96, §4, 42; 2004 Acts, ch 1101, §77; 2023 Acts, ch 83, §5

533C.202 Confidentiality.

1. Except as otherwise provided in subsection 2, financial statements, balance sheets, authorized delegate information, all information and reports obtained by the superintendent from an applicant, licensee, or authorized delegate, and all information contained in or related to an examination, investigation, operating report, or condition report prepared by, on behalf of, or for the use of the superintendent are confidential and are not subject to disclosure under chapter 22.

2. The superintendent may disclose information not otherwise subject to disclosure under subsection 1 where:

a. Representatives of state or federal agencies certify in a record that they shall maintain the confidentiality of the information.

b. The superintendent finds that the release is reasonably necessary for the protection and interest of the public in accordance with chapter 22.

3. This section does not prohibit the superintendent from disclosing to the public a list of all licensees or the aggregated financial or transactional data concerning those licensees.

4. The division of banking or superintendent's records containing nonconfidential information may be made available to the public on the division's website, upon receipt by the division of a written request, or via the NMLS. The release of information shall include, where applicable, all of the following:

a. The name, business address, telephone number, and unique identifier of a licensee.

b. The business address of a licensee's registered agent for service.

c. The name, business address, and telephone number of all authorized delegates.

d. The terms, or a copy, of any bond filed by a licensee, provided that confidential information, including but not limited to prices and fees for such bond, is redacted.

e. Copies of any nonconfidential final orders of the superintendent relating to any violation of this chapter or regulations implementing this chapter.

f. Imposition of an administrative fine or penalty under this chapter.

2003 Acts, ch 96, §5, 42; 2004 Acts, ch 1086, §88; 2013 Acts, ch 5, §7, 8; 2023 Acts, ch 83, §6

Referred to in §533C.201, 533C.204

533C.203 Supervision.

1. The superintendent may conduct an examination or investigation of a licensee or authorized delegate or otherwise take independent action authorized by this chapter or by a rule adopted or order issued under this chapter as reasonably necessary or appropriate to administer and enforce this chapter, regulations implementing this chapter, and other applicable law, including the federal Bank Secrecy Act, Pub. L. No. 91-508, and the federal Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56. The superintendent shall provide supervision as follows:

a. Conducting an examination either on site or off site as the supervision may reasonably require.

b. Conducting an examination in conjunction with an examination conducted by representatives of other state agencies or agencies of another state or of the federal government.

c. Accepting the examination report of another state agency or an agency of another state or of the federal government, or a report prepared by an independent accounting firm, which on being accepted is considered for all purposes as an official report of the superintendent.

d. Summoning and examining under oath a key individual or employee of a licensee or

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authorized delegate and requiring the person to produce records regarding any matter related to the condition and business of the licensee or authorized delegate.

2. A licensee or authorized delegate shall provide, and the superintendent shall have full and complete access to, all records the superintendent may reasonably require to conduct a complete examination. The records shall be provided at the location and in the format specified by the superintendent, provided the superintendent may utilize multistate record production standards and examination procedures when such standards will reasonably achieve the requirements of this section.

3. Unless otherwise directed by the superintendent, a licensee shall pay all costs reasonably incurred in connection with an examination of the licensee or the licensee's authorized delegates.

2003 Acts, ch 96, §6, 42; 2023 Acts, ch 83, §7
Referred to in §533C.606

533C.204 Networked supervision.

1. To efficiently and effectively administer and enforce this chapter and to minimize regulatory burden, the superintendent is authorized and encouraged to participate in multistate supervisory processes established between states and coordinated through the conference of state bank supervisors, the money transmitter regulators association, and affiliates and successors thereof for all licensees that hold licenses in this state and other states. As a participant in multistate supervision, the superintendent shall engage in all of the following:

a. Cooperation, coordination, and information sharing with other state and federal regulators in accordance with section 533C.202.

b. Cooperation, coordination, and information sharing with organizations, the membership of which is made up of state or federal government agencies, provided that the organizations agree in writing to maintain the confidentiality and security of the shared information in accordance with section 533C.202.

c. Entering into written cooperation, coordination, or information-sharing contracts or agreements with organizations the membership of which is made up of state or federal government agencies.

2. The superintendent shall not waive, and nothing in this section constitutes a waiver of, the superintendent's authority to conduct an examination or investigation or otherwise take independent action authorized by this chapter or a rule adopted or order issued under this chapter to enforce compliance with applicable state or federal law.

3. A joint examination or investigation, or acceptance of an examination or investigation report, shall not waive an examination assessment provided for in this chapter.

2003 Acts, ch 96, §7, 42; 2005 Acts, ch 35, §31; 2023 Acts, ch 83, §8

533C.205 Relationship to federal law.

1. In the event state money transmission jurisdiction is conditioned on a federal law, any inconsistencies between a provision of this chapter and the federal law governing money transmission shall be governed by the applicable federal law to the extent of the inconsistency.

2. In the event of any inconsistencies between this chapter and a federal law that governs pursuant to subsection 1, the superintendent may provide interpretive guidance that identifies the inconsistency and the appropriate means of compliance with federal law.

2003 Acts, ch 96, §8, 42; 2013 Acts, ch 5, §9; 2023 Acts, ch 83, §9

533C.206 Net worth. Repealed by 2023 Acts, ch 83, §36.

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ARTICLE 3
MONEY TRANSMISSION LICENSES

533C.301 License required.

1. A person shall not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless they are licensed under this article.

2. This section shall not apply to the following:

a. A person that is an authorized delegate of a person licensed under this chapter acting within the scope of authority conferred by a written contract with the licensee.

b. A person that is exempt pursuant to section 533C.103 and does not engage in money transmission outside the scope of such exemption.

3. A license under this article is not transferable or assignable.

2003 Acts, ch 96, §10, 42; 2004 Acts, ch 1086, §89; 2023 Acts, ch 83, §10
Referred to in §533C.903, 533C.1004

533C.302 Consistent state licensing.

1. To establish consistent licensing between this state and other states, the superintendent is authorized and encouraged to provide all of the following:

a. Implement all licensing provisions of this chapter in a manner that is consistent with other states that have adopted this chapter or multistate licensing processes.

b. Participate in nationwide protocols for licensing cooperation and coordination among state regulators provided that such protocols are consistent with this section.

2. The superintendent is authorized and encouraged to establish relationships or contracts with NMLS or other entities designated by NMLS to enable the superintendent to do all of the following:

a. Collect and maintain records.

b. Coordinate multistate licensing processes and supervision processes.

c. Process fees.

d. Facilitate communication between this state, the superintendent, and licensees or other persons subject to this chapter.

3. The superintendent is authorized and encouraged to utilize NMLS for all aspects of licensing in accordance with this chapter, including but not limited to license applications, applications for acquisitions of control, surety bonds, reporting, criminal history background checks, credit checks, fee processing, and examinations.

4. The superintendent is authorized and encouraged to utilize NMLS forms, processes, and functionalities in accordance with this chapter. In the event NMLS does not provide functionality, forms, or processes for a provision of this chapter, the superintendent is authorized and encouraged to strive to implement the requirements in a manner that facilitates uniformity with respect to licensing, supervision, reporting, and regulation of licensees which are licensed in multiple jurisdictions.

5. For the purpose of participating in the NMLS and registry, the superintendent is authorized to waive or modify, in whole or in part, by rule, regulation, or order, any or all of the requirements and to establish new requirements as reasonably necessary to participate in the nationwide multistate licensing system and registry.

2003 Acts, ch 96, §11, 42; 2013 Acts, ch 5, §10, 11; 2013 Acts, ch 70, §25; 2023 Acts, ch 83, §11

533C.303 Application for license.

1. Applicants for a license under this chapter shall apply on a form prescribed by the superintendent. Each such form shall contain content as set forth by rule, regulation, instruction, or procedure of the superintendent and shall be changed or updated by the superintendent in accordance with applicable law in order to carry out the purposes of this chapter and maintain consistency with NMLS licensing standards and practices. The application shall state or contain, as applicable, the following:

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a. The legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting its business.

b. A list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the ten-year period immediately preceding the submission of the application.

c. A description of any money transmission previously provided by the applicant and the money transmission that the applicant seeks to provide in this state.

d. A list of the applicant's proposed authorized delegates and the locations in this state where the applicant and its authorized delegates propose to engage in money transmission.

e. A list of other states in which the applicant is licensed to engage in money transmission and of any license revocations, suspensions, or other disciplinary action taken against the applicant in another state.

f. Information concerning any bankruptcy or receivership proceedings affecting the licensee or a person in control of a licensee.

g. A sample form of contract for authorized delegates.

h. A sample form of payment instrument or stored value.

i. The name and address of any federally insured depository financial institution through which the applicant plans to conduct money transmission.

j. Any other information the superintendent or NMLS reasonably requires with respect to the applicant.

2. If an applicant is a corporation, limited liability company, partnership, or other legal entity, the applicant shall also provide all of the following:

a. The date of the applicant's incorporation or formation and state or country of incorporation or formation.

b. If applicable, a certificate of good standing from the state or country in which the applicant is incorporated or formed.

c. A brief description of the structure or organization of the applicant, including any parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded.

d. The legal name, any fictitious or trade name, all business and residential addresses, and the employment, in the ten-year period immediately preceding the submission of the application of each key individual and person in control of the applicant.

e. A list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period immediately preceding the submission of the application.

f. A copy of audited financial statements for the most recent fiscal year and for the two-year period immediately preceding the submission of the application or, if determined to be acceptable to the superintendent, certified unaudited financial statements for the most recent fiscal year or other period acceptable to the superintendent.

g. A certified copy of the applicant's unaudited financial statements for the most recent fiscal quarter.

h. If the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States securities and exchange commission under section 13 of the federal Securities Exchange Act of 1934, 15 U.S.C. §78m, as amended.

i. If the applicant is a wholly owned subsidiary of any of the following:

(1) A corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under section 13 of the federal Securities Exchange Act of 1934, 15 U.S.C. §78m, as amended.

(2) A corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States.

j. The name and address of the applicant's registered agent in this state.

k. Any other information the superintendent reasonably requires with respect to the applicant.

3. A nonrefundable application fee of one thousand dollars and a license fee shall

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accompany an application for a license under this chapter. The license fee shall be refunded if the application is denied. The license fee shall be the sum of five hundred dollars plus an additional ten dollars for each location in this state at which business is conducted through authorized delegates or employees of the licensee, but shall not exceed five thousand dollars. Fees for locations added after the initial application shall be submitted with the quarterly reports pursuant to section 533C.601. If the licensee has no locations in this state at which business is conducted through authorized delegates or employees of the licensee, the license fee shall be set by the superintendent, but shall not exceed five thousand dollars. A license under this chapter expires on the next December 31 after its issuance. The initial license fee is considered an annual fee and the superintendent shall prorate the license fee, refunding any amount due to a partial license year. No refund of a license fee shall be made when a license is suspended, revoked, or surrendered.

4. A person who requests written confirmation from the superintendent that a license is not required shall submit a fee of one hundred dollars along with the written request.

2003 Acts, ch 96, §12, 42; 2004 Acts, ch 1101, §78; 2005 Acts, ch 35, §31; 2023 Acts, ch 83, §12

Referred to in §533C.305, 533C.801

533C.304 Information requirements for certain individuals.

1. An individual in control of a licensee or applicant, an individual seeking to acquire control of a licensee, and each key individual shall furnish to the superintendent through NMLS the following items:

a. The individual's fingerprints for submission to the federal bureau of investigation and the superintendent for purposes of a national criminal history background check unless the person currently resides outside of the United States and has resided outside of the United States for the last ten years.

b. Personal history and experience in a form and in a medium prescribed by the superintendent, to obtain all of the following:

(1) An independent credit report from a consumer reporting agency. If the individual does not have a social security number, the requirement shall be waived.

(2) Information related to any criminal convictions or pending charges.

(3) Information related to any regulatory or administrative action and any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

2. If the individual has resided outside of the United States at any time in the last ten years, the individual shall also provide an investigative background report prepared by an independent search firm. The search firm shall demonstrate it has sufficient knowledge, resources, and employs accepted and reasonable methodologies to conduct the research of the background report and be unaffiliated with, or have no interest in, the individual it is researching. The investigative background report shall be written in the English language and shall contain all of the following:

a. If available in the individual's current jurisdiction of residency, a comprehensive credit report, or any equivalent information obtained or generated by the independent search firm to accomplish such report, including a search of the court data in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked.

b. Criminal record information for the past ten years, including but not limited to felonies, misdemeanors, or similar convictions for violations of law in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked.

c. Employment history.

d. Media history, including an electronic search of national and local publications, wire services, and business applications.

e. Financial services-related regulatory history, including but not limited to money transmission, securities, banking, insurance, and mortgage-related industries.

2003 Acts, ch 96, §13, 42; 2013 Acts, ch 5, §12; 2013 Acts, ch 70, §26; 2023 Acts, ch 83, §13

Referred to in §533C.305, 533C.401, 533C.402

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533C.305 Issuance of license.

1. When an application for an original license is filed under this chapter and appears to include all required information, the application is considered complete and the superintendent shall promptly notify the applicant in a record of the date on which the application is determined to be complete. The application is approved one hundred twenty-one days after completion, unless denied or approved earlier by the superintendent. The license takes effect as of the first business day after expiration of the one hundred twenty-day period. The superintendent may for good cause extend the application period.

2. A determination by the superintendent that an application is complete and is accepted for processing means only that the application, on its face, appears to include all of the items, including the criminal background check response from the federal bureau of investigation, and address all of the matters that are required. A determination by the superintendent that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

3. When an application is filed and considered complete under this section, the superintendent shall investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The superintendent may conduct an on-site investigation of the applicant, the reasonable cost of which the applicant shall pay. The superintendent shall issue a license to an applicant under this section if the superintendent finds that all of the following conditions have been fulfilled:

a. The applicant has complied with sections 533C.303 and 533C.304.

b. The financial condition and responsibility, financial and business experience, competence, character, and general fitness of the applicant or key individuals and person in control of the applicant, indicate that it is in the interest of the public to permit the applicant to engage in money transmission.

4. If an applicant avails itself or is otherwise subject to a multistate licensing process, the superintendent is authorized and encouraged to accept the investigation results of a lead investigative state for the purpose of subsection 3, if the lead investigative state has sufficient staffing, expertise, and minimum standards. Additionally, if this state is a lead investigative state, the superintendent is authorized and encouraged to investigate the applicant pursuant to subsection 3, and the time frames established by agreement through the multistate licensing process, provided, that in no case shall such time frame be noncompliant with the application period in subsection 1.

5. The superintendent shall issue a formal written notice of the denial of a license application within thirty days of the decision to deny the application. The superintendent shall set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the superintendent under this section may appeal within thirty days after receipt of the written notice of the denial pursuant to chapter 17A.

6. The initial license term shall begin on the day the application is approved. The license shall expire on December 31 of the year in which the license term began, unless the initial license date is between November 1 and December 31, in which case the initial license term shall run through December 31 of the following year.

2023 Acts, ch 83, §14; 2023 Acts, ch 119, §43

533C.306 Renewal of license.

1. A license under this chapter shall be renewed annually. An annual renewal fee of five hundred dollars plus an additional ten dollars for each location in this state at which business is conducted through authorized delegates or employees of the licensee, which shall not exceed five thousand dollars, shall be paid no more than sixty days before the license expiration. The renewal term shall be for a period of one year and shall begin on January 1 of each year after the initial license term and shall expire on December 31 of the year the renewal term begins.

2. A licensee shall submit a renewal report with the renewal fee, in a form prescribed by the superintendent. The renewal report shall state or contain a description of each material change in information submitted by the licensee in its original license application which has not been reported to the superintendent.

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3. The superintendent for good cause may grant an extension of the renewal date.

4. The superintendent is authorized and encouraged to utilize NMLS to process renewals provided that such functionality is consistent with this section.

5. If a licensee does not file a renewal report or pay its renewal fee by December 1, or any extension of time granted by the superintendent, the superintendent may assess a late fee of one hundred dollars per day.

2023 Acts, ch 83, §15

533C.307 Maintenance of license.

If a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license, the superintendent may suspend or revoke the licensee's license in accordance with the procedures established by this chapter or other applicable state law for such suspension or revocation.

1. An applicant for a money transmission license shall demonstrate that the applicant meets or will meet the requirements of sections 533C.801, 533C.802, and 533C.803.

2. A money transmission licensee shall at all times meet the requirements of sections 533C.801, 533C.802, and 533C.803.

2023 Acts, ch 83, §16

ARTICLE 4

ACQUISITION OF CONTROL AND CHANGE OF KEY INDIVIDUAL

533C.401 Acquisition of control.

1. Any person, or group of persons acting in concert, seeking to acquire control of a licensee shall obtain the written approval of the superintendent prior to acquiring control. An individual is not deemed to acquire control of a licensee and is not subject to acquisition of control provisions when that individual becomes a key individual in the ordinary course of business.

2. A person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee. A person presumed to exercise a controlling influence can rebut the presumption of control if the person is a passive investor.

3. For purposes of determining the percentage of a person controlled by any other person, the person's interest shall be aggregated with the interest of any other immediate family member, including the person's spouse, parents, children, siblings, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any other person who shares such person's home.

4. A person, or group of persons acting in concert, seeking to acquire control of a licensee shall, in cooperation with the licensee, submit an application in a form and in a medium prescribed by the superintendent and a nonrefundable fee of one thousand dollars with the request for approval.

5. Upon request, the superintendent may permit a licensee or the person, or group of persons acting in concert, to submit some or all information required by the superintendent pursuant to subsection 4 without using NMLS.

6. The application required by subsection 4 shall include information required by section 533C.304 for a licensee, including for any new key individuals that have not previously completed the requirements.

7. When an application for acquisition of control under this section appears to include all the items and address all of the matters that are required, the application shall be considered complete and the superintendent shall promptly notify the applicant in a record of the date on which the application was determined to be complete. The application is approved and the person, or group of persons acting in concert, are permitted to acquire control sixty-one days after application completion, unless denied or approved earlier by the superintendent. The superintendent may for good cause extend the application period.

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8. A determination by the superintendent that an application is complete and is accepted for processing means only that the application, on its face, appears to include all of the items and address all of the matters that are required, and is not an assessment of the substance of the application or of the sufficiency of the information provided.

9. When an application is filed and considered complete under subsection 7, the superintendent shall investigate the financial condition and responsibility, financial and business experience, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control. The superintendent shall approve an acquisition of control pursuant to this section if the superintendent finds that all of the following conditions have been fulfilled:

a. The requirements of subsections 4 and 6 have been met, as applicable.

b. The financial condition and responsibility, financial and business experience, competence, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control, and of the key individuals and persons that would be in control of the licensee indicate that it is in the interest of the public to permit the applicant to control the licensee.

10. If an applicant avails itself or is otherwise subject to a multistate licensing process, the superintendent is authorized and encouraged to accept the investigation results of a lead investigative state for the purpose of subsection 9 if the lead investigative state has sufficient staffing, expertise, and minimum standards. If this state is a lead investigative state, the superintendent is authorized and encouraged to investigate the applicant pursuant to subsection 9 and the time frames established by agreement through the multistate licensing process.

11. The superintendent shall issue a formal written notice of the denial of an application to acquire control within thirty days of the decision to deny the application. The superintendent shall set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the superintendent under this section may appeal within thirty days after receipt of the written notice of the denial.

12. The requirements of subsections 1 and 4 shall not apply to any of the following:

a. A person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting shares or voting interests of a licensee or a person in control of a licensee.

b. A person that acquires control of a licensee by devise or descent.

c. A person that acquires control of a licensee as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law.

d. A person that is exempt under section 533C.103, subsection 4.

e. A person that the superintendent determines is not subject to subsection 1 based on the public interest.

f. A public offering of securities of a licensee or a person in control of a licensee.

g. An internal reorganization of a person in control of the licensee where the ultimate person in control of the licensee remains the same.

13. Persons specified in subsection 12, paragraphs *"b"*, *"c"*, *"d"*, *"f"*, and *"g"*, in cooperation with the licensee, shall notify the superintendent within fifteen days after the acquisition of control.

14. The requirements of subsections 1 and 4 shall not apply to a person that has complied with and received approval to engage in money transmission under this chapter or was identified as a person in control in a prior application filed with and approved by the superintendent or by an MSB accredited state pursuant to a multistate licensing process, provided all of the following apply:

a. The person has not had a license revoked or suspended.

b. The person has not controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee in the previous five years.

c. If the person is a licensee, the person is well-managed and has received at least a satisfactory rating for compliance at its most recent examination by an MSB accredited state if such rating was given.

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d. The licensee to be acquired is projected to meet the requirements of sections 533C.801, 533C.802, and 533C.803 after the acquisition of control is completed.

e. If the person acquiring control is a licensee, that licensee is projected to meet the requirements of sections 533C.801, 533C.802, and 533C.803 after the acquisition of control is completed.

f. The licensee to be acquired will not implement any material changes to its business plan as a result of the acquisition of control.

g. If the person acquiring control is a licensee, that licensee will not implement any material changes to its business plan as a result of the acquisition of control.

h. The person provides notice of the acquisition in cooperation with the licensee and attests to the provisions in this subsection in a form and in a medium prescribed by the superintendent. If the notice is not disapproved within thirty days after the date on which the notice was determined to be complete, the notice is deemed approved.

15. Before filing an application for approval to acquire control of a licensee, a person may request in writing a determination from the superintendent as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the superintendent determines that the person would not be a person in control of a licensee, the proposed person and transaction are not subject to the requirements of subsections 1 and 4.

16. If a multistate licensing process includes a determination pursuant to subsection 15 and an applicant avails itself or is otherwise subject to the multistate licensing process, the superintendent is authorized and encouraged to accept the control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards for the purpose of subsection 15. If this state is a lead investigative state, the superintendent is authorized and encouraged to investigate the applicant pursuant to subsection 15 and the time frames established by agreement through the multistate licensing process.

2003 Acts, ch 96, §14, 42; 2023 Acts, ch 83, §17

533C.402 Notice and information requirements for a change of key individuals.

1. A licensee adding or replacing any key individual shall provide notice in a manner prescribed by the superintendent within fifteen days after the effective date of the key individual's appointment and provide information as required by section 533C.304 within forty-five days of the effective date.

2. A key individual is considered approved ninety-one days after notice is provided pursuant to this section, unless denied or approved earlier by the superintendent. The superintendent may issue a notice of disapproval of a key individual if the competence, experience, character, or integrity of the individual would not be in the best interests of the public or the customers of the licensee to permit the individual to be a key individual of such licensee. A notice of disapproval shall contain a statement of the basis for disapproval and shall be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval within thirty days after receipt of the written notice of such disapproval.

3. If a multistate licensing process includes a key individual notice review and disapproval process pursuant to this section and the licensee avails itself or is otherwise subject to the multistate licensing process, the superintendent is authorized and encouraged to accept the determination of another state if the investigating state has sufficient staffing, expertise, and minimum standards for the purpose of this section. If this state is a lead investigative state, the superintendent is authorized and encouraged to investigate the applicant pursuant to subsection 2 and the time frames established by agreement through the multistate licensing process.

2003 Acts, ch 96, §15, 42; 2023 Acts, ch 83, §18

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ARTICLE 5

AUTHORIZED DELEGATES

533C.501 Relationship between licensee and authorized delegate.

1. Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee shall do all of the following:

a. Adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law.

b. Enter into a written contract that complies with this subsection.

c. Conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.

2. An authorized delegate shall operate in full compliance with this chapter.

3. The written contract required by subsection 1 shall be signed by the licensee and the authorized delegate and shall:

a. Appoint the person signing the contract as the licensee's authorized delegate with the authority to conduct money transmission on behalf of the licensee.

b. Set forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties.

c. Require the authorized delegate to agree to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including this chapter and regulations implementing this chapter, relevant provisions of the federal Bank Secrecy Act and federal Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56.

d. Require the authorized delegate to remit and handle money and monetary value in accordance with the terms of the contract between the licensee and the authorized delegate.

e. Impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee.

f. Require the authorized delegate to prepare and maintain records as required by this chapter or regulations implementing this chapter, or as reasonably requested by the superintendent.

g. Acknowledge that the authorized delegate consents to examination or investigation by the superintendent.

h. State that the licensee is subject to regulation by the superintendent who may suspend or revoke an authorized delegate designation or require the licensee to terminate an authorized delegate designation as a part of regulation.

i. Acknowledge receipt of the written policies and procedures required under subsection 1.

4. If the licensee's license is suspended, revoked, surrendered, or expired, the licensee shall, within five business days, provide documentation to the superintendent that the licensee has notified all applicable authorized delegates of the licensee whose names are in a record filed with the superintendent of the suspension, revocation, surrender, or expiration of a license. Upon suspension, revocation, surrender, or expiration of a license, applicable authorized delegates shall immediately cease to provide money transmission as an authorized delegate of the licensee.

5. An authorized delegate of a licensee holds in trust for the benefit of the licensee all money net of fees received from money transmission. If any authorized delegate commingles any funds received from money transmission with any other funds or property owned or controlled by the authorized delegate, all commingled funds and other property shall be considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

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6. An authorized delegate may not use a subdelegate to conduct money transmission on behalf of a licensee.

2003 Acts, ch 96, §16, 42; 2023 Acts, ch 83, §19
Referred to in §533C.903

533C.502 Unauthorized activities.

A person shall not engage in the business of money transmission on behalf of a person not licensed under this chapter. A person who engages in such activity provides money transmission to the same extent as if the person were a licensee, and shall be jointly and severally liable with the unlicensed or nonexempt person.

2003 Acts, ch 96, §17, 42; 2023 Acts, ch 83, §20
Referred to in §533C.903

533C.503 through 533C.507 Repealed by 2023 Acts, ch 83, §36.

ARTICLE 6

REPORTING AND RECORDS

533C.601 Report of condition.

1. A licensee shall submit a report of condition within forty-five days of the end of the calendar quarter, or within any extended time as the superintendent may prescribe.

2. The report of condition shall include all of the following:

a. Financial information at the licensee level.

b. Nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission.

c. Permissible investments report.

d. Transaction destination country reporting for money received for transmission, if applicable. This information shall only be included in a report of condition submitted within forty-five days of the end of the fourth calendar quarter.

e. Any other information the superintendent reasonably requires with respect to the licensee. The superintendent is authorized and encouraged to utilize NMLS for the submission of the report required by this section and is authorized to update as necessary the requirements of this section to carry out the purposes of this chapter and maintain consistency with NMLS reporting.

2003 Acts, ch 96, §23, 42; 2023 Acts, ch 83, §21
Referred to in §533C.303

533C.602 Audited financials.

1. A licensee shall, within ninety days after the end of each fiscal year, or within any extended time as the superintendent may prescribe, file with the superintendent an audited financial statement for the fiscal year prepared in accordance with United States generally accepted accounting principles and any other information as the superintendent may reasonably require.

2. The audited financial statements shall be prepared by an independent certified public accountant or independent public accountant who is satisfactory to the superintendent.

3. The audited financial statements shall include or be accompanied by a certificate of opinion of the independent certified public accountant or independent public accountant that is satisfactory in form and content to the superintendent. If the certificate or opinion is qualified, the superintendent may order the licensee to take any action as the superintendent may find necessary to enable the independent or certified public accountant or independent public accountant to remove the qualification.

2003 Acts, ch 96, §24, 42; 2023 Acts, ch 83, §22

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533C.603 Authorized delegate reporting.

1. A licensee shall submit a report of authorized delegates within forty-five days of the end of the calendar quarter. The superintendent is authorized and encouraged to utilize NMLS for the submission of the report required by this section provided that such functionality is consistent with the requirements of this section.

2. The authorized delegate report shall include the following for each authorized delegate:

a. Company legal name.

b. Taxpayer employer identification number.

c. Principal provider identifier.

d. Physical address.

e. Mailing address.

f. Any business conducted in other states.

g. Any fictitious or trade name.

h. Contact person name, phone number, and email.

i. Start date as licensee's authorized delegate.

j. End date acting as licensee's authorized delegate, if applicable.

k. Any other information the superintendent reasonably requires with respect to the authorized delegate.

2023 Acts, ch 83, §23

Referred to in §533C.1004

533C.604 Report of certain events.

1. A licensee shall submit a nonrefundable fee of one thousand dollars with the request and file a report with the superintendent within one business day after the licensee knows or has reason to know of the occurrence of any of the following events:

a. The filing of a petition by or against the licensee under the federal bankruptcy code, 11 U.S.C. §101 – 110, as amended, for bankruptcy or reorganization.

b. The filing of a petition by or against the licensee for receivership.

c. The filing of a petition or commencement of any other judicial or administrative proceeding for its dissolution or reorganization.

d. The filing of a petition or the making of a general assignment for the benefit of its creditors.

e. The commencement of a proceeding to revoke or suspend its license in a state or country in which the licensee engages in business or is licensed.

2. A licensee shall file a report with the superintendent within three business days after the licensee has reason to know of the occurrence of a felony charge or conviction of the licensee, a key individual or person in control of the licensee, or an authorized delegate.

2023 Acts, ch 83, §24

533C.605 Bank Secrecy Act reports.

A licensee and an authorized delegate shall file all reports required by federal currency reporting, record keeping, and suspicious activity reporting requirements pursuant to the federal Bank Secrecy Act and other federal and state laws pertaining to money laundering. The timely filing of a complete and accurate report required under this section with the appropriate federal agency is deemed compliant with the requirements of this section.

2023 Acts, ch 83, §25

533C.606 Records.

1. A licensee shall maintain records in any form, for the purpose of determining compliance with this chapter, for at least three years, including all of the following:

a. A record of each outstanding money transmission obligation sold.

b. A general ledger posted at least monthly containing all asset, liability, capital, income, and expense accounts.

c. Bank statements and bank reconciliation records.

d. Records or outstanding money transmission obligations.

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e. Records of each outstanding money transmission obligation paid within the three-year period.

f. A list of the last known names and addresses of all of the licensee's authorized delegates.

g. Any other records the superintendent reasonably requires by rule.

2. Records specified in this section may be maintained outside the state if they are made accessible to the superintendent on seven business days' notice that is sent by the superintendent in a record.

3. All records maintained by the licensee as required in this section are open to inspection by the superintendent pursuant to section 533C.203.

2023 Acts, ch 83, §26

533C.607 Disclosure.

1. Except as otherwise provided by this chapter, the records of the superintendent relating to examinations, supervision, and regulation of a person licensed pursuant to this chapter or authorized delegates of a person licensed pursuant to this chapter are not public records and are not subject to disclosure under chapter 22. Neither the superintendent nor any member of the superintendent's staff shall disclose any information obtained in the discharge of the superintendent's official duties to any person not connected with the department, except that the superintendent or the superintendent's designee may disclose information to the following:

a. Representatives of federal agencies insuring accounts in the financial institution.

b. Representatives of state agencies, federal agencies, or foreign countries having regulatory or supervisory authority over the activities of the financial institution or similar financial institutions if those representatives are permitted to and do, upon request of the superintendent, disclose similar information respecting those financial institutions under their regulation or supervision, or to those representatives who state in writing under oath that they will maintain the confidentiality of that information.

c. To the attorney general.

d. To a federal or state grand jury in response to a lawful subpoena or pursuant to a county attorney subpoena.

e. To the auditor of the state for the purpose of conducting audits authorized by law.

2. Notwithstanding subsection 1, the superintendent may disclose the following:

a. The fact of filing of applications with the department pursuant to this chapter, give notice of a hearing, if any, regarding those applications, and announce the superintendent's action thereon.

b. Final decisions in connection with proceedings for the suspension or revocation of licenses or certificates issued pursuant to this chapter.

c. Prepare and circulate reports reflecting the assets and liabilities of licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information.

d. Prepare and circulate reports provided by law.

3. Every official report of the department is prima facie evidence of the facts therein stated in any action or proceeding wherein the superintendent is a party.

4. Nothing in this section shall be construed to prevent the disclosure of information that is:

a. Admissible in evidence in any civil or criminal proceeding brought by or at the request of the superintendent or this state to enforce or prosecute violations of this chapter, chapter 706B, or the rules adopted, or orders issued pursuant to this chapter.

b. Requested by or provided to a federal agency, including but not limited to the department of defense, department of energy, department of homeland security, nuclear regulatory commission, and centers for disease control and prevention, to assist state and local government with domestic preparedness for acts of terrorism.

5. The attorney general or the department of public safety may report any possible violations indicated by analysis of the reports required by this chapter to any appropriate law enforcement or regulatory agency for use in the proper discharge of its official duties. The attorney general or the department of public safety shall provide copies of the reports

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required by this chapter to any appropriate prosecutorial or law enforcement agency upon being provided with a written request for records relating to a specific individual or entity and stating that the agency has an articulable suspicion that such individual or entity has committed a felony offense or a violation of this chapter to which the reports are relevant. A person who releases information received pursuant to this subsection except in the proper discharge of the person's official duties is guilty of a serious misdemeanor.

6. Any report, record, information, analysis, or request obtained by the attorney general or department of public safety pursuant to this chapter is not a public record as defined in chapter 22 and is not subject to disclosure.

2023 Acts, ch 83, §27

ARTICLE 7

TIMELY TRANSMISSION, REFUNDS, AND DISCLOSURES

533C.701 Timely transmission.

1. Every licensee shall forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

2. If a licensee fails to forward money received for transmission in accordance with this section, the licensee shall respond to inquiries by the sender with the reason for the failure unless providing a response would violate a state or federal law, rule, or regulation.

2003 Acts, ch 96, §25, 42; 2023 Acts, ch 83, §28

533C.702 Refunds.

1. Every licensee shall refund to the sender within ten days of receipt of the sender's written request for a refund of any and all money received for transmission unless any of the following occurs:

a. The money has been forwarded within ten days of the date on which the money was received for transmission.

b. Instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days of the date on which the money was received for transmission.

c. The agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond ten days of the date on which the money was received for transmission. If funds have not yet been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee shall issue a refund in accordance with the other provisions of this section.

d. The refund is requested for a transaction that the licensee has not completed based on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

e. The refund request does not enable the licensee to identify the sender's name and address, telephone number, or the particular transaction to be refunded in the event the sender has multiple transactions outstanding.

2. This section does not apply to money received for transmission subject to the remittance transfer rule of the federal Electronic Fund Transfer Act, 12 C.F.R. §1005.30 – 1005.36, as amended, or pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

2003 Acts, ch 96, §26, 42; 2023 Acts, ch 83, §29

533C.703 Receipts.

1. For a transaction conducted in person, the receipt may be provided electronically if the sender requests or agrees to receive an electronic receipt. For a transaction conducted

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electronically or by phone, a receipt may be provided electronically. All electronic receipts shall be provided in a retainable form.

2. Every licensee or its authorized delegate shall provide the sender a receipt for money received for transmission. The receipt required by this section shall be in English and in the language principally used by the licensee or authorized delegate to advertise, solicit, or negotiate, either orally or in writing, for a transaction conducted in person, electronically, or by phone, if other than English, and shall contain, as applicable, all of the following:

a. The name of the sender.

b. The name of the designated recipient.

c. The date of the transaction.

d. The unique transaction or identification number.

e. The name of the licensee, NMLS unique ID, the licensee's business address, and the licensee's customer service telephone number.

f. The amount of the transaction in United States dollars.

g. Any fee charged by the licensee to the sender for the transaction.

h. Any taxes collected by the licensee from the sender for the transaction.

3. This section does not apply to any of the following:

a. Money received for transmission subject to the remittance rule of the federal Electronic Fund Transfer Act, 12 C.F.R. §1005.30 – 1005.36, as amended.

b. Money received for transmission that is not primarily for personal, family, or household purposes.

c. Money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

d. Payroll processing services.

2003 Acts, ch 96, §27, 42; 2004 Acts, ch 1101, §81; 2023 Acts, ch 83, §30

533C.704 Disclosures for payroll processing services.

1. A licensee that provides payroll processing services shall do all of the following:

a. Issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account.

b. Make available worker pay stubs or an equivalent statement to workers.

2. This section does not apply to a licensee providing payroll processing services where the licensee's client designated the intended recipients to the licensee and the licensee is responsible for providing the disclosures required by subsection 1, paragraph "*a*".

2003 Acts, ch 96, §28, 42; 2023 Acts, ch 83, §31

533C.705 through 533C.708 Repealed by 2023 Acts, ch 83, §36.

ARTICLE 8

PRUDENTIAL STANDARDS

533C.801 Net worth.

1. A licensee under this chapter shall maintain at all times a tangible net worth of the greater of one hundred thousand dollars or three percent of total assets for the first one hundred million dollars, two percent of additional assets for one hundred million dollars to one billion dollars, and half of one percent of additional assets for over one billion dollars.

2. Tangible net worth shall be demonstrated at initial application by the applicant's most recent audited or unaudited financial statements pursuant to section 533C.303, subsection 2, paragraph "*f*".

3. Notwithstanding the foregoing provisions of this section, the superintendent shall have the authority, for good cause shown, to exempt any applicant or licensee, in part or in whole, from the requirements of this section.

2003 Acts, ch 96, §33, 42; 2023 Acts, ch 83, §32

Referred to in §533C.307, 533C.401

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533C.802 Surety bond.

1. An applicant for a money transmission license shall provide, and a licensee at all times shall maintain, security consisting of a surety bond in a form satisfactory to the superintendent.

2. The amount of the required security shall be the greater of one hundred thousand dollars or an amount equal to one hundred percent of the licensee's average daily money transmission liability in this state calculated for the most recently completed three-month period, up to a maximum of five hundred thousand dollars.

3. A licensee that maintains a bond in the maximum amount provided for in subsection 2 shall not be required to calculate its average daily money transmission liability in this state for purposes of this section.

4. A licensee may exceed the maximum required bond amount pursuant to section 533C.804, subsection 1, paragraph *"l"*.

2003 Acts, ch 96, §34, 42; 2023 Acts, ch 83, §33
Referred to in §533C.307, 533C.401, 533C.804

533C.803 Maintenance of permissible investments.

1. A licensee shall maintain at all times permissible investments that have a market value computed in accordance with United States generally accepted accounting principles of not less than the aggregate amount of all of its outstanding money transmission obligations.

2. Except for permissible investments enumerated in section 533C.804, subsection 1, the superintendent, with respect to any licensee, may by rule or order limit the extent to which a specific investment maintained by a licensee within a class of permissible investments may be considered a permissible investment, if the specific investment represents undue risk to customers, not reflected in the market value of investments.

3. Permissible investments, even if commingled with other assets of the licensee, are held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations in the event of insolvency, the filing of a petition by or against the licensee under the federal bankruptcy code, 11 U.S.C. §101 – 110, as amended, for bankruptcy or reorganization, the filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or in the event of an action by a creditor against the licensee who is not a beneficiary of this statutory trust. No permissible investments impressed with a trust pursuant to this section shall be subject to attachment, levy of execution, or sequestration by order of any court, except for a beneficiary of this statutory trust.

4. Upon the establishment of a statutory trust in accordance with subsection 3, or when any funds are drawn on a letter of credit pursuant to section 533C.804, subsection 1, paragraph *"m"*, the superintendent shall notify the applicable regulator of each state in which the licensee is licensed to engage in money transmission, if any, of the establishment of the trust or the funds drawn on the letter of credit, as applicable. Notice shall be deemed satisfied if performed pursuant to a multistate agreement or through NMLS. Funds drawn on a letter of credit, and any other permissible investments held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations, are deemed held in trust for the benefit of such purchasers and holders on a pro rata and equitable basis in accordance with statutes pursuant to which permissible investments are required to be held in this state, and other states, as applicable. Any statutory trust established hereunder shall be terminated upon extinguishment of all of the licensee's outstanding money transmission obligations.

5. The superintendent by rule or by order may allow other types of investments that the superintendent determines are of sufficient liquidity and quality to be a permissible investment. The superintendent is authorized to participate in efforts with other state regulators to determine that other types of investments are of sufficient liquidity and quality to be a permissible investment.

2003 Acts, ch 96, §35, 42; 2023 Acts, ch 83, §34
Referred to in §533C.307, 533C.401, 533C.804

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533C.804 Types of permissible investments.

1. The following investments are permissible under section 533C.803:

a. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers in a federally insured depository financial institution.

b. Cash equivalents including automated clearinghouse items in transit to the licensee and automated clearinghouse items or international wires in transit to a payee.

c. Cash in transit via armored car.

d. Cash in smart safes.

e. Cash in licensee-owned locations.

f. Debit card or credit card-funded transmission receivables owed by any bank.

g. Money market mutual funds rated "AAA" by Standard and Poor's 500 stock market index, or the equivalent from any eligible rating service.

h. Certificates of deposit or senior debt obligations of an insured depository institution, pursuant to the federal Deposit Insurance Act, 12 U.S.C. §1813, as amended, or as defined under the federal Credit Union Act, 12 U.S.C. §1751, as amended.

i. An obligation of the United States or a commission, agency, or instrumentality thereof.

j. An obligation that is guaranteed fully as to principal and interest by the United States.

k. An obligation of a state or a governmental subdivision, agency, or instrumentality thereof.

l. One hundred percent of the surety bond provided for under section 533C.802 that exceeds the average daily money transmission liability in this state.

m. The full drawable amount of an irrevocable standby letter of credit for which the stated beneficiary is the superintendent that stipulates that the beneficiary need only draw a sight draft under the letter of credit and present it to obtain funds up to the letter of credit amount within seven days of presentation of the items required by this section.

(1) The letter of credit shall conform to the following:

(a) Be issued by a federally insured depository financial institution, a foreign bank that is authorized under federal law to maintain a federal agency or federal branch office in a state or states, or a foreign bank that is authorized under state law to maintain a branch in a state that bears an eligible rating, or whose parent company bears an eligible rating and such bank is regulated, supervised, and examined by the United States federal or state authorities having regulatory authority over banks, credit unions, and trust companies.

(b) Be irrevocable, unconditional, and indicate that it is not subject to any condition or qualifications outside of the letter of credit.

(c) Not contain reference to any other agreements, documents, or entities, or otherwise provide for any security interest in the licensee.

(d) Contain an issue date and expiration date, and expressly provide for automatic extension, without written amendment, for an additional period of one year from the present or each future expiration date, unless the issuer of the letter of credit notifies the superintendent in writing by certified or registered mail or courier mail or other receipted means, at least sixty days prior to any expiration date, that the irrevocable letter of credit shall not be extended. In the event of any notice of expiration or nonextension of a letter of credit issued under this subparagraph division, the licensee shall be required to demonstrate to the satisfaction of the superintendent, fifteen days prior to expiration, that the licensee maintains and will maintain permissible investments in accordance with section 533C.803, subsection 1, upon the expiration of the letter of credit. If the licensee is not able to do so, the superintendent may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's requirements to maintain permissible investments in accordance with section 533C.803, subsection 1. Any such draw shall be offset against the licensee's outstanding money transmission obligations. The drawn funds shall be held in trust by the superintendent or the superintendent's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.

(2) The letter of credit shall provide that the issuer of the letter of credit will honor, at sight, a presentation made by the beneficiary to the issuer of the following documents on or prior to the expiration date of the letter of credit:

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(a) The original letter of credit, including any amendments.

(b) A written statement from the beneficiary stating that any of the following events have occurred:

(i) The filing of a petition by or against the licensee under the federal bankruptcy code, 11 U.S.C. §101 – 110, as amended, for bankruptcy or reorganization.

(ii) The filing of a petition by or against the licensee for receivership, or the commencement of any other judicial or administrative proceeding for its dissolution or reorganization.

(iii) The seizure of assets of a licensee by the superintendent or any other state financial regulatory entity pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely to cause the insolvency of the licensee.

(iv) The beneficiary has received notice of expiration on nonextension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible investments in accordance with section 533C.803, subsection 1, upon the expiration or nonextension of the letter of credit.

(3) The superintendent may designate an agent to serve on the superintendent's behalf as beneficiary to a letter of credit so long as the agent and letter of credit meet requirements established by the superintendent. The superintendent's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of this section are assigned to the superintendent.

(4) The superintendent is authorized and encouraged to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and state regulatory registry, LLC.

2. Unless permitted by the superintendent by rule or by order to exceed the limit as set forth herein, the following investments are permissible under section 533C.803 to the extent specified:

a. Receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to fifty percent of the aggregate value of the licensee's total permissible investments.

b. Of the receivables permissible under subsection 1, receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments.

c. The following investments are permissible up to twenty percent per category and combined up to fifty percent of the aggregate value of the licensee's total permissible investments:

(1) An up-to-six-month short-term investment bearing an eligible rating.

(2) Commercial paper bearing an eligible rating.

(3) A bill, note, bond, or debenture bearing an eligible rating.

(4) United States tri-party repurchase agreements collateralized at one hundred percent or more with United States government or agency securities, municipal bonds, or other securities bearing an eligible rating.

(5) Money market mutual funds rated less than "AAA" and equal to or higher than "A-" by Standard and Poor's 500 stock market index, or the equivalent from any other eligible rating service.

(6) A mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in section 533C.804, subsection 1, paragraphs *"a"* through *"k"*.

d. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments if the licensee has received a satisfactory rating in its most recent examination and the foreign depository institution fulfills all of the following:

(1) An eligible rating.

(2) Registered under the federal Foreign Account Tax Compliance Act, Pub. L. No. 111-147.

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(3) Not located in any country subject to sanctions from the federal office of foreign asset control.

(4) Not located in a high-risk or noncooperative jurisdiction as designated by the international financial action task force.

2023 Acts, ch 83, §35; 2023 Acts, ch 119, §44
Referred to in §533C.802, 533C.803

ARTICLE 9

ENFORCEMENT

533C.901 Suspension and revocation — receivership.

The superintendent may suspend or revoke a licensee's license, place a licensee in receivership, or order a licensee to revoke the designation of an authorized delegate if any of the following apply:

1. The licensee violates this chapter, a rule adopted under this chapter, or an order issued under this chapter.

2. The licensee does not cooperate with an examination or investigation conducted by the superintendent.

3. The licensee engages in fraud, intentional misrepresentation, or gross negligence.

4. As a result of the licensee's willful misconduct or willful blindness, an authorized delegate is convicted of a violation of a state or federal anti-money laundering statute, or violates this chapter, a rule adopted under this chapter, or an order issued under this chapter.

5. The competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, or key individual of the licensee or authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission.

6. The licensee engages in an unsafe or unsound practice. In determining whether a licensee is engaging in an unsafe or unsound practice, the superintendent may consider the size and condition of the licensee's money transmission, the magnitude of any losses, the gravity of any violations of this chapter, and the previous conduct of any persons involved.

7. The licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors.

8. The licensee does not remove an authorized delegate after the superintendent issues and serves upon the licensee a final order finding that the authorized delegate has violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

2024 Acts, ch 1030, §3, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.902 Suspension and revocation of authorized delegates.

1. The superintendent may issue an order suspending or revoking the designation of an authorized delegate if the superintendent finds any of the following apply:

a. The authorized delegate violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

b. The authorized delegate failed to cooperate with an examination or investigation by the superintendent.

c. The authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence.

d. The authorized delegate was convicted of a violation of a state or federal anti-money laundering statute.

e. The competence, experience, character, or general fitness of the authorized delegate or a person in control of the authorized delegate indicates that it is not in the public interest to permit the authorized delegate to provide money transmission.

f. The authorized delegate is engaging in an unsafe or unsound practice. In determining whether an authorized delegate is engaging in an unsafe or unsound practice, the superintendent may consider the size and condition of the authorized delegate's provision

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of money transmission; the magnitude of any losses; the gravity of any violations of this chapter, a rule adopted under this chapter, or an order issued under this chapter; and the previous conduct of the authorized delegate.

2. An authorized delegate may apply for relief from a suspension or revocation of designation as an authorized delegate according to procedures prescribed by the superintendent.

2024 Acts, ch 1030, §4, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.903 Orders to cease and desist.

1. *a.* If the superintendent determines that a violation of this chapter, a rule adopted under this chapter, or an order issued under this chapter by a licensee or authorized delegate is likely to cause immediate and irreparable harm to the licensee, the licensee's customers, or the public, or cause insolvency or significant dissipation of assets of the licensee, the superintendent may issue an order requiring the licensee or authorized delegate to cease and desist from the violation.

b. The superintendent may issue an order for a licensee to cease and desist from providing money transmission through an authorized delegate that is the subject of a separate order by the superintendent.

2. *a.* If the superintendent has reason to believe that a person has violated or is violating section 533C.301, 533C.501, or 533C.502, the superintendent may issue an order requiring the person to show cause why an order to cease and desist the violation should not be issued.

b. In an emergency under this subsection, the superintendent may petition the district court for the issuance of a temporary restraining order ex parte pursuant to the rules of civil procedure.

3. An order to cease and desist becomes effective upon service of the order upon the person, licensee, or authorized delegate.

4. An order to cease and desist remains effective and enforceable pending the completion of an administrative proceeding pursuant to section 533C.908.

5. A person, licensee, or an authorized delegate who is served with an order to cease and desist under this section may petition the appropriate court for a judicial order setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of an administrative proceeding pursuant to section 533C.908.

6. An order to cease and desist shall expire ten days after the order is issued unless the superintendent commences an administrative proceeding pursuant to section 533C.908.

2024 Acts, ch 1030, §5, 14, 15
Referred to in §533C.908
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.904 Consent orders.

The superintendent may enter into a consent order at any time with a person to resolve a matter arising under this chapter, a rule adopted under this chapter, or an order issued under this chapter. A consent order must be signed by the person to whom the consent order is issued, or by the person's authorized representative, and must indicate agreement with the terms contained in the order. A consent order may provide that the order does not constitute an admission by the person that the person violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

2024 Acts, ch 1030, §6, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.905 Investigations.

1. The attorney general or a county attorney may conduct an investigation within or outside of this state to determine if a licensee, an authorized delegate, or a person engaged in a trade or business has failed to file a report required by this chapter, or has engaged or is engaging in any act, practice, or transaction that constitutes a violation of this chapter.

2. Upon presentation of a subpoena from a prosecuting attorney, a licensee, an authorized delegate, or a financial institution shall make its books and records available to the attorney

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general or county attorney during normal business hours for inspection and examination in connection with an investigation pursuant to this section.

2024 Acts, ch 1030, §7, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.906 Civil penalties.

The superintendent may assess a civil penalty against a person who violates this chapter, a rule adopted under this chapter, or an order issued under this chapter in an amount not to exceed one thousand dollars per day for each day the violation is outstanding, plus the state's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney fees.

2024 Acts, ch 1030, §8, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.907 Criminal penalties.

1. A person who is not licensed under this chapter and who knowingly engages in an activity for which a license is required under this chapter commits an aggravated misdemeanor.

2. A person commits a class "C" felony, and is subject to a civil penalty of three times the value of the property involved in the transaction, or, if no transaction is involved, a civil penalty of five thousand dollars, if the person does any of the following:

a. With the intent to disguise the fact that money or a payment instrument is the proceeds of criminal conduct, or with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, the person knowingly furnishes or provides any false, inaccurate, or incomplete information to a licensee, authorized delegate, financial institution, person engaged in a trade or business, or any officer, employee, or their agent, or to the attorney general or department of public safety, or knowingly conceals a material fact in connection with a transaction for which a report is required to be filed pursuant to this chapter.

b. With the intent to disguise the fact that money or a payment instrument is the proceeds of criminal conduct, or with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, or with the intent to evade the making or filing of a report required under this chapter, or with the intent to cause the making or filing of a report that contains a material omission or misstatement of fact, the person conducts or structures a transaction or series of transactions by or through one or more licensees, authorized delegates, financial institutions, or persons engaged in a trade or business.

3. A person who intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this chapter, or who intentionally makes a false entry or omits a material entry in such a record commits a class "D" felony.

4. Notwithstanding any provision of law to the contrary, each violation of this section constitutes a separate, punishable offense.

2024 Acts, ch 1030, §9, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.908 Administrative proceedings.

1. Except as otherwise provided in section 533C.903, the superintendent shall not suspend or revoke a license, place a licensee in receivership, issue an order to cease and desist, suspend or revoke the designation of an authorized delegate, or assess a civil penalty without notice and an opportunity to be heard.

2. The superintendent shall hold a hearing when requested by an applicant whose application for a license is denied.

3. All administrative proceedings under this chapter shall be conducted in accordance with chapter 17A.

2024 Acts, ch 1030, §10, 14, 15
Referred to in §533C.903
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

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ARTICLE 10

MISCELLANEOUS PROVISIONS

533C.1001 Uniformity of application and construction.

1. This chapter shall be liberally construed to effectuate its remedial purposes. Civil remedies under this chapter shall be supplemental and not mutually exclusive. The civil remedies under this chapter do not preclude and are not precluded by any other provision of law.

2. This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting the same law, and to make the reporting requirements regarding financial transactions under Iowa law uniform with the reporting requirements regarding financial transactions under federal law.

3. The attorney general may enter into reciprocal agreements with the attorney general or chief prosecuting attorney of any state to effectuate the purposes of this chapter.

2024 Acts, ch 1030, §11, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.1002 Financial services licensing fund.

1. A financial services licensing fund is created as a separate fund in the state treasury under the authority of the banking division of the department of insurance and financial services. Moneys deposited in the fund shall be used to pay for staffing necessary to perform examinations, audits, and other duties required of the superintendent and the banking division under this chapter.

2. The fund shall receive moneys including but not limited to any fees, costs, expenses, or penalties collected pursuant to this chapter.

3. Notwithstanding section 8.33, moneys appropriated to the fund in this section that remain unencumbered or unobligated, and other moneys credited to the fund, shall not revert at the close of the fiscal year but shall remain in the financial services licensing fund and shall remain available for expenditure for the purposes designated.

2024 Acts, ch 1030, §12, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.1003 Applicability.

This chapter applies to the provision of money transmission on or after October 1, 2003.

2024 Acts, ch 1030, §13, 14, 15
Section applies retroactively to July 1, 2023; 2024 Acts, ch 1030, §15

533C.1004 Digital financial asset transaction kiosks.

1. *Definitions.* As used in this section, unless the context otherwise requires:

a. "Charges" means any of the following:

(1) A fee or expense paid by a consumer.

(2) The difference between the prevailing market value of a digital financial asset at the time of a transaction and the price of the digital financial asset charged to a consumer.

b. "Consumer" means either a new consumer or an existing consumer.

c. (1) *"Digital financial asset"* means a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and is not money, whether or not denominated in money.

(2) *"Digital financial asset"* does not include any of the following:

(a) A transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit, or a digital financial asset.

(b) A digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

d. "Digital financial asset transaction kiosk" means an electronic terminal that enables a

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digital financial asset kiosk operator to facilitate the exchange of digital financial assets for money, bank credit, or other digital financial assets.

e. "Existing consumer" means an individual who is not a new consumer.

f. "New consumer" means an individual who has not previously engaged in a digital financial asset transaction with a particular operator. An individual shall continue to be considered a new consumer for a period of thirty calendar days after the individual makes their first digital financial asset transaction with a particular operator.

g. "Operator" means a person who owns, operates, or manages a digital financial asset transaction kiosk in this state.

h. "Transaction hash" means a unique identifier made up of a string of characters that act as a record of, and proof of, a digital financial asset transaction being verified and added to a blockchain.

2. *License required.* Any digital financial asset kiosk operator who owns, operates, solicits, markets, advertises, or facilitates a digital financial asset kiosk in this state shall be deemed to be engaged in the business of money transmission and must obtain a license under section 533C.301.

3. *Daily transactions.*

a. An operator shall not, via a digital financial asset transaction kiosk, accept from a consumer or dispense to a consumer more than one thousand dollars per calendar day.

b. In the thirty calendar days following a new consumer's first financial asset transaction with a particular operator, the operator shall not, via a digital financial asset transaction kiosk, accept from the new consumer or dispense to the new consumer more than ten thousand dollars.

4. *Maximum charges.* An operator shall not directly or indirectly collect charges related to a digital financial asset transaction from a consumer that exceed the greater of the following:

a. Five dollars.

b. Fifteen percent of the United States currency equivalent of the digital financial assets involved in the digital financial asset transaction according to the prevailing market value of such digital financial asset at the date and time the consumer initiates the digital financial asset transaction.

5. *Required disclosure.*

a. Prior to a digital financial asset transaction, the operator shall provide a written disclosure to the consumer in English, and in the primary language used by the operator to advertise, solicit, or negotiate with the consumer, containing the terms and conditions of the digital financial asset transaction, including, at a minimum, all of the following:

(1) The dollar amount, in United States currency equivalent, of the digital financial asset involved in the transaction.

(2) Any charges to be collected by the operator.

(3) If an operator fails to provide a process to reverse or refund a digital financial asset transaction, a warning that all digital financial asset transactions are final.

(4) The following written warning against fraud:

WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER WHO IS INITIATING A DISHONEST SCHEME. CRIMINAL ACTIVITY MAY APPEAR IN MANY FORMS, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

1. Claims of a frozen bank account or credit card.
2. Claims of fraudulent financial transactions.
3. Claims of identity theft or job offers in exchange for payment.
4. Requests for payment to government agencies or companies.
5. Requests for disaster relief donations or loans.
6. Offers to purchase tickets for lotteries, sweepstakes, or drawings for vehicles.

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7. Prompts to click on desktop pop-ups, such as virus warnings or communication from alleged familiar merchants.

8. Communication from someone impersonating a representative of your bank or a law enforcement officer.

IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW ENFORCEMENT.

WARNING: TRANSACTIONS CONDUCTED ON THIS DIGITAL FINANCIAL ASSET TRANSACTION KIOSK ARE IRREVERSIBLE. PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO SOMEONE YOU DO NOT KNOW.

b. A disclosure required under paragraph *"a"* shall be clear and conspicuous and provided separately from any other disclosures or information provided by the operator.

c. Prior to entering into a digital financial asset transaction with a consumer, an operator shall require the consumer to attest to receiving the disclosure required under paragraph *"a"*.

6. *Required receipt.* For any digital financial asset transaction made at an operator's digital financial asset transaction kiosk, the operator shall provide the consumer with a receipt. When possible, the receipt shall be a physical receipt. The operator may provide the receipt in multiple communications, if necessary. The receipt shall include, at a minimum, all of the following information:

a. The name of the consumer.

b. The date and time of the digital financial asset transaction, the type, value, and transaction hash of the digital financial asset transaction, and each applicable virtual currency address.

c. The legal name of the operator and the operator's contact information, including a telephone number, that may be used by the consumer to get answers to questions and to register complaints.

d. The dollar amount of the digital financial asset involved in the transaction and the exchange rate of the virtual currency to dollars.

e. The dollar amount of all charges collected by the operator in relation to the digital financial asset transaction.

f. A list of relevant state and local law enforcement and regulatory agencies for reporting fraud.

g. A statement of the operator's refund policy.

h. Any additional information the operator deems necessary.

i. Any additional information required by federal law.

7. *Required report.* An operator shall report to the division of banking the location of each digital financial asset transaction kiosk that the operator owns, operates, or manages within this state as an authorized delegate pursuant to section 533C.603. An operator shall provide the division with updates to the list within thirty calendar days of any change to the list. The division shall make each operator's list available to the public via the division's internet site.

8. *Operator duties.*

a. An operator shall provide live customer service a minimum of Monday through Friday between the hours of 8:00 a.m. and 10:00 p.m. The customer service toll-free telephone number shall be displayed on the digital financial asset transaction kiosk.

b. An operator, or an established third party acting on behalf of the operator and that specializes in performing blockchain analytics, shall use blockchain analytics software to assist in the prevention of sending a purchased digital financial asset from an operator to a virtual currency wallet known to be affiliated with fraudulent activity at the time of a digital financial asset transaction, and to detect transaction patterns indicative of fraud or other illicit activities. The superintendent may request evidence from an operator, or of an established third party acting on behalf of the operator and that specializes in performing blockchain analytics of current use of blockchain analytics software.

c. For the purpose of facilitating law enforcement and regulatory agency communications with the operator in the event of a consumer report of fraud, an operator shall maintain a

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dedicated telephone number or email address for use by law enforcement and regulatory agencies.

9. *Refunds — new consumers.* Upon the request of a new consumer, an operator shall issue to the consumer a refund for the full amount of all digital financial asset transactions that the consumer made during the thirty-calendar-day period that the consumer was a new consumer if all of the following circumstances exist:

a. The new consumer was fraudulently induced to engage in the digital financial asset transaction for which the consumer is requesting a refund.

b. The consumer has contacted the operator and a government or law enforcement agency to report the fraudulent nature of the digital financial asset transaction within ninety calendar days of the last digital financial asset transaction to occur while the consumer was a new consumer.

c. The consumer has submitted proof of the fraud to the operator, including but not limited to a police report or sworn declaration detailing the fraudulent nature of the digital financial asset transaction.

10. *Refunds — existing consumers.* Upon the request of an existing consumer, an operator shall issue to the existing consumer a refund for the full amount of all digital financial asset transactions that the existing consumer made if all of the following circumstances exist:

a. The existing consumer was fraudulently induced to engage in the digital financial asset transaction for which the consumer is requesting a refund.

b. The existing consumer has contacted the operator and a government or law enforcement agency to report the fraudulent nature of the digital financial asset transaction within ninety calendar days of the digital financial asset transaction for which the consumer is requesting a refund.

c. The existing consumer has submitted proof of the fraud to the operator, including but not limited to a police report or sworn declaration detailing the fraudulent nature of the digital financial asset transaction.

11. *Enforcement — penalties.*

a. A violation of this section is an unlawful practice under section 714.16.

b. Notwithstanding the civil penalty limit under section 714.16, subsection 7, if the attorney general has reasonable belief that a person is in violation of an injunction issued under section 714.16, subsection 2, paragraph "*t*", the attorney general has the sole authority to bring a civil action to provide for a civil penalty for violation of the injunction in an amount not more than one hundred thousand dollars.

c. An individual that has knowledge of a violation of this section may report the violation to the attorney general.

d. The attorney general shall establish an electronic reporting system for the submission of reports pursuant to this subsection.

12. *Compliance policies.* An operator shall implement, maintain, and enforce written policies and procedures for compliance with this section. The policies and procedures shall be reviewed and approved by the operator's board of directors or an equivalent governing body of the operator.

13. *Fraud policy.* An operator shall take reasonable steps to detect and prevent fraud, including establishing and maintaining a written antifraud policy. The antifraud policy shall, at a minimum, include all of the following:

a. The identification and assessment of fraud-related risk areas.

b. Procedures and controls to protect against identified risks.

c. Allocation of responsibility for monitoring risks.

d. Procedures for the periodic evaluation and revision of the antifraud procedures, controls, and monitoring mechanisms.

14. *Compliance officer.* An operator shall designate and employ a compliance officer who meets all of the following requirements:

a. The individual is qualified to coordinate and monitor compliance with this section and all applicable state and federal laws and rules.

b. The individual is a full-time employee of the operator.

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c. The individual does not own more than twenty percent of the operator that employs the individual.

2025 Acts, ch 85, §1 – 3; 2026 Acts, ch 1078, §1 – 9, 11, 12
Referred to in §714.16
Section applies on or after July 1, 2025, to operators; 2025 Acts, ch 85, §3
2026 amendments to section apply to civil actions commenced on or after May 6, 2026; 2026 Acts, ch 1078, §12
Section amended and editorially internally renumbered and redesignated

CHAPTER 533D

DELAYED DEPOSIT SERVICES

Referred to in §524.211, 524.212, 524.606, 533C.103, 537.7102, 546.3, 669.14

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533D.1 Title.

This chapter shall be known and may be cited as the *"Delayed Deposit Services Licensing Act"*.

95 Acts, ch 139, §1

533D.2 Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. *"Check"* means a check, draft, share draft, or other instrument for the payment of money.

2. *"Delayed deposit services business"* means a person who for a fee does either of the following:

a. Accepts a check dated subsequent to the date it was written.

b. Accepts a check dated on the date it was written and holds the check for a period of time prior to deposit or presentment pursuant to an agreement with, or any representation made to, the maker of the check, whether express or implied.

3. *"Licensee"* means a person licensed to operate pursuant to this chapter.

4. *"Person"* means an individual, group of individuals, partnership, association, corporation, or any other business unit or legal entity.

5. *"Superintendent"* means the superintendent of banking.

95 Acts, ch 139, §2

533D.3 License required — application process — display.

1. A person shall not operate a delayed deposit services business in this state unless the person is physically located in this state and licensed by the superintendent as provided in this chapter.

2. An applicant for a license shall submit an application to the superintendent on forms prescribed by the superintendent. The forms shall contain such information as the superintendent may prescribe.

3. The application required by this section shall be submitted with the following:

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a. An application fee of one hundred dollars.

b. A surety bond executed by a surety company authorized to do business in this state in the sum of twenty-five thousand dollars, which bond shall be continuous in nature until canceled by the surety. A surety shall provide at least thirty days' notice in writing to the licensee and to the superintendent indicating the surety's intent to cancel the bond and the effective date of the cancellation. The surety bond shall be for the benefit of the citizens of this state and shall be conditioned upon the licensee's willingness to comply with this chapter, the faithful performance by the licensee of the duties and obligations pertaining to the delayed deposit services business so licensed, and the prompt payment of any judgment recovered against the licensee. The surety's liability under this chapter is limited to the amount of the bond regardless of the number of years the bond is in effect.

4. The superintendent shall issue a license to an applicant if the superintendent finds all of the following:

a. The experience, character, and general fitness of the applicant and its officers, directors, shareholders, partners, or members are such as to warrant a finding that the applicant will conduct the delayed deposit services business honestly, fairly, and efficiently.

b. The applicant and its officers, directors, shareholders, partners, or members have not been convicted of a felony in this state, or convicted of a crime in another jurisdiction which would be a felony in this state.

c. The applicant is financially responsible and will conduct the delayed deposit services business pursuant to this chapter and other applicable laws.

d. The applicant has unencumbered assets of at least twenty-five thousand dollars available for operating the delayed deposit services business.

5. The superintendent shall approve or deny an application for a license by written order not more than ninety days after the filing of an application. An order of the superintendent issued pursuant to this section may be appealed pursuant to chapter 17A.

6. *a.* A license issued pursuant to this chapter shall be conspicuously posted at the licensee's place of business. A license shall remain in effect until the next succeeding January 1, unless earlier suspended or revoked by the superintendent.

b. A license shall be renewed annually by filing with the superintendent on or before December 1 an application for renewal containing such information as the superintendent may require to indicate any material change in the information contained in the original application or succeeding renewal applications and a renewal fee of two hundred fifty dollars.

c. The superintendent may assess a late fee of ten dollars per day for applications submitted and accepted for processing after December 1.

7. The superintendent may authorize applicants and licensees to be licensed through a nationwide licensing system and to pay the corresponding system processing fees. The superintendent may establish by rule or order new requirements as necessary, including but not limited to requirements that applicants, including officers and directors and those who have control of the applicant, submit to fingerprinting and criminal history checks.

8. For the purposes of this section and in order to reduce the points of contact which the federal bureau of investigation may be required to maintain for purposes of subsection 7, the superintendent may use the nationwide licensing system as a channeling agent for requesting information from and distributing information to the United States department of justice or other governmental agency, or to or from any other source so directed by the superintendent.

95 Acts, ch 139, §3; 2006 Acts, ch 1042, §25 – 27; 2008 Acts, ch 1160, §12; 2013 Acts, ch 5, §15 – 17

533D.4 Surrender of license.

A licensee may surrender a delayed deposit services license by delivering to the superintendent written notice that the license is surrendered. The surrender does not affect the licensee's civil or criminal liability for acts committed prior to such surrender, the liability of the surety on the bond, or entitle such licensee to a return of any part of the annual license fee. The superintendent may establish procedures for the disposition of the books, accounts, and records of the licensee and may require such action as deemed necessary for

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the protection of the makers of checks which are outstanding at the time of surrender of the license.

95 Acts, ch 139, §4

533D.5 Change in circumstances — notification of superintendent.

A licensee is to notify the superintendent in writing within thirty days of the occurrence of a material development affecting the licensee, including, but not limited to, any of the following:

1. Filing for bankruptcy or reorganization.
2. Reorganization of the business.
3. Commencement of license revocation or any other civil or criminal proceedings by any other state or jurisdiction.
4. The filing of a criminal indictment or complaint against the licensee or any of the licensee's officers, directors, shareholders, partners, members, employees, or agents.
5. A felony conviction against the licensee or any of the licensee's officers, directors, shareholders, partners, members, employees, or agents.

95 Acts, ch 139, §5

533D.6 Continued operation after change in ownership — approval of superintendent required.

1. The prior written approval of the superintendent is required for the continued operation of a delayed deposit services business whenever a change in control of a licensee is proposed. The person requesting such approval shall pay to the superintendent a fee of one hundred dollars. Control in the case of a corporation means direct or indirect ownership of, or the right to control, ten percent or more of the voting shares of the corporation, or the ability of a person to elect a majority of the directors or otherwise effect a change in policy. Control in the case of any other entity means any change in the principals of the organization, whether active or passive. The superintendent may require information deemed necessary to determine whether a new application is required. Costs incurred by the superintendent in investigating a change of control request shall be paid by the person requesting such approval.
2. A license issued pursuant to this chapter is not transferable or assignable.

95 Acts, ch 139, §6; 2006 Acts, ch 1042, §28; 2007 Acts, ch 22, §94

533D.7 Principal place of business — branch offices authorized.

1. Except as provided in subsection 2, a licensee may operate a delayed deposit services business only at an office designated as its principal place of business in the application. The licensee shall maintain its books, accounts, and records at its designated principal place of business. A licensee may change the location of its designated principal place of business with the prior written approval of the superintendent. The superintendent shall establish forms and procedures for determining whether the change of location should be approved.
2. A licensee may operate branch offices only in the same county in which the licensee's designated principal place of business is located. The licensee may establish a branch office or change the location of a branch office with the prior written approval of the superintendent. The superintendent shall establish forms and procedures for determining whether the location of a branch office should be approved.
3. A fee of twenty-five dollars shall be paid to the superintendent for each request made pursuant to subsection 1 or 2 for a change of location. For each new branch office established, a fee of two hundred fifty dollars shall be paid to the superintendent.

95 Acts, ch 139, §7; 2006 Acts, ch 1042, §29

533D.7A Notice of name change.

A licensee shall notify the superintendent thirty days in advance of the effective date of a change in the name of the licensee. With the notice of change, the licensee shall submit a fee of twenty-five dollars per license to the superintendent.

2006 Acts, ch 1042, §30

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533D.8 Other business operations at same site — restrictions.

1. A licensee may operate a delayed deposit services business at a location where any other business is operated or in association or conjunction with any other business with the written approval of the superintendent and consistent with both of the following requirements:

a. The books, accounts, and records of the delayed deposit services business are kept and maintained separate and apart from the books, accounts, and records of the other business.

b. The other business is not of a type which would tend to enable the concealment of acts engaged in to evade the requirements of this chapter. If the superintendent determines upon investigation that the other business is of a type which would conceal such acts the superintendent shall order the licensee to cease the operation of the delayed deposit services business at the location.

2. The department may order the licensee to cease operations of the business if it fails to obtain written approval of the superintendent before operating a business in association or conjunction with services provided under this chapter.

95 Acts, ch 139, §8

533D.9 Fee restriction — required disclosure.

1. A licensee shall not charge a fee in excess of fifteen dollars on the first one hundred dollars on the face amount of a check or more than ten dollars on subsequent one hundred dollar increments on the face amount of the check for services provided by the licensee, or pro rata for any portion of one hundred dollars face value.

2. A licensee shall give to the maker of the check, at the time any delayed deposit service transaction is made, or if there are two or more makers, to one of them, notice written in clear, understandable language disclosing all of the following:

a. The fee to be charged for the transaction.

b. The annual percentage rate as computed pursuant to the federal Truth in Lending Act.

c. The date on which the check will be deposited or presented for negotiation.

d. Any penalty, not to exceed fifteen dollars, which the licensee will charge if the check is not negotiable on the date agreed upon. A penalty to be charged pursuant to this section shall only be collected by the licensee once on a check no matter how long the check remains unpaid. A penalty to be charged pursuant to this section is a licensee's exclusive remedy and if a licensee charges a penalty pursuant to this section no other penalties under this chapter or any other provision apply.

3. In addition to the notice required by subsection 2, every licensee shall conspicuously display a schedule of all fees, charges, and penalties for all services provided by the licensee authorized by this section. The notice shall be posted at the office and every branch office of the licensee.

95 Acts, ch 139, §9; 2006 Acts, ch 1042, §31

Referred to in §533D.10

533D.10 Prohibited acts by licensee.

1. A licensee shall not do any of the following:

a. Hold from any one maker more than two checks at any one time.

b. Hold from any one maker a check or checks in an aggregate face amount of more than five hundred dollars at any one time.

c. Hold or agree to hold a check for more than thirty-one days.

d. Require the maker to receive payment by a method which causes the maker to pay additional or further fees and charges to the licensee or another person.

e. Repay, refinance, or otherwise consolidate a postdated check transaction with the proceeds of another postdated check transaction made by the same licensee.

f. Receive any other charges or fees in addition to the fees listed in section 533D.9, subsections 1 and 2.

2. For purposes of this section, *"licensee"* includes a person related to the licensee by

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common ownership or control, a person in whom the licensee has any financial interest, or any employee or agent of the licensee.

95 Acts, ch 139, §10

533D.11 Examination of records by superintendent — fees.

1. The superintendent shall examine the books, accounts, and records of each licensee at least once a year and as needed to secure information required pursuant to this chapter and to determine whether any violations of this chapter have occurred. The licensee shall pay the cost of the examination.

2. The superintendent may examine or investigate complaints or reports concerning alleged violations of this chapter or any rule adopted or order issued by the superintendent. The superintendent may order the actual cost of the examination or investigation to be paid by the person who is the subject of the examination or investigation, whether or not the alleged violator is licensed.

3. The superintendent shall determine the cost of the examination or investigation based upon the actual cost of the operation of the finance bureau of the banking division of the department of insurance and financial services, including the proportionate share of administrative expenses in the operation of the banking division attributable to the finance bureau as determined by the superintendent, incurred in the discharge of duties imposed upon the superintendent by this chapter.

4. Failure to pay the examination or investigation fee within thirty days of receipt of demand from the superintendent shall subject the licensee to a late fee of up to five percent of the amount of the examination or investigation fee for each day the payment is delinquent.

5. The superintendent may disclose information to representatives of other state or federal regulatory authorities. The superintendent may release summary complaint information so long as the information does not specifically identify the complainant. The superintendent may prepare and circulate reports reflecting financial information and examination results for all licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information. The superintendent may prepare and circulate reports provided by law. The superintendent may release the reports and correspondence in the course of an enforcement proceeding or a hearing held by the superintendent. The superintendent may also provide this information to the attorney general for purposes of enforcing this chapter or the consumer fraud Act, section 714.16.

6. The superintendent may receive documents, materials, or other information, including otherwise confidential and privileged documents, materials, or other information, through a nationwide licensing system and from other local, state, federal, or international regulatory agencies, the conference of state bank supervisors and its affiliates and subsidiaries, the national association of consumer credit administrators and its affiliates and subsidiaries, and any other regulator association, and shall maintain as confidential and privileged any such document, material, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information.

95 Acts, ch 139, §11; 2006 Acts, ch 1042, §32; 2013 Acts, ch 5, §18; 2023 Acts, ch 19, §2751

533D.12 Disciplinary action.

1. The superintendent may, after notice and hearing pursuant to chapter 17A, take disciplinary action against a licensee if the superintendent finds any of the following:

a. The licensee or any of its officers, directors, shareholders, partners, or members has violated this chapter, any rule adopted by the superintendent, or any other state or federal law applicable to the conduct of its business.

b. The licensee has failed to pay a license fee required under this chapter or to maintain in effect the bond or bonds required under this chapter.

c. A fact or condition existing which, if it had existed at the time of the original application for the license, would have resulted in the denial of issuance of a license.

d. The licensee has abandoned its place of business for a period of sixty days or more.

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e. The licensee fails to pay an administrative penalty or the cost of investigation as ordered by the superintendent.

f. The licensee has violated an order of the superintendent.

2. The superintendent may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

b. Suspend a license until further order of the superintendent or for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning respecting licensee behavior.

f. Order the licensee to pay restitution.

3. The superintendent may order an emergency suspension of a licensee's license pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of the suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. Except as provided in this section, a license shall not be revoked or suspended except after notice and a hearing thereon in accordance with chapter 17A.

5. A licensee may surrender a license by delivering to the superintendent written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

6. A revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and any person, including a debtor.

95 Acts, ch 139, §12; 2008 Acts, ch 1160, §13

533D.13 Cease and desist order — injunction.

1. If the superintendent believes that any person has engaged in or is about to engage in an act or practice constituting a violation of this chapter or any rule adopted or order issued by the superintendent, the superintendent may issue and serve on the person a cease and desist order. Upon entry of a cease and desist order the superintendent shall promptly notify in writing all persons to whom the order is directed that it has been entered and the reasons for the order. Any person to whom the order is directed may request in writing a hearing within fifteen business days after the date of the issuance of the order. Upon receipt of the written request, the matter shall be set for hearing within fifteen business days of the receipt by the superintendent, unless the person requesting the hearing consents to a later date. If a hearing is not requested within fifteen business days and none is ordered by the superintendent, the order of the superintendent shall automatically become final and remain in effect until modified or vacated by the superintendent. If a hearing is requested or ordered, the superintendent, after notice and hearing, shall issue written findings of fact and conclusions of law and shall affirm, vacate, or modify the order.

2. The superintendent may vacate or modify an order if the superintendent finds that the conditions which caused its entry have changed or that it is otherwise in the public interest to do so. Any person aggrieved by a final order of the superintendent may appeal the order as provided in chapter 17A.

3. If it appears that a person has engaged in or is engaging in an act or practice in violation of this chapter, the attorney general may initiate an action in the district court to enjoin such acts or practices and to enforce compliance with this chapter. Upon a showing of a violation of this chapter, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted or a receiver or conservator may be appointed to oversee the person's assets. The attorney general shall not be required to post a bond.

95 Acts, ch 139, §13; 2018 Acts, ch 1041, §127

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533D.14 Administrative penalty.

1. If the superintendent finds, after notice and hearing as provided in this chapter, that a person has violated this chapter, a rule adopted pursuant to this chapter, or an order of the superintendent, the superintendent may order the person to pay an administrative fine of not more than five thousand dollars for each violation, in addition to the costs of investigation.

2. If a person fails to pay an administrative fine and the costs of investigation ordered pursuant to subsection 1, a lien in the amount of the fine and costs may be imposed upon all assets and property of the person in this state and may be recovered in a civil action by the superintendent. Failure of the person to pay the fine and costs constitutes a separate violation of this chapter.

95 Acts, ch 139, §14

533D.15 Criminal violation — operation of business without license — injunction.

A person required to be licensed under this chapter who operates a delayed deposit services business in this state without first obtaining a license under this chapter or while such license is suspended or revoked by the superintendent is guilty of a serious misdemeanor. In addition to the criminal penalty provided for in this section, the superintendent may also commence an action to enjoin the operation of the business.

95 Acts, ch 139, §15

533D.16 Applicability.

This chapter does not apply to a bank incorporated under the provisions of any state or federal law, a savings and loan association incorporated under the provisions of any state or federal law, a credit union organized under the provisions of any state or federal law, a corporation licensed as an industrial loan company under chapter 536A, or an affiliate of a bank, savings and loan association, credit union, or industrial loan company.

95 Acts, ch 139, §16

CHAPTER 534

SAVINGS AND LOAN ASSOCIATIONS

Repealed by 2012 Acts, ch 1017, §157

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SUBTITLE 3

MONEY AND CREDIT

CHAPTER 535

MONEY AND INTEREST

Referred to in §16.75, 535B.7, 535D.13, 536.16, 536A.30, 537.1301, 537.2301, 554.14103, 669.14

535.1 Denominations of money.
535.2 Rate of interest.
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535.4 Illegal rate prohibited — usury.
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535.10 Home equity line of credit.
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535.12 Loans by agricultural credit corporation.
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535.14 Prompt crediting of payment on loans secured by residential real property.
535.15 Open-end credit and credit card disclosure. Repealed by 99 Acts, ch 73, §1.
535.16 Delivery of copies of debt documents.
535.17 Requirements of credit agreements — statute of frauds — modifications.
535.18 Consumer credit terms for service members — enforcement.

535.1 Denominations of money.

The money of account of this state is the dollar, cent, and mill, and all public accounts, and the proceedings of all courts in relation to money, shall be kept and expressed in the above denominations. Demands expressed in money of another denomination shall not be affected by the provisions of this section, but in any action or proceeding based thereon it shall be reduced to and computed by the denominations given.

[C51, §943, 944; R60, §1785, 1786; C73, §2075, 2076; C97, §3037; C24, 27, 31, 35, 39, §**9403;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.1]

535.2 Rate of interest.

1. Except as provided in subsection 2, the rate of interest shall be five cents on the hundred by the year in the following cases, unless the parties shall agree in writing for the payment of interest at a rate not exceeding the rate permitted by subsection 3:

a. Money due by express contract.

b. Money after the same becomes due.

c. Money loaned.

d. Money received to the use of another and retained beyond a reasonable time, without the owner's consent, express or implied.

e. Money due on the settlement of accounts from the day the balance is ascertained.

f. Money due upon open accounts after six months from the date of the last item.

g. Money due, or to become due, where there is a contract to pay interest, and no rate is stipulated.

2. *a.* The following persons may agree in writing to pay any rate of interest, and a person so agreeing in writing shall not plead or interpose the claim or defense of usury in any action or proceeding, and the person agreeing to receive the interest is not subject to any penalty or forfeiture for agreeing to receive or for receiving the interest:

(1) A person borrowing money for the purpose of acquiring real property or refinancing a contract for deed.

(2) A person borrowing money or obtaining credit in an amount which exceeds the threshold amount as defined in section 537.1301, exclusive of interest, for the purpose of

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constructing improvements on real property, whether or not the real property is owned by the person.

(3) A vendee under a contract for deed to real property.

(4) A domestic or foreign corporation, and a real estate investment trust as defined in section 856 of the Internal Revenue Code, and a person purchasing securities as defined in chapter 502 on credit from a broker or dealer registered or licensed under chapter 502 or under the federal Securities Exchange Act of 1934, 15 U.S.C. §78a et seq., as amended.

(5) A person borrowing money or obtaining credit for business or agricultural purposes, or a person borrowing money or obtaining credit in an amount which exceeds the threshold amount, as defined in section 537.1301, for personal, family, or household purposes. As used in this paragraph, *"agricultural purpose"* means as defined in section 535.13, and *"business purpose"* includes but is not limited to a commercial, service, or industrial enterprise carried on for profit and an investment activity.

b. In determining exemptions under this subsection, the rules of construction stated in this paragraph apply:

(1) The purpose for which money is borrowed is the purpose to which a majority of the loan proceeds are applied or are designated in the agreement to be applied.

(2) Loan proceeds used to refinance or pay a prior loan owed by the same borrower are applied for the same purposes and in the same proportion as the original principal of the loan that is refinanced or paid.

(3) If the lender releases the original borrower from all personal liability with respect to the loan, loan proceeds used to pay a prior loan by a different borrower are applied for the new borrower's purposes in agreeing to pay the prior loan.

(4) If the lender releases the original borrower from all personal liability with respect to the loan, the assumption of a loan by a new borrower is treated as if the new borrower had obtained a new loan and had used all of the proceeds to pay the loan assumed.

(5) This paragraph does not modify or limit section 535.8, subsection 4, paragraph *"c"* or *"e"*.

(6) With respect to any transaction referred to in paragraph *"a"* of this subsection, this subsection supersedes any interest-rate or finance-charge limitations contained in the Code, including but not limited to this chapter and chapters 321, 322, 524, 533, 536A, and 537.

3. *a.* (1) The maximum lawful rate of interest which may be provided for in any written agreement for the payment of interest entered into during any calendar month commencing on or after April 13, 1979, shall be two percentage points above the monthly average ten-year constant maturity interest rate of United States government notes and bonds as published by the board of governors of the federal reserve system for the calendar month second preceding the month during which the maximum rate based thereon will be effective, rounded to the nearest one-fourth of one percent per year.

(2) On or before the twentieth day of each month the superintendent of banking shall determine the maximum lawful rate of interest for the following calendar month as prescribed herein, and shall cause this rate to be published, as a notice in the Iowa administrative bulletin or as a legal notice in a newspaper of general circulation published in Polk county, prior to the first day of the following calendar month. This maximum lawful rate of interest shall be effective on the first day of the calendar month following publication. The determination of the maximum lawful rate of interest by the superintendent of banking shall be exempt from the provisions of chapter 17A.

b. Any rate of interest specified in any written agreement providing for the payment of interest shall, if such rate was lawful at the time the agreement was made, remain lawful during the entire term of the agreement, including any extensions or renewals thereof, for all money due or to become due thereunder including future advances, if any.

c. Any written agreement for the payment of interest made pursuant to a prior written agreement by a lender to lend money in the future, either to the other party to such prior written agreement or a third party beneficiary of such prior agreement, may provide for payment of interest at the lawful rate of interest at the time of the execution of the prior agreement regardless of the time at which the subsequent agreement is executed.

d. Any contract, note or other written agreement providing for the payment of a rate of

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interest permitted by this subsection which contains any provisions providing for an increase in the rate of interest prescribed therein shall, if such increase could be to a rate which would have been unlawful at the time the agreement was made, also provide for a reduction in the rate of interest prescribed therein, to be determined in the same manner and with the same frequency as any increase so provided for.

4. *a.* Notwithstanding the provisions of subsection 3, with respect to any agreement which was executed prior to August 3, 1978, and which contained a provision for the adjustment of the rate of interest specified in that agreement, the maximum lawful rate of interest which may be imposed under that agreement shall be nine cents on the hundred by the year, and any excess charge shall be a violation of section 535.4.

b. Notwithstanding the limitation contained in paragraph *"a"* of this subsection, with respect to a written agreement for the repayment of money loaned, which was executed prior to August 3, 1978, and which provided for the payment of over fifty percent of the initial principal amount of the loan as a single payment due at the end of the term of the agreement, the interest rate may be adjusted after June 3, 1980, according to the terms of the agreement to any rate of interest permitted by the laws of this state as of the date an adjustment in interest is to be made. This paragraph does not authorize adjustment of interest in any manner other than that expressly permitted by the terms of the written agreement, and nothing contained in this paragraph authorizes the collection of additional interest with respect to any portion of a loan which was repaid prior to the effective date of an interest rate adjustment.

c. Notwithstanding paragraph *"a"*, when a written agreement providing for the repayment of money loaned, and requiring the payment of over fifty percent of the initial principal amount of the loan as a single payment due at the end of the term of the agreement is extended, renewed, or otherwise amended by the parties on or after August 3, 1978, the parties may agree to the payment of interest from the effective date of the extension, renewal, or amendment, at a rate and in a manner that is lawful for a new agreement made on that date.

5. This section shall not apply to any loan which is subject to the provisions of section 636.46.

6. *a.* Notwithstanding the provisions of 1980 Iowa Acts, ch. 1156, with respect to any agreement which was executed on or after August 3, 1978, and prior to July 1, 1979, and which contained a provision for the adjustment of the rate of interest specified in the agreement, the maximum lawful rate of interest which may be imposed under that agreement shall be that rate which is two and one-half percentage points above the rate initially to be paid under the agreement, provided that the greatest interest rate adjustment which may be made at any one time shall be one-half of one percent and an interest rate adjustment may not be made until at least one year has passed since the last interest rate adjustment, and any excess charge shall be a violation of section 535.4.

b. Notwithstanding the limitation contained in paragraph *"a"* of this subsection, with respect to a written agreement for the repayment of money loaned which was executed on or after August 3, 1978, and prior to July 1, 1979, and which provided for the payment of over fifty percent of the initial principal amount of the loan as a single payment due at the end of the term of the agreement, the interest rate may be adjusted after June 3, 1980, according to the terms of the agreement to any rate of interest permitted by the laws of this state as of the date an adjustment in interest is to be made. This paragraph does not authorize adjustment of interest in any manner other than that expressly permitted by the terms of the written agreement, and nothing contained in this paragraph authorizes the collection of additional interest with respect to any portion of a loan which was repaid prior to the effective date of an interest rate adjustment.

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7. This section does not apply to a charge imposed for late payment of rent.

[C51, §945; R60, §1787; C73, §2077; C97, §3038; C24, 27, 31, 35, 39, §**9404;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.2; 82 Acts, ch 1153, §4, 5]

93 Acts, ch 154, §5; 95 Acts, ch 125, §1; 2011 Acts, ch 25, §65; 2012 Acts, ch 1017, §132; 2013 Acts, ch 97, §1; 2014 Acts, ch 1026, §143; 2014 Acts, ch 1037, §1, 2; 2014 Acts, ch 1092, §119, 189

Referred to in §103A.58, 322C.12, 455B.396, 533.316, 535.8, 535.11, 535.12, 536A.23, 602.8102(5), 668.13
Life insurance policy loans; see §511.36

535.3 Interest rate — judgments and decrees — periodic compensation payments.

1. *a.* Interest shall be allowed on all money due on judgments and decrees of courts at a rate calculated according to section 668.13.

b. Notwithstanding paragraph *"a"*, interest due pursuant to section 85.30 shall accrue from the date each compensation payment is due at an annual rate equal to the one-year treasury constant maturity published by the federal reserve in the most recent H15 report settled as of the date of injury, plus two percent.

2. Interest on periodic payments for child, spousal, or medical support shall not accrue until thirty days after the payment becomes due and owing and shall accrue at a rate of ten percent per annum thereafter. Additionally, interest on these payments shall not accrue on amounts being paid through income withholding pursuant to chapter 252D for the time these payments are unpaid solely because the date on which the payor of income withholds income based upon the payor's regular pay cycle varies from the provisions of the support order.

[C51, §946; R60, §1789; C73, §2078; C97, §3039; C24, 27, 31, 35, 39, §**9405;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.3]

87 Acts, ch 157, §1; 96 Acts, ch 1141, §33; 97 Acts, ch 175, §232; 97 Acts, ch 197, §2 – 4, 16; 2017 Acts, ch 23, §23

Referred to in §85.22, 85.30, 85.47, 85.48, 87.11, 97A.14A, 97B.50A, 249A.53, 249B.6, 252C.6, 411.22, 445.3, 486A.104, 488.107, 502.102, 515B.5, 535.11, 657A.3, 657A.6, 715B.4

535.4 Illegal rate prohibited — usury.

No person shall, directly or indirectly, receive in money or in any other thing, or in any manner, any greater sum or value for the loan of money, or upon contract founded upon any sale or loan of real or personal property, than is in this chapter prescribed.

[R60, §1790; C73, §2079; C97, §3040; C24, 27, 31, 35, 39, §**9406;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.4]

Referred to in §535.2

535.5 Penalty for usury.

If it is ascertained in an action brought on a contract that a rate of interest has been contracted for, directly or indirectly, in money or in property, greater than is authorized by this chapter, the rate shall work a forfeiture of eight cents on the hundred by the year upon the amount of the principal remaining unpaid upon the contract at the time judgment is rendered, and the court shall enter final judgment in favor of the plaintiff and against the defendant for the principal sum remaining unpaid without costs, and also against the defendant and in favor of the state, to be paid to the treasurer of state for deposit in the general fund of the state, for the amount of the forfeiture. If unlawful interest is contracted for the plaintiff shall not have judgment for more than the principal sum, whether the unlawful interest is incorporated with the principal or not.

[R60, §1791; C73, §2080; C97, §3041; C24, 27, 31, 35, 39, §**9407;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.5]

83 Acts, ch 185, §52, 62; 83 Acts, ch 186, §10109, 10201, 10204

535.6 Reserved.

535.7 Assignee of usurious contract.

Any assignee of a usurious contract, becoming such in good faith in the usual course of business and without notice of such fact, may recover of the usurer the full amount of the

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consideration paid by the assignee therefor, less any sum that may have been realized on the contract, anything in this chapter contained to the contrary notwithstanding.

[R60, §1792; C73, §2081; C97, §3042; C24, 27, 31, 35, 39, §**9409;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, S79, C81, §535.7]

535.8 Loan charges limited.

1. *Definitions.* For purposes of this section, unless the context otherwise requires:

a. "Lender" means a person who makes or originates a loan; a person who is identified as a lender on the loan documents; a person who arranges, negotiates, or brokers a loan; and a person who provides any goods or services as an incident to or as a condition required for the making or closing of the loan. *"Lender"* does not include a licensed attorney admitted to practice in this state acting solely as an incident to the practice of law.

b. "Loan" means a loan of money which is wholly or in part to be used for the purpose of purchasing real property which is a single-family or two-family dwelling occupied or to be occupied by the borrower. A loan includes the refinancing of a contract of sale, and the refinancing of a prior loan, whether or not the borrower also was the borrower under the prior loan, and the assumption of a prior loan.

c. "Points and fees" means the fees and charges that are included in the definition of points and fees in 12 C.F.R. §1026.32(b)(1).

2. If a lender that is a financial institution as defined in section 537.1301 makes a loan in which the points and fees the borrower is charged by all lenders in connection with the loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(3), the loan shall not be subject to the provisions of subsection 4, paragraphs *"a"*, *"b"*, and *"d"*, or subsection 5. If a lender that is a mortgage banker licensed under section 535B.5 or registered under section 535B.3 makes a loan in which the points and fees the borrower is charged by all lenders in connection with the loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(3), the loan shall not be subject to the provisions of subsection 4, paragraph *"a"*, or subsection 5. This subsection applies to the financial institution lender that originates the loan and to subsequent purchasers of the loan originated by the financial institution.

3. This section shall not be construed to change the prohibition against the sale of title insurance or sale of insurance against loss or damage by reason of defective title or encumbrances as provided in section 515.48, subsection 10.

4. *a.* A borrower may be charged by a lender, in connection with a loan made pursuant to a written agreement executed by the borrower on or after July 1, 1983, or in connection with a loan made pursuant to a written commitment by the lender mailed or delivered to the borrower on or after that date, a loan origination or processing fee, a broker fee, or both, which together do not exceed two percent of an amount which is equal to the loan principal; except that to the extent of an assumption by a new borrower of the obligation to make payments under a prior loan, or to the extent that the loan principal is used to refinance a prior loan between the same borrower and the same lender, the borrower may be charged by a lender a loan origination or processing fee, a broker fee, or both, which together do not exceed an amount which is a reasonable estimate of the expenses of processing the loan assumption or refinancing but which does not exceed one percent of the unpaid balance of the loan that is assumed or refinanced. In addition, a borrower may be charged by a lender, in contemplation of or in connection with a loan, a commitment fee, closing fee, or both, that is agreed to in writing by the lender and the borrower. A loan fee paid by a borrower to a lender under this paragraph is compensation to the lender solely for the use of money, notwithstanding any provision of the agreement to the contrary. However, a loan fee collected under this paragraph shall be disregarded for purposes of determining the maximum charge permitted by section 535.2 or 535.9, subsection 2. A lender is prohibited from charging a borrower in connection with a loan a loan origination or processing fee, broker fee, closing fee, commitment fee, or similar charge other than expressly authorized by this paragraph or a payment reduction fee authorized by subsection 5.

b. (1) A borrower may be charged by a lender in connection with a loan any of the following costs which are incurred by the lender in connection with the loan and which are disclosed to the borrower:

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(a) Credit reports.

(b) Appraisal fees paid to a third party, or when the appraisal is performed by the lender, a fee which is a reasonable estimate of the expense incurred by the lender in performing the appraisal.

(c) Attorney's opinions.

(d) Abstracting fees paid to a third party, or when the abstracting is performed by the lender, a fee which is a reasonable estimate of the expense incurred by the lender in performing the abstracting.

(e) County recorder's fees.

(f) Inspection fees.

(g) Mortgage guarantee insurance charge.

(h) Surveying of property.

(i) Termite inspection.

(j) The cost of a title guaranty issued by the Iowa finance authority pursuant to chapter 16.

(k) A bona fide and reasonable settlement or closing fee which is paid to a third party to settle or close the loan.

(2) The lender shall not charge the borrower for the cost of revenue stamps or real estate commissions which are paid by the seller.

(3) A lender shall not charge the borrower any costs other than expressly permitted by this paragraph *"b"*. However, additional costs incurred in connection with a loan under this paragraph *"b"*, if bona fide and reasonable, may be collected by a state-chartered financial institution licensed under chapter 524 or 533, to the extent permitted under applicable federal law as determined by the office of the comptroller of the currency of the United States department of treasury, the national credit union administration, or the office of thrift supervision of the United States department of treasury. Such costs shall apply only to the same type of state-chartered entity as the federally chartered entity affected and shall apply to and may be collected by an insurer organized under chapter 508 or 515, or otherwise authorized to conduct the business of insurance in this state.

c. If the purpose of the loan is to enable the borrower to purchase a single-family or two-family dwelling, for the borrower's residence, any provision of a loan agreement which prohibits the borrower from transferring the borrower's interest in the property to a third party for use by the third party as the third party's residence, or any provision which requires or permits the lender to make a change in the interest rate, the repayment schedule or the term of the loan as a result of a transfer by the borrower of the borrower's interest in the property to a third party for use by the third party as the third party's residence shall not be enforceable except as provided in the following sentence. If the lender on reasonable grounds believes that its security interest or the likelihood of repayment is impaired, based solely on criteria which is not more restrictive than that used to evaluate a new mortgage loan application, the lender may accelerate the loan, or to offset any such impairment, may adjust the interest rate, the repayment schedule or the term of the loan. A provision of a loan agreement which violates this paragraph is void.

d. If a lender collects a fee or charge which is prohibited by paragraph *"a"* or *"b"* of this subsection or which exceeds the amount permitted by paragraph *"a"* or *"b"* of this subsection, the person from whom the fee was collected has the right to recover the unlawful fee or charge or the unlawful portion of the fee or charge, plus attorney fees and costs incurred in any action necessary to effect recovery.

e. (1) Notwithstanding section 628.3 when a foreclosure of a mortgage on real property results from the enforcement of a due-on-sale clause, the mortgagor may redeem the real property at any time within eighteen months from the day of sale under the levy, and the mortgagor shall, in the meantime, be entitled to the possession thereof; and for the first fifteen months thereafter such right of redemption is exclusive. Any real property redeemed by the debtor shall thereafter be free and clear from any liability for any unpaid portion of the judgment under which the real property was sold. The right of redemption established by this paragraph is not subject to waiver by the mortgagor and the period of redemption established by this paragraph shall not be reduced. The times for redemption by creditors

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provided in sections 628.5, 628.15, and 628.16 shall be extended to sixteen months in any case in which the mortgagor's period for redemption is extended by this paragraph. This paragraph does not apply to foreclosure of a mortgage if for any reason other than enforcement of a due-on-sale clause. As used in this paragraph, *"due-on-sale clause"* means any type of covenant which gives the mortgagee the right to demand payment of the outstanding balance or a major part thereof upon a transfer by the mortgagor to a third party of an interest of the mortgagor in property covered by the mortgage. This paragraph applies to any foreclosure occurring on or after May 10, 1980. However, this paragraph does not apply if the lender establishes, based on reasonable criteria which are not more restrictive than those used to evaluate new mortgage-loan applications, that the security interest or the likelihood of repayment is impaired as a result of the transfer of interest.

(2) This lettered paragraph applies only to a mortgage given in connection with a loan as defined in subsection 1 of this section.

5. A lender who offers to make a loan with only those fees authorized by subsection 4 may also offer in exchange for the payment of an interest reduction fee to make a loan on all of the same terms except at a lower interest rate and with the lower payments resulting from the lower interest rate. Prior to accepting an application for a loan which includes a payment reduction fee, the lender shall provide the potential borrower with a written disclosure describing in plain language the specific terms which the loan would have both with the payment reduction fee and without it. This disclosure shall include a good faith example showing the amount of the payment reduction fee and the reduction in payments which would result from the payment of this fee in a typical loan transaction. A payment reduction fee which complies with this subsection may be collected in connection with a loan in addition to the fees authorized by subsection 4.

6. A lender shall not, as a condition of making a loan as defined in this section, require the borrower to place money, or to place property other than that which is given as security for the loan, on deposit with or in the possession or control of the lender or some other person if the effect is to increase the yield to the lender with respect to that loan; provided that this subsection shall not prohibit a lender from requiring the borrower to deposit money without interest with the lender in an escrow account for the payment of insurance premiums, property taxes and special assessments payable by the borrower to third persons. Any lender who requires an escrow account shall not violate the provisions of section 507B.5, subsection 1, paragraph *"a"*.

7. If any lender receives interest either in a manner or in an amount which is prohibited by subsection 6 of this section, the borrower shall have the right to recover all amounts collected or earned by the lender, whether or not from the borrower, in violation of this section, plus attorney fees, plus court costs incurred in any action necessary to effect such recovery.

8. A lender shall not use an appraisal for any purpose in connection with making a loan under this section if the appraisal is performed by a person who is employed by or affiliated with any person receiving a commission or fee from the seller of the property. If a lender violates this subsection the borrower is entitled to recover any actual damages plus the costs paid by the borrower, plus attorney fees incurred in an action necessary to effect recovery.

[C79, S79, C81, §535.8; 81 Acts, ch 176, §1, 2]

83 Acts, ch 124, §19, 20; 85 Acts, ch 252, §39; 2004 Acts, ch 1141, §74; 2004 Acts, ch 1175, §262; 2005 Acts, ch 19, §113, 114; 2008 Acts, ch 1160, §14; 2008 Acts, ch 1191, §79, 80; 2012 Acts, ch 1017, §133; 2014 Acts, ch 1037, §3 – 6; 2018 Acts, ch 1148, §1; 2023 Acts, ch 81, §1; 2024 Acts, ch 1033, §1

Referred to in §16.18, 524.905, 533.315, 535.2, 535.10, 536A.20, 537.1301, 537.2501

535.9 Prepayment penalties on loans secured by real estate mortgages prohibited.

1. As used in this section, *"loan"* means a loan of money which is wholly or in part to be used for the purpose of purchasing real property which is a single-family or a two-family dwelling occupied or to be occupied by the borrower, or which is payable over a term of five years or less for the purpose of purchasing agricultural land. *"Loan"* includes the refinancing of a contract of sale, and the refinancing of a prior loan, whether or not the borrower also was the borrower under the prior loan, and the assumption of a prior loan.

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2. Whenever a borrower under a loan prepays part or all of the outstanding balance of the loan the lender shall not receive an amount in payment of interest which is greater than the amount determined by applying the rate of interest agreed upon by the lender and the borrower to the unpaid balance of the loan for a period of time during which the borrower had the use of the money loaned; and the lender shall not impose any penalty or other charge in addition to the amount of interest due as a result of the repayment of that loan at a date earlier than is required by the terms of the loan agreement. A lender may, however, require advance notice of not more than thirty days of a borrower's intent to repay the entire outstanding balance of a loan if the payment of that balance, together with any partial prepayments made previously by the borrower, will result in the repayment of the loan at a date earlier than is required by the terms of the loan agreement.

3. If any lender receives an amount of interest greater than permitted by subsection 2 of this section, or imposes any penalty or other charge prohibited by subsection 2 of this section, the borrower shall have the right to recover all amounts paid the lender which are in excess of the amounts permitted by subsection 2 of this section, plus attorney's fees and court costs incurred in any action necessary to effect such recovery.

[C79, S79, C81, §535.9]
2006 Acts, ch 1075, §1
Referred to in §533.315, 535.8, 536A.23

535.10 Home equity line of credit.

1. As used in this chapter, the term *"home equity line of credit"* means an arrangement pursuant to which all of the following are applicable:

a. The amounts borrowed and the interest and other charges are debited to an account.

b. The interest is computed on the account periodically.

c. The borrower has the right to pay in full at any time without penalty or to pay in the installments which are established by the loan agreement.

d. The lender agrees to permit the borrower to borrow money from time to time with the maximum amount of each borrowing established by the loan agreement.

e. The account is secured by an interest in real estate. The priority of the secured interest in the real estate shall be determined by section 654.12A.

2. Except as provided in this section, a home equity line of credit is subject to chapter 537. However, sections 537.2307, 537.2402, and 537.2510 do not apply.

3. *a.* A lender may collect in connection with establishing or renewing a home equity line of credit the costs listed in section 535.8, subsection 4, paragraph *"a"* or *"b"*, charges for insurance as described in section 537.2501, subsection 2, and a loan processing fee as agreed between the borrower and the lender, and annually may collect an account maintenance fee of not more than fifteen dollars. Fees collected under this subsection shall be disregarded for purposes of determining the maximum charge permitted by subsection 4.

b. The parties to a home equity line of credit which is not a consumer credit transaction, as defined in section 537.1301, may contract for a delinquency charge under terms no more favorable than those permitted for open-end credit under section 537.2502.

4. The interest rate on a home equity line of credit shall not exceed one and three-quarters percent per month.

5. Real estate which is the consumer's principal dwelling shall not be subject to foreclosure when the balance secured is two thousand dollars or less.

84 Acts, ch 1272, §1; 95 Acts, ch 35, §1; 99 Acts, ch 15, §1; 2014 Acts, ch 1037, §7; 2015 Acts, ch 29, §84
Referred to in §535.17

535.11 Finance charge on accounts receivable.

1. Except where the parties have agreed in writing for the payment of a different finance charge or rate of interest, a creditor may charge a finance charge on the unpaid balances of an account receivable at a rate not exceeding that permitted by subsection 3 or 4 of this section if the creditor gives notice as required by subsection 2 of this section.

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2. As a condition of imposing a finance charge under this section, the creditor shall give notice to the debtor as follows:

a. In a transaction that is subject to the Truth in Lending Act, the creditor shall give all disclosures as required by that Act and at the time or times required by that Act.

b. In a transaction that is not subject to the Truth in Lending Act, the creditor shall give written notice to the debtor at the time the debt arises. The notice shall be contained on the invoice or bill of sale evidencing the credit transaction, and shall disclose the rate of the finance charge and the date or day of the month before which payment must be received if the finance charge is to be avoided. With respect to open accounts, this notice shall be given at the time credit is initially extended; provided that additional advance notice in writing shall be given to the debtor not less than ninety days prior to any change in the terms of the agreement or of rate of the finance charge or date payment is due. For purposes of this paragraph, notice is given if the invoice or bill of sale is delivered with the goods, whether or not the debtor is present at the time of delivery.

c. As used in this subsection, *"Truth in Lending Act"* means as defined in section 537.1302.

3. With respect to an account other than an open account, the creditor may impose a finance charge not exceeding that permitted by section 537.2201, subsections 2 through 5.

4. With respect to an open account, the creditor may impose a finance charge not exceeding that permitted by section 537.2202, subsection 2.

5. As used in this section, *"finance charge"* means as defined in section 537.1301; and *"account receivable"* means a debt arising from the retail sale of goods or services or both on credit; and *"open account"* means an account receivable consisting of debt arising from the extension of open-end credit, as defined in section 537.1301.

6. This section does not supersede any of the provisions of chapter 537, except that section 537.3212 does not apply to a consumer credit transaction in which a finance charge is imposed under this section. This section does not authorize the compounding of a finance charge.

7. The finance charge authorized by this section is in lieu of interest or a finance charge authorized under section 535.2, subsection 1, or any other provision of law. The rate of a finance charge imposed pursuant to this section is applicable to a judgment in an action on the account, notwithstanding section 535.3.

8. If a creditor imposes a finance charge in violation of this section, the debtor shall have the right to recover all amounts unlawfully received by the creditor as finance charges, plus attorney's fees and court costs incurred in any action to effect recovery. This subsection does not limit remedies which may be available under chapter 537.

[C81, §535.11; 82 Acts, ch 1153, §6, 18(1)]
98 Acts, ch 1100, §72; 2021 Acts, ch 80, §340

535.12 Loans by agricultural credit corporation.

1. An agricultural credit corporation may lend money pursuant to a written promissory note or other writing evidencing the loan obligation, at a rate of interest which is not more than four percentage points above the lending rate in effect at the farm credit bank of Omaha, Nebraska, for the month during which the writing evidencing the loan obligation is made, provided that the loan is for an agricultural production purpose and further provided that the loan would, but for this section, be subject to the maximum rate of interest prescribed by section 535.2, subsection 3, paragraph *"a"*.

2. On or prior to the first day of each calendar month following June 13, 1980, the superintendent of banking shall determine the maximum rate of interest which may be charged pursuant to subsection 1 of this section on loans made by an agricultural credit corporation during that month, and shall cause the maximum rate to be published as soon after determination as possible, as a notice in the Iowa administrative bulletin or as a legal notice in a newspaper of general circulation published in Polk county. The maximum rate so determined shall be effective as provided in subsection 1 of this section regardless of the date of publication of the notice, except that no agricultural credit corporation shall be found in violation of this chapter solely on account of having made a loan on or prior to the day on which a notice of a maximum rate is published as provided in this subsection, if the loan would have been lawful if made during the preceding calendar month.

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3. This section does not prohibit an agricultural credit corporation from lending money as otherwise permitted by law.

4. As used in this section:

a. "Agricultural credit corporation" means a corporation which has been designated by the farm credit bank of Omaha, Nebraska, as an agricultural credit corporation eligible to sell or discount loans to that bank pursuant to 12 U.S.C. §2075.

b. "Agricultural production purpose" means a purpose related to the production of agricultural products.

c. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products thereof, and any and all products produced on farms.

[C81, §535.12]

89 Acts, ch 257, §26; 2014 Acts, ch 1092, §190; 2016 Acts, ch 1011, §104, 105

Referred to in §524.103

535.13 Definitions.

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

1. *"Agricultural products"* includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any products thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured products thereof.

2. *"Agricultural purpose"* means a purpose related to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products by a person who cultivates, plants, propagates, or nurtures the agricultural products.

[C81, §535.13; 82 Acts, ch 1153, §7]

2017 Acts, ch 29, §155

Referred to in §535.2, 558.70, 615.1, 615.3, 628.26, 628.28, 654.20, 655A.9

535.14 Prompt crediting of payment on loans secured by residential real property.

A lender is subject to the requirements set forth in section 537.3206, regarding the prompt crediting of payments, with respect to a loan secured by a lien or security interest on owner-occupied residential real property. For purposes of this section, *"residential real property"* means residential real property as defined in section 535B.1.

99 Acts, ch 15, §2

535.15 Open-end credit and credit card disclosure. Repealed by 99 Acts, ch 73, §1.

535.16 Delivery of copies of debt documents.

1. A lender or other secured party shall provide to a debtor, at the time a document relating to a debt is signed, a copy of the document signed by the debtor. Receipt of a copy required by this section may be acknowledged anywhere on the document or on a separate acknowledgment of receipt.

2. A lender or other secured party shall provide to a debtor copies of all documents signed by the debtor relating to the debt at any other time, upon request, for a charge that shall not exceed the reasonable cost of copying the document.

86 Acts, ch 1081, §1; 87 Acts, ch 163, §1; 88 Acts, ch 1023, §1; 2018 Acts, ch 1041, §127

535.17 Requirements of credit agreements — statute of frauds — modifications.

1. A credit agreement is not enforceable in contract law by way of action or defense by any party unless a writing exists which contains all of the material terms of the agreement and is signed by the party against whom enforcement is sought.

2. Unless otherwise expressly agreed in writing, a modification of a credit agreement which occurs after the person asserting the modification has been notified in writing that oral or implied modifications to the credit agreement are unenforceable and should not be relied upon, is not enforceable in contract law by way of action or defense by any party unless a writing exists containing the material terms of the modification and is signed by the party against whom enforcement is sought. This notification can be included among the terms of a

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credit agreement, can be included on a separate form or together with other disclosures that are provided when the agreement is made, or can be given wholly apart from the agreement and at any time after the agreement has been made. To be effective, the notification and its language must be conspicuous. A person who gives a notification is bound by it to the same extent as the person notified. A notification with respect to any credit agreement is effective with respect to all other credit agreements then in effect between the parties if the notification conspicuously so provides. When a modification is required by this section to be in writing and signed, such requirement cannot be modified except by clear and explicit language in a writing signed by the person against whom the modification is to be enforced.

3. A notification referred to in subsection 2 in the following form in boldface, ten point type, complies with the requirements of this section:

> IMPORTANT: READ BEFORE SIGNING. The terms of this agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained in this written contract may be legally enforced. You may change the terms of this agreement only by another written agreement.

4. Notwithstanding subsections 1 and 2, a credit agreement or modification of a credit agreement which is not in writing, but which is valid in other respects, is enforceable if the party against whom enforcement is sought admits in court that the agreement or modification was made, but no agreement or modification is enforceable under this subsection beyond the terms admitted.

5. For purposes of this section, unless the context otherwise requires:

a. "Action" includes petition, complaint, counterclaim, cross-claim, or any other pleading or proceeding to enforce affirmatively any right or duty or to recover damages for the nonperformance of any duty.

b. "Contract" means a promise or set of promises for the breach of which the law would give a remedy or the performance of which the law would recognize a duty, and includes promissory obligations based on instruments and similar documents or on the contract doctrine of promissory estoppel.

c. "Credit agreement" means any contract made or acquired by a lender to loan money, finance any transaction, or otherwise extend credit for any purpose, and includes all of the terms of the contract. *"Credit agreement"* does not mean a contract to loan money, finance a transaction, or otherwise extend credit by means of or pursuant to a credit card, as defined in section 537.1301, subsection 17, or pursuant to open-end credit, as defined in section 537.1301, subsection 32, or pursuant to a home equity line of credit, as defined in section 535.10 whether the loan, financing, or credit is for consumer or business purposes or a consumer rental purchase agreement as defined in section 537.3604, subsection 8.

d. "Defense" includes setoff, recoupment, and any basis or means for barring or reducing liability or obligation on any claim.

e. "Lender" means any person primarily in the business of loaning money, or financing sales, leases, or other provision of property or services.

f. "Modification" includes change, addition, waiver, rescission, and any other variation of any kind whether expressly made or implied by, or inferred from, conduct of any kind.

6. This section shall be interpreted and applied purposively to ensure that contract actions and defenses on credit agreements are supported by clear and certain written proof of the terms of such agreements to protect against fraud and to enhance the clear and predictable understanding of rights and duties under credit agreements.

7. This section entirely displaces principles of common law and equity that would make or recognize exceptions to or otherwise limit or dilute the force and effect of its provisions concerning the enforcement in contract law of credit agreements or modifications of credit agreements. However, this section does not displace any additional or other requirements of contract law, which shall continue to apply, with respect to the making of enforceable contracts, including the requirement of consideration or other basis of validation.

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8. This section does not apply to a credit agreement made primarily for a personal, family, or household purpose where the credit extended is twenty thousand dollars or less.

90 Acts, ch 1176, §1; 2017 Acts, ch 54, §76

535.18 Consumer credit terms for service members — enforcement.

The superintendent of banking and the superintendent of credit unions, as applicable, shall have the authority to enforce the consumer protection provisions of 10 U.S.C. §987 concerning limitations on terms of consumer credit extended to service members and their dependents.

2010 Acts, ch 1171, §5

CHAPTER 535A

MORTGAGE LOANS — RED-LINING

Referred to in §535B.7, 535D.13, 669.14

535A.1 Definitions.
535A.2 Discriminatory — real estate mortgages.
535A.3 Discretion of financial institution.
535A.4 and 535A.5 Repealed by 2010 Acts, ch 1114, §5.
535A.6 Action for damages.
535A.7 Criminal penalty.
535A.8 Civil penalty.
535A.9 Tying arrangements prohibited.
535A.10 and 535A.11 Reserved.
535A.12 Repealed by 88 Acts, ch 1145, §6.

535A.1 Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. *"Financial institution"* means any bank, credit union, insurance company, mortgage banking company or savings and loan association, industrial loan company, or like institution or any other person who makes mortgage loans and which operates or has a place of business in this state. *"Financial institution"* does not include an individual who makes less than five mortgage loans a year.

2. *"Mortgage loan"* means a loan for the purchase, construction, improvement, or rehabilitation of residential property containing or to contain four or fewer family dwelling units in which the property is used as security for the loan.

3. *"Red-lining"* means the practice by which a financial institution may designate certain areas as unsuitable for the making of mortgage loans and reject applications for mortgage loans or vary the terms of a mortgage loan upon property within that area because of the prevailing income, racial, or ethnic characteristics of the area, or because of the age of the structures in the area.

4. *"Vary the terms of a mortgage loan"* includes but is not limited to the following:

a. Requiring a greater than average down payment than is usual for the particular type of mortgage loan involved.

b. Requiring a shorter period of amortization than is usual for the particular type of mortgage loan involved.

c. Charging a higher interest rate or higher loan origination fees than is usual for the particular type of mortgage loan involved.

d. An unreasonable underappraisal of real estate or item of property offered as security.

[C79, 81, §535A.1; 81 Acts, ch 174, §4, 5]

85 Acts, ch 238, §1; 2010 Acts, ch 1114, §1

Referred to in §528.2, 535A.2, 535A.6

535A.2 Discriminatory — real estate mortgages.

1. It is a discriminatory practice for any financial institution accepting mortgage loan applications to engage in the practice of red-lining as defined in section 535A.1.

2. This section shall be administered and enforced by the following agencies:

a. The superintendent of banking or the superintendent's designee in regard to banks, persons licensed under chapter 536A, and mortgage banking companies.

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b. The commissioner of insurance or the commissioner's designee pursuant to chapter 505 in regard to all insurance companies.

c. The superintendent of credit unions or the superintendent's designee in regard to all credit unions.

[C79, 81, §535A.2]

2010 Acts, ch 1114, §2; 2012 Acts, ch 1017, §134

Referred to in §535A.6, 535A.7

535A.3 Discretion of financial institution.

Nothing contained in this chapter shall preclude a financial institution from applying economically sound underwriting practices in contemplation of any mortgage loan to any person. Such practices shall include but are not limited to the following:

1. The willingness and the financial ability of the borrower to repay the mortgage loan.
2. The appraised value of any real estate or other item of property proposed as security for any mortgage loan.
3. Diversification of the financial institution's investment portfolio.

[C79, 81, §535A.3]

Referred to in §535A.6

535A.4 and 535A.5 Repealed by 2010 Acts, ch 1114, §5.

535A.6 Action for damages.

1. Any person who has been aggrieved as a result of a violation of sections 535A.1 through 535A.3, this section, or sections 535A.7 through 535A.9 may bring an action in the district court of the county in which the violation occurred or in the county where the financial institution involved is located.
2. Upon a finding that a financial institution has committed a violation of either section 535A.2 or 535A.9, the court may award actual damages, court costs, and attorney fees.

[C79, 81, §535A.6]

85 Acts, ch 238, §2; 2010 Acts, ch 1114, §3; 2011 Acts, ch 25, §66

Referred to in §535A.8

535A.7 Criminal penalty.

Any person who knowingly engages in a practice which violates the provisions of section 535A.2 or 535A.9 is guilty of a serious misdemeanor.

[C79, 81, §535A.7]

85 Acts, ch 238, §3; 2010 Acts, ch 1114, §4

Referred to in §535A.6

535A.8 Civil penalty.

Any person who in bad faith fails to comply with the provisions of this chapter is subject to punitive damages not to exceed one thousand dollars in addition to actual damages as set forth in section 535A.6.

[C79, 81, §535A.8]

Referred to in §535A.6

535A.9 Tying arrangements prohibited.

1. A financial institution which makes or offers to make real estate mortgage loans shall not:

a. Grant or offer to grant a loan on the prior condition, that the borrower is required to contract with any specific person or organization for either of the following:

(1) Services of a real estate agent or broker.

(2) Insurance services as an agent, broker, or underwriter.

b. Use confidential credit status information that is used for qualifying a person for the purchase of real property for solicitation purposes either directly or indirectly by an affiliate subsidiary.

c. Attempt or permit a real estate or insurance subsidiary to attempt to create the impression in its advertising or in any communication that the customers of the subsidiary

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shall have priority access to the funds of the financial institution or are entitled to preferential interest rates or other terms.

2. This section does not apply to the Iowa finance authority or a program operated pursuant to chapter 16.

85 Acts, ch 238, §4; 85 Acts, ch 252, §56
Referred to in §535A.6, 535A.7

535A.10 and 535A.11 Reserved.

535A.12 Repealed by 88 Acts, ch 1145, §6.

CHAPTER 535B

MORTGAGE BANKERS, MORTGAGE BROKERS, AND CLOSING AGENTS

Referred to in §16.92, 524.211, 524.212, 524.606, 525.1, 533A.2, 535C.2, 535D.3, 535D.14, 536.12, 536A.23, 546.3, 669.14, 714E.1

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SUBCHAPTER I

MORTGAGE BANKING, MORTGAGE BROKERS, AND CLOSING AGENTS

535B.1 Definitions.

As used in this chapter unless the context otherwise requires:

1. *"Administrator"* means the superintendent of the division of banking of the department of insurance and financial services.

2. *"Branch office"* means any location, other than a licensee's principal place of business or a remote location, where the licensee, the licensee's employees, or the licensee's independent contractors maintain a physical presence to engage in business as a mortgage banker or a mortgage broker.

3. *"Closing agent"* means a person who is not a party to the real estate transaction, who provides real estate closing services.

4. *"Licensee"* means a person licensed under this chapter; however, any natural person who is acting solely as an employee or agent of a mortgage banker, mortgage broker, or closing agent licensed under this chapter need not be separately licensed under this chapter.

5. *"Mortgage banker"* means a person who does one or more of the following:

a. Makes at least four mortgage loans on residential real property located in this state in a calendar year.

b. Originates at least four mortgage loans on residential real property located in this state in a calendar year and sells four or more such loans in the secondary market.

c. Services at least four mortgage loans on residential real property located in this state. However, a natural person, who services less than fifteen mortgage loans on residential real estate within the state and who does not sell or transfer mortgage loans, is exempt from this paragraph if that person is otherwise exempt from the provisions of this chapter.

6. *"Mortgage broker"* means a person who arranges or negotiates, or attempts to arrange or negotiate, at least four mortgage loans or commitments for four or more such loans on residential real property located in this state in a calendar year.

7. *"Mortgage loan"* means a loan of money secured by a lien on residential real property and includes a refinancing of a contract of sale, an assumption of a prior mortgage loan, and a refinancing of a prior mortgage loan.

8. *"Party to the real estate transaction"* means, with respect to a particular real estate transaction, a lender, seller, purchaser, or borrower.

9. *"Person"* means a natural person, an association, joint venture or joint stock company, partnership, limited partnership, business corporation, nonprofit corporation, or any other group of individuals however organized.

10. *"Principal place of business"* means a licensee's primary business office as designated on the licensee's application for licensure.

11. *"Natural person"* means an individual who is not an association, joint venture or joint stock company, partnership, limited partnership, business corporation, nonprofit corporation, other business entity, or any other group of individuals or business entities, however organized.

12. *"Registrant"* means a person registered under section 535B.3.

13. *"Real estate closing services"* means the administrative and clerical services required to carry out the conveyance or transfer of real estate or an interest in real estate located in this state to a purchaser or lender. *"Real estate closing services"* includes but is not limited to preparing settlement statements, determining that all closing documents conform to the parties' contract requirements, ascertaining that the lender's instructions have been satisfied, conducting a closing conference, receiving and disbursing funds, and completing form documents and instruments selected by and in accordance with instructions of the parties to the transaction. *"Real estate closing services"* does not include performing solely notarial acts as provided in chapter 9B.

14. *"Remote location"* means a physical location in the United States, other than a licensee's principal place of business or a branch office, where a licensee's employee or an independent contractor of the licensee is authorized by the licensee to engage in business as a mortgage banker or mortgage broker.

15. *"Residential real estate"* means the same as defined in section 535D.3.

16. *"Residential real property"* means real property, which is an owner-occupied single-family or two-family dwelling, located in this state, occupied or used or intended to be occupied or used for residential purposes, including an interest in any real property covered under chapter 499B.

17. *"Trust account"* means a checking account with a federally insured bank, savings and loan association, credit union, or savings bank, which is used exclusively for the deposit of funds transferred electronically or otherwise, cash, money orders, or negotiable instruments that are received by a closing agent to effect a real estate closing.

88 Acts, ch 1146, §1; 89 Acts, ch 133, §1 – 3; 91 Acts, ch 65, §1; 2005 Acts, ch 83, §1 – 3, 10; 2006 Acts, ch 1042, §12 – 14; 2009 Acts, ch 61, §26, 27, 39; 2010 Acts, ch 1111, §1, 13; 2011

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Acts, ch 34, §130; 2012 Acts, ch 1050, §45, 60; 2013 Acts, ch 30, §132; 2023 Acts, ch 19, §2752; 2024 Acts, ch 1038, §1
Referred to in §535.14

535B.2 Exemptions.

This chapter, except for sections 535B.3, 535B.11, 535B.12, and 535B.13, does not apply to any of the following:

1. A bank, bank holding company, savings bank, savings and loan association, or credit union organized under the laws of this state, another state, or the United States, or a subsidiary owned or controlled by such a bank, bank holding company, savings bank, savings and loan association, or credit union.
2. A loan company licensed under chapter 536 or 536A, except when acting as a closing agent.
3. An insurance company or a subsidiary or affiliate of an insurance company organized under the laws of this state, another state, or the United States, and subject to regulation by the commissioner of insurance.
4. Mortgage lenders or mortgage bankers maintaining an office in this state whose principal business in this state is conducted with or through mortgage lenders or mortgage bankers otherwise exempt under this section and which maintain a place of business in this state.
5. An individual who is employed by a person otherwise exempt under this section, or who, by contract, operates exclusively on behalf of a person otherwise exempt under this section to the extent that the individual is acting within the scope of the individual's employment or exclusive contract with the exempt person and is acting within the scope of the exempt person's charter, license, authority, approval, or certificate.
6. A real estate broker licensed under chapter 543B while engaged in practice as a real estate broker.
7. A nonprofit organization qualifying for tax-exempt status under the Internal Revenue Code as defined in section 422.3 which offers housing services to low and moderate income families.
8. An attorney licensed to practice law in this state or the attorney's employees or agents acting under the attorney's direction, in a transaction where the conduct of the attorney is regulated by the Iowa supreme court in its capacity as disciplinary authority over attorneys.
9. An officer or employee of the federal government, any state government, or a political subdivision of the state acting in an official capacity.
10. A qualified intermediary or an exchange accommodation titleholder facilitating an exchange under section 1031 of the Internal Revenue Code whose role in the transaction is limited to acting in such a capacity.

88 Acts, ch 1146, §2; 89 Acts, ch 83, §76; 89 Acts, ch 133, §4, 5; 96 Acts, ch 1056, §21; 2005 Acts, ch 83, §4, 10; 2008 Acts, ch 1160, §15; 2010 Acts, ch 1111, §2, 13
Referred to in §535B.2A, 535B.3, 535B.23, 558.70

535B.2A Closing agents affiliated with attorneys.

1. A closing agent affiliated with an attorney is not exempt from licensure under this chapter if the closing agent engages in transactions not exempt under section 535B.2, subsection 8.
2. Licensure under, and compliance with the provisions of, this chapter shall not exempt any attorney from discipline by the Iowa supreme court in its capacity as regulatory authority over attorneys licensed to practice in this state, nor from discipline by the regulatory authorities over attorneys licensed in other jurisdictions.
3. If a complaint is filed with the administrator against a closing agent affiliated with an attorney licensed to practice in this state, the administrator shall promptly give notice of the complaint to the Iowa supreme court or its designee, and cooperate in any disciplinary investigation which the court initiates against the attorney. On request of the court,

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the administrator shall stay any pending disciplinary action to the extent that the court determines necessary to avoid prejudice to a disciplinary action against the attorney.

2010 Acts, ch 1111, §3, 13

535B.3 Registration.

1. A person exempt under section 535B.2, subsection 4 or 7, shall register with the administrator.

2. A registrant shall submit to the administrator a registration statement on forms provided by the administrator. The forms shall include all addresses at which business is to be conducted, the names and titles of each director and principal officer of the business, and a description of the activities of the applicant in such detail as the administrator may require.

3. The registrant, except a nonprofit organization exempt under section 535B.2, subsection 7, shall pay an annual registration fee of one hundred dollars.

4. A registration under this chapter is not assignable.

88 Acts, ch 1146, §3; 89 Acts, ch 133, §6; 96 Acts, ch 1056, §22; 2005 Acts, ch 83, §5, 10; 2008 Acts, ch 1160, §16

Referred to in §535.8, 535B.1, 535B.2, 537.2501

535B.4 General licensing requirements.

1. A person shall not act as a mortgage banker, mortgage broker, or closing agent in this state or use the title "mortgage banker" or "mortgage broker" without first obtaining a license from the administrator.

2. *a.* License applicants shall submit to the administrator an application on forms provided by the administrator. The forms shall include, at a minimum, the address of the principal place of business and of all branch offices at which business is to be conducted, the names and titles of each director and principal officer of the business, and a description of the activities of the applicant in such detail as the administrator may require.

b. The administrator may require applicants and licensees to be licensed through the nationwide mortgage licensing system and registry as defined in section 535D.3, and may participate in the nationwide mortgage licensing system and registry if this requirement is implemented. In the event the requirement is implemented, the administrator may establish by rule or order new requirements as necessary and appropriate, including but not limited to requirements that applicants, and officers, directors, and others in a position of authority in relation to the applicant, submit to fingerprinting and criminal history checks, and pay associated fees relating thereto.

3. The applicant shall also submit a recently prepared certified financial statement.

4. The applicant for an initial license shall submit a fee in the amount of five hundred dollars.

5. Licenses granted under this chapter are not assignable.

6. Licenses granted under this chapter expire on the next December 31 after their issuance.

7. Applications for renewals of licenses under this chapter must be filed with the administrator before December 1 of the year of expiration on forms prescribed by the administrator. A renewal application must be accompanied by a fee of two hundred dollars for a license to transact business solely as a mortgage broker, four hundred dollars for a license to transact business as a mortgage banker, and two hundred dollars for a license to transact business as a closing agent. The administrator may assess a late fee of ten dollars per day for applications or registrations accepted for processing after December 1.

8. A mortgage banker or mortgage broker licensee shall not conduct business under any other name than that given in the license. A fictitious name may be used, but a mortgage banker or mortgage broker licensee shall conduct business only under one name at a time. However, the administrator may issue more than one license to the same person to conduct business under different names at the same time upon compliance for each such additional mortgage banker or mortgage broker license with all of the provisions of this chapter governing an original issuance of a license.

9. A licensee shall not establish a branch office outside of the United States.

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10. In addition to the application and renewal fees provided for in subsections 4 and 7, the administrator may assess application and renewal fees for each branch office of the licensee, sponsor fees, and change of sponsor fees.

88 Acts, ch 1146, §4; 89 Acts, ch 133, §7; 2006 Acts, ch 1042, §15, 16; 2007 Acts, ch 22, §95; 2008 Acts, ch 1160, §17, 18; 2009 Acts, ch 61, §28, 39; 2010 Acts, ch 1111, §4, 13; 2011 Acts, ch 102, §6; 2024 Acts, ch 1038, §2, 3

535B.4A Individual registration requirements — fees. Repealed by 2009 Acts, ch 61, §37, 39. See chapter 535D.

535B.5 Granting and denial of license.

1. Upon the filing of an application for a license, if the administrator finds that the financial responsibility, character, and general fitness of the applicant and of the members thereof if the applicant is a partnership, association, or other organization and of the officers, directors, and principal employees if the applicant is a corporation, are such as to warrant belief that the business will be operated honestly, soundly, and efficiently in the public interest consistent with the purposes of this chapter, the administrator shall issue the applicant a license as a mortgage broker, mortgage banker, or closing agent. The administrator shall approve or deny an application for a license within ninety days after the filing of the application for a license.

2. If the administrator does not so find, the license shall not be issued, and the administrator shall notify the applicant in writing of the denial and the reasons for the denial.

88 Acts, ch 1146, §5; 2010 Acts, ch 1111, §5, 13

Referred to in §535.8, 537.2501

535B.6 Licensing of certain corporations.

1. An applicant that is incorporated under the laws of another state in the United States must be authorized to do business in this state. Such a corporation shall file with the license application both of the following:

a. An irrevocable consent, duly acknowledged, that suits and actions may be commenced against that licensee in the courts of this state by service of process in the usual manner provided for by the statutes and court rules of this state.

b. Proof of authorization to do business in this state.

2. Businesses that are incorporated outside of the United States are not eligible for a license.

88 Acts, ch 1146, §6; 2011 Acts, ch 102, §7

535B.6A Change of name — change of control — notice and approval required.

1. A licensee shall submit a notice of name change and a twenty-five dollar fee for each license to the administrator thirty days prior to changing the name of the licensee.

2. The prior written approval is required whenever a change in control of a licensee or registrant is proposed. For purposes of this section, *"control"* means as defined in section 524.103. The administrator may require the licensee to provide any information deemed necessary by the administrator to determine whether a new application is required. At the time of requesting the approval, the licensee or registrant requesting the change of control shall pay to the administrator a fee of one hundred dollars.

2006 Acts, ch 1042, §18

535B.7 Disciplinary action.

1. The administrator may, pursuant to chapter 17A, take disciplinary action against a licensee if the administrator finds any of the following:

a. The licensee has violated a provision of this chapter or a rule adopted under this chapter or any other state or federal law applicable to the conduct of its business including but not limited to chapters 535 and 535A.

b. A fact or condition exists which, if it had existed at the time of the original application for the license, would have warranted the administrator to refuse originally to issue the license.

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c. The licensee is found upon investigation to be insolvent, in which case the license shall be revoked immediately.

d. The licensee has violated an order of the administrator.

2. The administrator may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

b. Suspend a license until further order of the administrator or for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning respecting licensee behavior.

f. Order the licensee to pay restitution.

3. The administrator may order an emergency suspension of a licensee's license pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of the suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. Except as provided in this section, a license shall not be revoked or suspended except after notice and a hearing thereon in accordance with chapter 17A.

5. A licensee may surrender a license by delivering to the administrator written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

6. A revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and any person, including a mortgagor.

88 Acts, ch 1146, §7; 98 Acts, ch 1202, §42, 46; 2006 Acts, ch 1042, §19; 2008 Acts, ch 1160, §20; 2009 Acts, ch 61, §29, 39

535B.7A Prohibited acts.

It is a violation of this chapter for a licensee to engage in any of the prohibited acts or practices in section 535D.17.

2009 Acts, ch 61, §30, 39; 2009 Acts, ch 179, §43

535B.8 Operating without a license.

A person who, without first obtaining a license under this chapter, engages in the business or occupation of, or advertises or holds the person out as, or claims to be, or temporarily acts as, a mortgage banker, mortgage broker, or closing agent in this state is guilty of a class "D" felony and may be prosecuted by the attorney general or a county attorney.

88 Acts, ch 1146, §8; 2008 Acts, ch 1160, §21; 2009 Acts, ch 61, §31, 39; 2010 Acts, ch 1111, §6, 13

535B.9 Bonds required of license applicants.

1. An applicant for a license shall file with the administrator a bond furnished by a surety company authorized to do business in this state, together with evidence of whether the applicant is seeking to transact business as a mortgage broker, mortgage banker, or closing agent. Until such time as the superintendent pursuant to administrative rule determines a bond amount that reflects the dollar value of loans originated, the bond shall be in the amount of one hundred thousand dollars for applicants seeking to transact business as a mortgage broker or mortgage banker. For applicants seeking to transact business as a closing agent, the bond shall be in the amount of twenty-five thousand dollars, unless the administrator by rule establishes a higher bond amount. The bond shall be continuous in nature until canceled by the surety with not less than thirty days' notice in writing to the mortgage broker, mortgage banker, or closing agent and to the administrator indicating the surety's intention to cancel the bond on a specific date.

2. For applicants seeking to transact business as a mortgage broker or mortgage

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banker, the bond shall be for the use of the state and any persons who may have causes of action against the applicant. The bond shall be conditioned upon the applicant's faithfully conforming to and abiding by this chapter and any rules adopted under this chapter and shall require that the surety pay to the state and to any persons all moneys that become due or owing to the state and to the persons from the applicant by virtue of this chapter.

3. For applicants seeking to transact business as a closing agent, the bond shall be conditioned upon the applicant's faithfully conforming to and abiding by this chapter and any rules adopted under this chapter and shall require that the surety pay to the state all moneys that become due or owing to the state from the applicant by virtue of this chapter.

4. In lieu of filing a bond, the applicant may pledge an alternative form of collateral acceptable to the administrator, if the alternative collateral provides protection to the state and any aggrieved person that is equivalent to that provided by a bond.

5. A licensee may not act as a closing agent unless the bond requirements in this section are in place at the time of a real estate closing.

88 Acts, ch 1146, §9; 89 Acts, ch 133, §8; 2005 Acts, ch 83, §7, 10; 2006 Acts, ch 1042, §20; 2008 Acts, ch 1160, §22; 2009 Acts, ch 61, §32, 39; 2010 Acts, ch 1111, §7, 13

535B.9A Continuing education requirements. Repealed by 2009 Acts, ch 61, §38, 39.

535B.10 Investigations and examinations.

1. Within one hundred twenty days after the end of a mortgage banker licensee's fiscal year, the mortgage banker licensee shall file financial statements which are audited by an independent certified public accounting firm.

2. For the purposes of discovering violations of this chapter or any related rules or for securing information lawfully required under this chapter, the administrator may at any time and as often as the administrator deems necessary, but in no event less frequently than once during each two-year period, investigate the business and examine the books, accounts, records, and files used by a licensee.

3. In conducting any examination under this section, the administrator may rely on current reports made by the licensee which have been prepared for the following federal agencies or federally related entities:

a. United States department of housing and urban development.
b. Federal housing administration.
c. Federal national mortgage association.
d. Government national mortgage association.
e. Federal home loan mortgage corporation.
f. United States department of veterans affairs.

4. With respect to mortgage lenders or mortgage bankers who are specifically exempted from this chapter but are subject to sections 535B.11, 535B.12, and 535B.13, the powers of examination and investigation concerning compliance with sections 535B.11, 535B.12, and 535B.13 shall be exercised by the official or agency to whose supervision the exempted person is subject. If the administrator receives a complaint or other information concerning noncompliance with this chapter by an exempted person, the administrator shall inform the official or agency having supervisory authority over that person.

5. *a.* The licensee shall pay the cost of the examination or investigation as determined by the administrator based on the actual cost of the operation of the finance bureau of the banking division of the department of insurance and financial services, including the proportionate share of administrative expenses in the operation of the banking division attributable to the finance bureau as determined by the administrator, incurred in the discharge of duties imposed upon the administrator by this chapter.

b. The total charge for an examination or investigation shall be paid by the licensee to the administrator within thirty days after the administrator has requested payment. Failure to pay the charge within thirty days shall subject the licensee to a late fee of up to five percent of the amount of the examination or investigation charge for each day the payment is delinquent.

6. *a.* All papers, documents, examination reports, and other writings relating to the

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supervision of licensees and registrants shall be kept confidential except as provided in this subsection, notwithstanding chapter 22.

b. The administrator may furnish information relating to the supervision of licensees and registrants to the federal agencies or federally related entities listed in subsection 3, the federal deposit insurance corporation, the federal reserve system, the office of the comptroller of the currency, the office of thrift supervision, the national credit union administration, the federal home loan bank, a financial institution regulatory authority of any other state, a professional licensing authority of this state or any other state, or a law enforcement agency, or to any official or supervising examiner of such regulatory authorities.

c. The administrator may release summary complaint information regarding a particular licensee so long as the information does not specifically identify the complainant.

d. The administrator may prepare and circulate reports reflecting financial information and examination results for all licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information.

e. The administrator may prepare and circulate reports provided by law.

f. The administrator may release the reports and correspondence in the course of an enforcement proceeding or a hearing held by the administrator.

g. The administrator may also provide this information to the attorney general for purposes of enforcing this chapter or the consumer fraud Act, section 714.16.

h. The administrator may furnish information to the Iowa title guaranty division of the Iowa finance authority relating to supervision of closing agent licensees whose activities relate to the issuance of title guaranty certificates issued by the Iowa title guaranty division. The Iowa title guaranty division may use this information to satisfy its reinsurance requirements and may provide the information to its reinsurer to the extent necessary to satisfy reinsurer requirements provided the reinsurer agrees to maintain the confidentiality of the information. The Iowa title guaranty division shall maintain the confidentiality of the information provided pursuant to this paragraph in all other respects.

88 Acts, ch 1146, §10; 2005 Acts, ch 3, §89; 2006 Acts, ch 1042, §21; 2008 Acts, ch 1160, §23, 24; 2009 Acts, ch 26, §16; 2009 Acts, ch 61, §33, 39; 2012 Acts, ch 1017, §25; 2013 Acts, ch 90, §164; 2014 Acts, ch 1080, §94, 98; 2023 Acts, ch 19, §2753

535B.11 Servicing mortgages and payoffs.

A licensee or other mortgagee who services mortgages on residential real estate located in this state shall do all of the following:

1. Disburse required funds paid by the mortgagor and held in escrow for the payment of real estate taxes and insurance payments no later than their final due date.

2. Pay penalties incurred by the mortgagor due to the licensee's or mortgagee's failure to meet the due dates referred to in subsection 1 unless the licensee or mortgagee can show that the failure was due solely to the fact that the mortgagor received a statement of the amount due more than fifteen days before the due date and has failed to remit it to the licensee or mortgagee.

3. *a.* Perform an annual escrow analysis for each escrow account. A clear and legible copy of the annual escrow analysis shall be delivered to the mortgagor within thirty calendar days of the end of the escrow account computation year, as defined in 12 C.F.R. §1024.17, to which disclosure relates, and shall include the information required for annual escrow account statements under 12 C.F.R. §1024.17.

b. Compliance with sections 524.905, 533.315, and 536A.20 shall constitute compliance with this subsection.

4. As required by 12 C.F.R. §1026.36, answer in writing any written request for payoff information received from a mortgagor or the mortgagor's designated representative.

5. If a person in connection with a mortgage loan has possession of an abstract of title and fails to deliver the abstract to the borrower within twenty calendar days of the borrower's request made by certified mail return receipt requested in connection with a proposed sale of the property, then the borrower may authorize the preparation of a new abstract of title to the property and the person failing to deliver the original abstract shall pay to the borrower the reasonable costs of preparation. If the borrower brings an action against the person failing

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to deliver to recover the payment and in the action recovers the payment, then the borrower shall also be entitled to recover attorney fees and court costs incurred in the action.

6. When the servicing of a mortgage loan is transferred, sold, purchased, or accepted by a licensee or registrant, the licensee or registrant who is transferring or selling the servicing shall issue to the mortgagor, within fifteen calendar days prior to the effective date of the transfer, a notice which shall include at a minimum:

a. The name and address of the licensee or registrant transferring or selling the servicing.

b. The name and address of the licensee or registrant accepting or purchasing the servicing.

c. The effective date of the transfer.

d. A statement concerning the effect of the transfer on the terms and conditions of the mortgage.

e. The address where payments are to be submitted for at least the next three months.

f. The name and address of the licensee or registrant to whom questions related to the mortgage may be addressed.

88 Acts, ch 1146, §11; 89 Acts, ch 133, §9; 2006 Acts, ch 1042, §22, 23; 2007 Acts, ch 174, §94; 2012 Acts, ch 1017, §135; 2018 Acts, ch 1036, §1; 2024 Acts, ch 1038, §4, 5

Referred to in §535B.2, 535B.10, 535D.23

535B.12 Payment processing.

A licensee or other mortgagee shall not assess a late charge if full payment is received before the date late charges are authorized in the mortgage documents and shall post all periodic payments in full within two business days of receipt.

88 Acts, ch 1146, §12

Referred to in §535B.2, 535B.10

535B.13 Civil enforcement authority.

1. If the administrator believes that a person has engaged in, or is about to engage in, an act or practice that constitutes or will constitute a violation of this chapter, the administrator may apply to the district court for an order enjoining such act or practice. Upon showing by the administrator that such person has engaged, or is about to engage, in any such act or practice, the district court shall grant an injunction.

2. The administrator may investigate or initiate a complaint against a person who is not licensed under this chapter to determine whether the person is violating this chapter.

3. In addition to or as an alternative to applying to the district court for an injunction, the administrator may issue an order to a person who is not licensed under this chapter to require compliance with this chapter, including to cease and desist from conducting business or from any harmful activities or violations of law or regulation; may impose a civil penalty against such person for any violation of this chapter in an amount up to five thousand dollars for each violation; may order the person to pay restitution; and may order the person to pay the costs for the investigation and prosecution of the enforcement action including attorney fees.

4. Before issuing an order under subsection 3, the administrator shall provide the person written notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for in disciplinary proceedings involving a licensee under this chapter.

5. A person aggrieved by the imposition of a civil penalty under subsection 3 may seek judicial review pursuant to section 17A.19.

6. An action to enforce an order under this section may be joined with an action for an injunction.

7. This chapter does not limit the power of the attorney general to determine that any other practice is unlawful under the Iowa consumer fraud Act contained in section 714.16, and to file an action under that section.

88 Acts, ch 1146, §13; 91 Acts, ch 65, §2; 2010 Acts, ch 1111, §8, 13

Referred to in §535B.2, 535B.10

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535B.14 Administrative authority.

The administrator shall have broad administrative authority to administer, interpret, and enforce this chapter and to promulgate rules implementing this chapter, including rules providing the grounds for denial of a license based on information received as a result of a background check, character and fitness grounds, and any other grounds for which a licensee may be disciplined.

88 Acts, ch 1146, §14; 2007 Acts, ch 170, §5; 2009 Acts, ch 61, §34, 39; 2010 Acts, ch 1111, §9, 13

535B.15 Liability of state.

An act or omission by the state pursuant to this chapter including, but not limited to, an examination, inspection, audit, or other financial oversight responsibility shall not subject the state to liability.

88 Acts, ch 1146, §15

535B.16 Notice to administrator.

A licensee or registrant maintaining a branch office in the state shall notify the administrator in writing at least thirty days before closing or otherwise ceasing operations at any branch office in the state.

89 Acts, ch 133, §10; 2024 Acts, ch 1038, §6

535B.17 Powers and duties of the administrator — waiver authority. Repealed by 2010 Acts, ch 1111, §12, 13. See §535B.4.

535B.18 Mortgage call reports.

Each licensee shall submit to the nationwide mortgage licensing system and registry, as defined in section 535D.3, reports of condition, which shall be in such form and shall contain such information as the nationwide mortgage licensing system and registry may require.

2009 Acts, ch 61, §36, 39

Referred to in §535D.23

535B.19 Trust account requirements for closing agents.

A licensee acting as a closing agent shall comply with all of the following:

1. All moneys received for disbursement during a real estate closing shall be deposited in a trust account and, when deposited, the moneys shall be designated as trust funds or trust accounts or under some other appropriate name indicating that the moneys are not the moneys of the licensee.

2. All trust account moneys shall be deposited in a financial institution that is insured by the federal deposit insurance corporation or national credit union share insurance fund unless the transaction does not involve residential real estate and another financial institution has been designated in writing in the escrow instructions.

3. If the trust account earns interest and the interest earned is retained by any party other than the party to the real estate transaction who is the owner of the funds, the licensee shall disclose this fact in writing to the parties to the transaction.

4. A licensee shall enter into a written agreement to pay interest to a party to a transaction, or to a third party if requested by the parties to a transaction, if the client's trust funds can earn net interest. In determining whether a client can earn net interest on funds placed in trust, the licensee shall take into consideration all relevant factors including the following:

a. The amount of interest that the funds would earn during the period in which they are reasonably expected to be deposited.

b. The cost of establishing and administering an individual interest-bearing trust account in which the interest would be transmitted to the client, including any needed tax forms.

c. The capability of the financial institution to calculate and pay interest to individual clients through subaccounting or otherwise.

5. The licensee shall notify the administrator of the name of each financial institution in which a trust account is maintained and the name of the account on forms acceptable to the

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administrator. A licensee may maintain more than one trust account provided it advises the administrator of the multiple accounts.

6. A licensee shall only deposit trust funds in a trust account and shall not commingle the licensee's personal funds or other funds in the trust account with the exception that a licensee may deposit and keep a sum not to exceed one thousand dollars in the trust account from the licensee's personal funds, which sum shall be specifically identified and deposited to cover bank service charges relating to the trust account or to advance funds to pay incidental fees as permitted in section 535B.20, subsection 2.

7. Moneys deposited in a trust account are not subject to execution or attachment or to any claim against the licensee.

8. A licensee shall not knowingly keep or cause to be kept any money in any bank, credit union, or other financial institution under any name designating the moneys as belonging to a client of the licensee, unless the money was actually entrusted to the licensee for deposit in trust.

2010 Acts, ch 1111, §10, 13

535B.20 Disbursing from a trust account.

A licensee acting as a closing agent shall not make, in a real estate closing, a disbursement from a trust account on behalf of another person, unless the following conditions are met:

1. The cash, funds, money orders, checks, or negotiable instruments necessary for the disbursement have been transferred electronically to or deposited into the trust account of the closing agent and are available for withdrawal and disbursement, or have been physically received by the agent prior to disbursement and are intended for deposit no later than the next banking day after the date of disbursement.

2. Nothing in this section prohibits a closing agent licensee from advancing funds not exceeding one thousand dollars from a trust account or otherwise on behalf of a party to a real estate closing for the purpose of paying incidental fees, such as conveyance and recording fees, in order to effect and close the sale, purchase, exchange, transfer, encumbrance, or lease of residential real property that is the subject of the real estate closing.

2010 Acts, ch 1111, §11, 13
Referred to in §535B.19

535B.21 Remote work.

A licensee may authorize work at a remote location provided all of the following requirements are met:

1. In-person customer interaction does not occur at the residence of an employee or an independent contractor.

2. The licensee's physical records are not maintained at a remote location.

3. The licensee establishes, supervises, and enforces written policies and procedures to ensure that all employees and independent contractors working from a remote location comply with all applicable state and federal laws and rules.

4. The licensee maintains the computer system used to enable employees and independent contractors to work from a remote location, and all customer information is maintained in accordance with the licensee's written information technology security plan and all applicable state and federal laws and rules.

5. Employees and independent contractors who work from a remote location only access the licensee's secure systems directly from an out-of-office device using a virtual private network or comparable system that requires a password or other form of authentication to access, and ensures a secure connection.

6. The licensee has the ability to remotely lock or erase the licensee-related contents of any out-of-office device, or otherwise remotely limit access to the licensee's secure systems.

7. The licensee ensures the installation and maintenance of all appropriate security updates, patches, or other alterations to the security of all devices used at remote locations to access the licensee's computer system.

8. The licensee ensures that all customer interactions and communications regarding customers comply with federal and state information security requirements, including but

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not limited to the federal Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §6801 et seq., and the federal standards for safeguarding customer information in 16 C.F.R. pt. 314.

9. The licensee annually certifies that all employees and independent contractors working from a remote location comply with this section. The licensee shall make written documentation of the certification available to the administrator upon request.

10. The record of a mortgage loan originator working from a remote location that is contained in the nationwide mortgage licensing system and registry designates a licensed location as the mortgage loan originator's official work location.

2024 Acts, ch 1038, §7

SUBCHAPTER II

PRUDENTIAL STANDARDS

535B.22 Definitions.

As used in this subchapter, unless the context otherwise provides:

1. *"Administrator"* means the superintendent of the division of banking of the department of insurance and financial services.

2. *"Allowable assets for liquidity"* means any of the following assets that may be used to satisfy the liquidity requirements under section 535B.24:

a. Unrestricted cash and cash equivalents.

b. Unencumbered investment grade assets held for sale or trade, including agency mortgage-backed securities, obligations of government-sponsored enterprises, and United States treasury obligations.

3. *"Board of directors"* means the formal body established by a covered institution that is responsible for corporate governance and compliance with sections 535B.24 and 535B.25.

4. *"Corporate governance"* means the structure of a covered institution and how the covered institution is managed, including but not limited to the corporate rules, policies, processes, and practices used to oversee and manage the covered institution.

5. *"Covered institution"* means a mortgage servicer that services, or subservices for others, two thousand or more residential mortgage loans, excluding whole loans owned and loans being interim serviced prior to sale, as of the most recent calendar year end as reported on the nationwide mortgage licensing system mortgage call report.

6. *"External audit"* means a formal report prepared by an independent certified public accountant expressing an opinion on whether a company's financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework, and includes an evaluation of the company's internal control structure.

7. *"Government-sponsored enterprise"* means the federal national mortgage association or the federal home loan mortgage corporation.

8. *"Interim serviced prior to sale"* means the activity of collecting a limited number of contractual mortgage payments immediately after origination on loans held for sale, but no longer than a period of ninety days prior to the loans being sold into the secondary market.

9. *"Internal audit"* means independent and objective assurance and consulting performed internally by a company to evaluate and improve the effectiveness of the company's operations, risk management, internal controls, and governance processes.

10. *"Mortgage-backed security"* means a financial instrument, including but not limited to a debt security, collateralized by residential mortgages.

11. *"Mortgage call report"* means the quarterly or annual report of residential real estate loan origination, servicing, and financial information filed by companies licensed in the nationwide mortgage licensing system and registry.

12. *"Mortgage servicer"* or *"servicer"* means a person that performs, under the terms of a servicing contract, the routine administration of residential mortgage loans on behalf of the owner or owners of the related mortgages.

13. *"Mortgage servicing rights"* means the contractual right to service a residential

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mortgage loan on behalf of the owner of the associated mortgage in exchange for the compensation specified in the applicable servicing contract.

14. *"Mortgage servicing rights investor"* means a person that invests in and owns mortgage servicing rights and relies on subservicers to administer mortgage loans on behalf of the person.

15. *"Nationwide mortgage licensing system and registry"* means the same as defined in section 535D.3.

16. *"Operating liquidity"* means the financial resources necessary for a person to perform the person's normal business operations, including but not limited to payment of rent, salaries, interest expenses, and other typical expenses associated with operating the business.

17. *"Person"* means a natural person, an association, joint venture or joint stock company, partnership, limited partnership, business corporation, nonprofit corporation, or any other group of individuals however organized.

18. *"Reverse annuity mortgage loan"* means the same as defined in section 528.2.

19. *"Risk management assessment"* means a functional evaluation performed under a risk management program, and the report provided to the covered institution's board of directors under the relevant governance protocol.

20. *"Risk management program"* means written policies and procedures commensurate with a covered institution's size and complexity designed to identify, measure, monitor, and mitigate risk.

21. *"Servicing liquidity"* or *"liquidity"* means the financial resources necessary to manage the liquidity risk arising from servicing functions required in acquiring and financing mortgage servicing rights; hedging costs, including margin calls, associated with the mortgage servicing rights asset and financing facilities; and advances or costs of advance financing for principal, interest, taxes, insurance, and any other servicing related advances.

22. *"Subservicer"* means a person that performs, under the terms of a subservicing contract, routine administration of residential mortgage loans as the agent of a servicer or of a mortgage servicing rights investor.

23. *"Tangible net worth"* means total equity less the receivables due from related entities, and less goodwill and other intangibles, and less pledged assets.

24. *"Whole loan"* means a loan where a mortgage and the underlying credit risk is owned and held on a balance sheet of the person possessing all ownership rights of the mortgage.

2024 Acts, ch 1038, §8

535B.23 Applicability.

1. This subchapter shall apply to covered institutions. For entities within a holding company or an affiliated group of companies, this subchapter shall apply at the covered institution level.

2. This subchapter shall not apply to persons exempt from licensing under section 535B.2.

2024 Acts, ch 1038, §9

535B.24 Financial condition.

1. This section shall not apply to servicers that solely own or conduct servicing on reverse annuity mortgage loans, or to the reverse annuity mortgage loan portfolio administered by a covered institution.

2. A covered institution shall maintain capital and liquidity in compliance with this section, and all financial data shall be determined in accordance with generally accepted accounting principles.

3. A covered institution may satisfy subsection 2 by complying with the capital, net worth ratio, and liquidity standards of the federal housing finance agency's eligibility requirements for enterprise single-family sellers or servicers, regardless of whether the servicer is approved for government-sponsored enterprise servicing.

4. A covered institution shall maintain the written policies and procedures necessary to implement the capital, operating liquidity, and servicing liquidity requirements under this

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section. The policies and procedures must include a sustainable written methodology to comply with subsection 3, and shall be made available to the administrator upon request.

5. *a.* A covered institution shall maintain sufficient allowable assets for operating liquidity, in addition to the amounts required for servicing liquidity, to sustain normal business operations.

b. The covered institution shall develop, establish, and implement written plans, policies, and procedures, using sustainable documented methodologies, to maintain operating liquidity. The policies and procedures shall be made available to the administrator upon request.

6. A covered institution shall have a sound written cash management plan and a sound written business operating plan commensurate with the complexity of the covered institution that ensures normal business operations.

2024 Acts, ch 1038, §10
Referred to in §535B.22

535B.25 Corporate governance.

1. A covered institution shall establish and maintain a board of directors that is responsible for oversight of the covered institution. If a government-sponsored enterprise or government national mortgage association has not approved a covered institution to service loans, or has approved an alternative to a board of directors, the covered institution may establish a similar oversight committee for purposes of exercising oversight and fulfilling the responsibilities under subsection 2.

2. The board of directors, or a similar oversight committee approved under subsection 1, shall do all of the following:

a. Establish a written corporate governance framework that includes appropriate internal controls to monitor and assess compliance with the corporate governance framework.

b. Make a copy of the corporate governance framework available to the administrator upon request.

c. Monitor and ensure that the covered institution complies with the corporate governance framework and with this subchapter.

d. Perform accurate and timely regulatory reporting, including filing the covered institution's mortgage call report.

e. Establish internal audit requirements that are appropriate for the size, complexity, and risk profile of the covered institution, and ensure appropriate independence to provide an unbiased evaluation of the covered institution's internal control structure, risk management, and corporate governance. The established internal audit requirements and the results of internal audits shall be made available to the administrator upon request.

f. Ensure the covered institution establishes and maintains a risk management program that identifies, measures, monitors, and controls risk commensurate with the covered institution's size and complexity. The risk management program must include appropriate processes and models to measure, monitor, and mitigate financial risks and changes to the covered institution's risk profile and assets being serviced. The risk management program shall address all of the following:

(1) The potential that a borrower or counterparty fails to perform on an obligation.

(2) The potential that the covered institution is unable to meet the covered institution's obligations as the obligations come due as a result of an inability to liquidate assets or to obtain adequate funding.

(3) The potential that the covered institution cannot easily unwind or offset specific exposures.

(4) The risk resulting from inadequate or failed internal processes, people, or systems; or from external events.

(5) The risk to the covered institution's condition resulting from adverse movements in market rates or prices.

(6) The risk of regulatory sanctions, fines, penalties, or losses resulting from the covered institution's failure to comply with applicable laws and rules or other supervisory requirements that apply to the covered institution.

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(7) The potential that legal proceedings against the covered institution may result in unenforceable contracts, lawsuits, legal sanctions, or adverse judgements that may disrupt or otherwise negatively affect the covered institution's operations or condition.

(8) The risk to earnings and capital arising from negative publicity regarding the covered institution's business practices.

3. A covered institution shall undergo an annual external audit and shall make the external audit available to the administrator upon request. An external audit shall include, at a minimum, all of the following:

a. An evaluation of the company's internal control structure.

b. A review of the company's annual financial statements, including the balance sheet, income statement, and cash flows, including notes and supplemental schedules prepared in accordance with generally accepted accounting principles.

c. A computation of the company's tangible net worth.

d. Validation of the company's mortgage servicing rights valuation and reserve methodology, if applicable.

e. Verification the company has adequate fidelity and errors and omissions insurance.

f. Testing of the company's controls related to risk management activities, including compliance and stress testing, if applicable.

4. A covered institution shall conduct an annual risk management assessment that shall conclude with a formal report to the board of directors, and shall make the risk management assessment available to the administrator upon request. A risk management assessment shall include issue findings and the response or action taken to address each issue. A covered institution shall maintain ongoing documentation of risk management activities and shall include the documentation in the risk management assessment.

2024 Acts, ch 1038, §11
Referred to in §535B.22

CHAPTER 535C

LOAN BROKERS

Referred to in §669.14

535C.1	Title.	535C.10	Remedies.
535C.2	Definitions.	535C.11	Applicability.
535C.2A	Prohibition on advance fees.	535C.11A	Exemption — burden of proof.
535C.3	through 535C.5 Reserved.	535C.12	Records.
535C.6	Penalty.	535C.13	Reserved.
535C.7	Written agreements required.	535C.14	Misrepresentation of governmental approval.
535C.8	Waiver of rights.		
535C.9	Rules.	535C.15	and 535C.16 Reserved.

535C.1 Title.

This chapter may be cited as the *"Iowa Loan Brokers Act"*.

83 Acts, ch 146, §1
Referred to in §714.16

535C.2 Definitions.

1. *"Advance fee"* means consideration of any type including a payment, fee, pay-per-call charge, or deposit, which is assessed or collected prior to the closing of a loan or the issuing of a credit card.

2. *"Borrower"* means a person who seeks the services of a loan broker.

3. *"Loan"* means an agreement to advance property, including but not limited to money, in return for the promise that payment will be made for the use of the property.

4. *"Loan broker"* or *"broker"* means a person who promises to obtain a loan or credit card or assist in obtaining a loan for another from a third person, or who promises to consider

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making a loan or offering to issue a credit card to a person. A loan broker does not include any of the following:

a. An attorney licensed to practice in this state while engaged in the practice of law.

b. A certified public accountant licensed to practice in this state while engaged in practice as a certified public accountant.

c. An accounting practitioner, while engaged as an accounting practitioner, who procures loans as an incidental part of the accountant's practice.

d. A governmental body or employee acting in an official capacity.

e. A financial institution, to the extent the institution's activities or arrangements are expressly approved or regulated by a regulatory body or officer acting under authority of the United States.

f. An insurance company subject to regulation by the commissioner of insurance.

g. A bank incorporated under chapter 524.

h. A credit union incorporated under chapter 533.

i. A mortgage broker or mortgage banker licensed or registered under chapter 535B.

j. A regulated loan company licensed under chapter 536.

k. An industrial loan company licensed under chapter 536A.

5. *"Loan brokerage agreement"* or *"agreement"* means an agreement between a loan broker and a borrower in which the loan broker promises to do any of the following:

a. Obtain a loan or credit card for a borrower.

b. Assist the borrower in obtaining a loan or credit card.

c. Consider making a loan or issuing a credit card to the borrower.

6. *"Records"* means books, papers, documents, accounts, agreements, memoranda, electronic records of accounts, or correspondence relating to a matter regulated under this chapter.

7. *"Successful procurement of a loan"* means the receipt by a borrower of the loan proceeds.

83 Acts, ch 146, §2; 91 Acts, ch 205, §19; 93 Acts, ch 60, §13, 14; 2012 Acts, ch 1017, §136
Referred to in §714.16

535C.2A Prohibition on advance fees.

A loan broker shall not directly or indirectly solicit, receive, or accept from a borrower an advance fee as consideration for providing services as a loan broker. A loan broker's fee may only be assessed or collected from a borrower after the successful procurement of a loan or issuance of a credit card.

93 Acts, ch 60, §15
Referred to in §714.16

535C.3 through 535C.5 Reserved.

535C.6 Penalty.

A loan broker who violates a provision of this chapter is guilty of a serious misdemeanor.

83 Acts, ch 146, §6; 93 Acts, ch 60, §16
Referred to in §714.16

535C.7 Written agreements required.

A loan brokerage agreement shall be in writing, contain a description of the services that the broker agrees to perform for the borrower, and the conditions under which the borrower is obligated to pay the broker. The agreement shall be signed by the broker and the borrower. The broker shall give the borrower a copy of the agreement when the borrower signs the agreement.

83 Acts, ch 146, §7; 91 Acts, ch 205, §22
Referred to in §714.16

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535C.8 Waiver of rights.

A waiver of this chapter by a borrower prior to or at the time of entering into a loan brokerage agreement is contrary to public policy and is void. An attempt by a loan broker to have a borrower waive any rights given in this chapter is a violation of this chapter.

83 Acts, ch 146, §8
Referred to in §714.16

535C.9 Rules.

The attorney general may adopt rules according to chapter 17A as necessary or appropriate to implement the purposes of this chapter.

83 Acts, ch 146, §9; 93 Acts, ch 60, §17
Referred to in §714.16

535C.10 Remedies.

1. If a broker materially violates the loan brokerage agreement, the borrower may, upon written notice, void the agreement. In addition, the borrower may recover all moneys paid the broker, a penalty of twice the amount of the fee sought by the broker, other damages, and reasonable attorney fees. A material violation includes but is not limited to any of the following:

a. Making false or misleading statements relative to the agreement.

b. Failure to comply with the agreement or the obligations arising from the agreement.

c. Failure to either grant the borrower a loan or issue a credit card or diligently attempt to obtain a loan or credit card for the borrower.

d. Failure to comply with the requirements of this chapter.

e. Soliciting or obtaining, directly or indirectly, an advance fee.

2. A violation of this chapter is a violation of the Iowa consumer fraud Act, section 714.16.

3. Remedies under this chapter are in addition to other remedies available in law or equity.

83 Acts, ch 146, §10; 93 Acts, ch 60, §18
Referred to in §714.16

535C.11 Applicability.

This chapter does not apply to activities or arrangements expressly approved or regulated by the department of insurance and financial services.

83 Acts, ch 146, §11; 91 Acts, ch 205, §23; 93 Acts, ch 60, §19; 2023 Acts, ch 19, §2754

535C.11A Exemption — burden of proof.

In a civil proceeding pursuant to this chapter, a person claiming to be excluded from the definition of "loan broker" or "broker" has the burden of proof in substantiating the claim.

93 Acts, ch 60, §20

535C.12 Records.

1. A loan broker shall maintain accurate records relating to transactions regulated under this chapter. The records shall include all of the following:

a. The accounts of the broker.

b. A copy of each contract in which the broker is a party, including loan brokerage agreements.

c. The amount of receipts received by the broker and the date the receipts were received.

2. The broker shall retain each loan brokerage agreement entered into by the broker and records pertaining to each agreement for at least two years after the agreement expires.

91 Acts, ch 205, §24; 93 Acts, ch 60, §21

535C.13 Reserved.

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533C.14 Misrepresentation of governmental approval.

It is unlawful for a loan broker to represent or imply that the broker has been sponsored, recommended, or approved by, or that the broker's abilities or qualifications have been passed upon by a governmental entity of the state or its political subdivisions.

91 Acts, ch 205, §26; 93 Acts, ch 60, §22

535C.15 and 535C.16 Reserved.

CHAPTER 535D

MORTGAGE LICENSING ACT

Referred to in §524.211, 524.212, 669.14

535D.1 Title.
535D.2 Legislative findings and purpose.
535D.3 Definitions.
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535D.19 Unique identifier shown.
535D.20 Operating without a license — penalty.
535D.21 Administrative authority.
535D.22 Compliance with federal law.
535D.23 Reports of condition required — exceptions.

535D.1 Title.

This chapter shall be known and may be cited as the "*Iowa Secure and Fair Enforcement for Mortgage Licensing Act*".

2009 Acts, ch 61, §1, 25

535D.2 Legislative findings and purpose.

The activities of mortgage loan originators and the origination or offering of financing for residential real property have a direct, valuable, and immediate impact upon this state's consumers, its economy, the neighborhoods and communities of this state, and the housing and real estate industry. The general assembly finds that accessibility to mortgage credit is vital to the state's citizens. The general assembly also finds that it is essential for the protection of the citizens of this state and the stability of the state's economy that reasonable standards for licensing and regulation of the business practices of mortgage loan originators be imposed. The general assembly further finds that the obligations of mortgage loan originators to consumers in connection with originating or making residential mortgage loans are such as to warrant the regulation of the mortgage lending process. The purpose of this chapter is to protect consumers seeking mortgage loans and to ensure that the mortgage lending industry is operating without unfair, deceptive, or fraudulent practices on the part of mortgage loan originators.

2009 Acts, ch 61, §2, 25

535D.3 Definitions.

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

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1. *"Clerical or support duties"* means, subsequent to the receipt of a residential mortgage loan application, the receipt, collection, distribution, and analysis of information common for the processing or underwriting of a residential mortgage loan; and communicating with a consumer to obtain the information necessary for the processing or underwriting of a residential mortgage loan, to the extent that such communication does not include offering or negotiating loan rates or terms, or counseling consumers about residential mortgage loan rates or terms.

2. *"Depository institution"* means a depository institution as defined in 12 U.S.C. §1813(c) and a credit union organized under the laws of this state, another state, or the United States.

3. *"Federal banking agencies"* means the board of governors of the federal reserve system, the comptroller of the currency, the director of the office of thrift supervision, the national credit union administration, and the federal deposit insurance corporation.

4. *"Immediate family member"* means a spouse, child, sibling, parent, grandparent, or grandchild. This includes stepparents, stepchildren, stepsiblings, and adoptive relationships.

5. *"Individual"* means a natural person.

6. *"Loan processor or underwriter"* means an individual who performs clerical or support duties as an employee at the direction of and subject to the supervision and instruction of a person licensed, or exempt from licensing, under chapter 535B, 536, 536A, or this chapter.

7. *"Loss mitigation efforts"* means, when a residential mortgage loan borrower is in default or default is reasonably foreseeable, working with the borrower on behalf of the residential mortgage loan servicer to modify, either temporarily or permanently, the obligation or otherwise mitigate loss on an existing residential mortgage loan.

8. *"Mortgage loan originator"* means an individual who for compensation or gain or in the expectation of compensation or gain takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan. *"Mortgage loan originator"* does not include any of the following:

a. An individual engaged solely as a loan processor or underwriter except as otherwise provided in section 535D.4, subsection 2.

b. An individual who only performs real estate brokerage activities and is licensed in accordance with state law, unless the individual is compensated by a lender, a mortgage broker, or mortgage loan originator or by any agent of such lender, mortgage broker, or mortgage loan originator.

c. An individual solely involved in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. §101(53D).

d. An individual employed by a residential mortgage loan servicer if the individual is involved solely in loss mitigation efforts.

9. *"Nationwide mortgage licensing system and registry"* means a mortgage licensing system developed and maintained by the conference of state bank supervisors and the American association of residential mortgage regulators for the licensing and registration of licensed mortgage loan originators.

10. *"Nontraditional mortgage product"* means any mortgage product other than a thirty-year fixed rate mortgage.

11. *"Real estate brokerage activity"* means any activity that involves offering or providing real estate brokerage services to the public, including the following:

a. Acting as a real estate agent or real estate broker for a buyer, seller, lessor, or lessee of real property.

b. Bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property.

c. Negotiating, on behalf of any party, any portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property other than in connection with providing financing with respect to any such transaction.

d. Engaging in any activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law.

e. Offering to engage in any activity, or act in any capacity, described in paragraphs *"a"* through *"d"*.

12. *"Registered mortgage loan originator"* means a mortgage loan originator who is an

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employee of a depository institution, a subsidiary that is owned and controlled by a depository institution and regulated by a federal banking agency, or an institution regulated by the farm credit administration; and is registered with and maintains a unique identifier through the nationwide mortgage licensing system and registry.

13. *"Residential mortgage loan"* means any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling as defined in section 103(v) of the federal Truth in Lending Act or on residential real estate.

14. *"Residential real estate"* means any real property located in this state, upon which is constructed or intended to be constructed a dwelling as defined in section 103(v) of the federal Truth in Lending Act.

15. *"Superintendent"* means the superintendent of banking appointed pursuant to section 524.201.

16. *"Unique identifier"* means a number or other identifier assigned by protocols established by the nationwide mortgage licensing system and registry.

2009 Acts, ch 61, §3, 25
Referred to in §535B.1, 535B.4, 535B.18, 535B.22, 535D.4A, 536.11, 536.30, 536A.14, 536A.32, 543D.22, 543E.20

535D.4 License and registration required.

1. On or after January 1, 2010, an individual shall not engage in the business of a mortgage loan originator with respect to any dwelling or residential real estate located in this state without first obtaining and maintaining annually a license under this chapter. Each licensed mortgage loan originator must register with and maintain a valid unique identifier issued by the nationwide mortgage licensing system and registry.

2. A loan processor or underwriter who is an independent contractor may not engage in the activities of a loan processor or underwriter unless such independent contractor loan processor or underwriter obtains and maintains a license pursuant to this section, and registers with and maintains a valid unique identifier issued by the nationwide mortgage licensing system and registry.

3. An individual engaging solely in loan processor or underwriter activities shall not represent to the public, through advertising or other means of communicating or providing information including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that the individual can or will perform any of the activities of a mortgage loan originator.

2009 Acts, ch 61, §4, 25; 2011 Acts, ch 102, §8
Referred to in §535D.3

535D.4A Exemptions.

This chapter does not apply to any of the following:

1. A registered mortgage loan originator when acting for an employer described in section 535D.3, subsection 12.

2. An individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an immediate family member of the individual.

3. An individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that served as the individual's residence.

4. A licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a lender, a mortgage broker, or other mortgage loan originator or by any agent of such lender, mortgage broker, or other mortgage loan originator.

5. A licensed manufactured housing retailer selling mobile, manufactured, or modular homes, if the retailer only assists the consumer in filling out a loan application and does not offer or negotiate loan rates or terms, and does not do any counseling with consumers about residential mortgage loan rates or terms and does not receive any payment or fee from any company or individual for assisting the consumer.

2009 Acts, ch 61, §5, 25; 2009 Acts, ch 179, §42

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535D.5 License and registration — application and issuance.

1. An applicant for licensure shall submit an application on a form prescribed by the superintendent.

2. The superintendent may enter into a contract with the nationwide mortgage licensing system and registry or other entities designated by the nationwide mortgage licensing system and registry to collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to this chapter.

3. For the purpose of participating in the nationwide mortgage licensing system and registry, the superintendent may adopt rules which waive or modify, in whole or in part, requirements of this chapter and replace them with requirements reasonably necessary to participate in the nationwide mortgage licensing system and registry.

4. In connection with an application for licensing as a mortgage loan originator, the applicant shall, at a minimum, furnish to the nationwide mortgage licensing system and registry information concerning the applicant's identity, including all of the following:

a. Fingerprints for submission to the federal bureau of investigation, and any governmental agency or entity authorized to receive such information for a state, national, and international criminal history background check.

b. Personal history and experience in a form prescribed by the nationwide mortgage licensing system and registry, including the submission of authorization for the nationwide mortgage licensing system and registry and the superintendent to obtain an independent credit report obtained from a consumer reporting agency described in section 603(p) of the federal Fair Credit Reporting Act; and information related to any administrative, civil, or criminal findings by any governmental jurisdiction.

c. Any other information requested by the superintendent.

5. For the purposes of this section and in order to reduce the points of contact which the federal bureau of investigation may have to maintain for purposes of subsection 4, the superintendent may use the nationwide mortgage licensing system and registry as a channeling agent for requesting information from and distributing information to the United States department of justice or other governmental agency, or to or from any other source so directed by the superintendent.

2009 Acts, ch 61, §6, 25

535D.6 Conditions of licensure.

An applicant for licensure as a mortgage loan originator shall demonstrate qualifications as follows:

1. The applicant has never had a mortgage loan originator license revoked in any governmental jurisdiction, except that a subsequent formal vacation of such revocation shall not be deemed a revocation.

2. The applicant has not been convicted of, or pled guilty or no contest to, a felony in a domestic, foreign, or military court during the seven-year period preceding the date of the application for licensure; or at any time preceding such date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering. A pardon of a conviction shall not constitute a conviction for purposes of this subsection.

3. The applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the applicant will operate honestly, fairly, and efficiently within the purposes of this chapter. For purposes of this subsection, a person has shown that the person is not financially responsible when the person has shown a disregard in the management of their own financial condition. The superintendent shall not deny a license on the sole basis of an applicant's credit score. A determination that an individual has not shown financial responsibility may include but not be limited to current outstanding judgments, except judgments solely as a result of medical expenses; current outstanding tax liens or other government liens or filings; foreclosures within the past three years; or a pattern of seriously delinquent accounts within the past three years.

4. The applicant has completed the prelicensing education requirements pursuant to section 535D.7.

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5. The applicant has passed a written test that meets the requirements of section 535D.8.

6. The applicant has met the surety bond requirement or paid into a recovery fund as required pursuant to section 535D.14.

7. There are no other grounds to deny the applicant a license pursuant to rules adopted by the superintendent. Such rules may include discretionary grounds for license denial.

2009 Acts, ch 61, §7, 25
Referred to in §535D.9, 535D.13

535D.7 Prelicensing education of loan originators.

1. An applicant for licensure shall complete at least twenty hours of prelicensing education approved in accordance with subsection 2, which shall include at a minimum the following:

a. Three hours of federal laws and regulations pertaining to residential mortgage loan origination.

b. Three hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues.

c. Two hours of training related to lending standards for the nontraditional mortgage product marketplace.

2. Prelicensing education courses shall be reviewed and approved by the nationwide mortgage licensing system and registry based upon reasonable standards. Review and approval of a prelicensing education course shall include review and approval of the course provider.

3. A prelicensing education course that is approved by the nationwide mortgage licensing system and registry and is provided by the employer of the applicant or an entity which is affiliated with the applicant by an agency contract, or any subsidiary or affiliate of such employer or entity, shall meet the requirements of this section.

4. Prelicensing education may be offered either in a classroom, online, or by any other means approved by the nationwide mortgage licensing system and registry.

5. Prelicensing education requirements approved by the nationwide mortgage licensing system and registry for any state shall be accepted as credit towards completion of prelicensing education requirements in this state.

2009 Acts, ch 61, §8, 25
Referred to in §535D.6

535D.8 Test requirements.

1. An applicant for licensure shall pass a qualified written test developed by the nationwide mortgage licensing system and registry and administered by a test provider approved by the nationwide mortgage licensing system and registry based upon reasonable standards.

2. A written test shall not be treated as a qualified written test for purposes of subsection 1 unless the test, in the determination of the nationwide mortgage licensing system and registry, adequately measures the applicant's knowledge and comprehension in appropriate subject areas including the following:

a. Ethics.

b. Federal laws and regulations pertaining to residential mortgage loan origination.

c. State laws and regulations pertaining to residential mortgage loan origination.

d. Other relevant federal and state laws and regulations, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace, and fair lending issues.

3. Nothing in this section shall prohibit a test provider approved by the nationwide mortgage licensing system and registry from providing a test at the location of the employer of the applicant or the location of any subsidiary or affiliate of the employer of the applicant, or the location of any entity with which the applicant holds an exclusive arrangement to conduct the business of a mortgage loan originator.

4. An applicant shall not be considered to have passed a qualified written test unless the applicant achieves a test score of not less than seventy-five percent correct answers to questions. An applicant who fails to achieve a test score of not less than seventy-five percent correct answers to questions may retake the test three consecutive times with

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each consecutive retake occurring at least thirty days after the preceding test. After three consecutive failed tests, an individual shall be required to wait at least six months before taking the test again. A licensed mortgage loan originator who fails to maintain a valid license for a period of five years or longer shall be required to retake and successfully pass the test, not taking into account any time during which such individual is a registered mortgage loan originator.

2009 Acts, ch 61, §9, 25
Referred to in §535D.6

535D.9 Standards for license renewal and nonrenewal.

1. The minimum standards for license renewal for a mortgage loan originator include the following:

a. The mortgage loan originator continues to meet the conditions for licensure under section 535D.6.

b. The mortgage loan originator has satisfied the annual continuing education requirements described in section 535D.10.

c. The mortgage loan originator has paid all required fees for renewal of the license.

2. The license of a mortgage loan originator failing to satisfy the minimum standards for license renewal shall not be renewed. The superintendent may adopt rules for the reinstatement of a license not renewed pursuant to this subsection consistent with the standards established by the nationwide mortgage licensing system and registry.

2009 Acts, ch 61, §10, 25
Referred to in §535D.10, 535D.13

535D.10 Continuing education.

1. A licensed mortgage loan originator shall annually complete at least eight hours of education approved in accordance with subsection 2, which shall include at a minimum the following:

a. Three hours of federal laws and regulations pertaining to residential mortgage loan origination.

b. Two hours of ethics, which shall include instruction on fraud, consumer protection, and fair lending issues.

c. Two hours of training related to lending standards for the nontraditional mortgage product marketplace.

2. Continuing education courses shall be reviewed and approved by the nationwide mortgage licensing system and registry based upon reasonable standards. Review and approval of a continuing education course shall include review and approval of the course provider.

3. A continuing education course that is approved by the nationwide mortgage licensing system and registry and is provided by the employer of the mortgage loan originator or an entity which is affiliated with the mortgage loan originator by an agency contract, or any subsidiary or affiliate of such employer or entity, shall meet the requirements of this section.

4. Continuing education may be offered either in a classroom, online, or by any other means approved by the nationwide mortgage licensing system and registry.

5. A licensed mortgage loan originator, other than an originator subject to license nonrenewal pursuant to section 535D.9, subsection 2, or making up continuing education pursuant to subsection 9 of this section, may only receive credit for a continuing education course in the year in which the course is taken and may not take the same approved course in the same or successive years to meet the annual requirements for continuing education.

6. A licensed mortgage loan originator who is an approved instructor of an approved continuing education course may receive credit for the licensed mortgage loan originator's own annual continuing education requirement at the rate of two hours credit for every one hour taught.

7. Completion of continuing education requirements that have been approved by the nationwide mortgage licensing system and registry for any state shall be accepted as credit towards completion of continuing education requirements in this state.

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8. A licensed mortgage loan originator who subsequently becomes unlicensed must complete the continuing education requirements for the last year in which the license was held prior to issuance of a new or renewed license.

9. A person meeting the requirements of section 535D.9, subsection 1, paragraphs *"a"* and *"c"*, may make up any deficiency in continuing education as established by rule of the superintendent.

2009 Acts, ch 61, §11, 25
Referred to in §535D.9

535D.11 Duties and powers of superintendent.

In addition to any other duties imposed upon the superintendent by law, the superintendent shall require mortgage loan originators to be licensed and registered, as provided in this chapter, through the nationwide mortgage licensing system and registry. In order to carry out this requirement the superintendent may participate in the nationwide mortgage licensing system and registry. For this purpose, the superintendent may establish by rule requirements as necessary, including but not limited to the following:

1. Applicant background checks for criminal history through fingerprint or other databases or through civil or administrative records; applicant background checks for credit history; or applicant background checks for any other information as deemed necessary by the nationwide mortgage licensing system and registry.

2. The payment of application and renewal fees for licenses through the nationwide mortgage licensing system and registry and any additional fees as determined by the superintendent based on the actual cost of the operation of the finance bureau of the banking division of the department of insurance and financial services, including the proportionate share of administrative expenses in the operation of the banking division attributable to the finance bureau as determined by the superintendent, incurred in the discharge of duties imposed by this chapter.

3. Establishment of licensure renewal or reporting dates.

4. Requirements for amending or surrendering a license or any other such activities as the superintendent deems necessary for participation in the nationwide mortgage licensing system and registry.

2009 Acts, ch 61, §12, 25; 2023 Acts, ch 19, §2755

535D.12 Nationwide mortgage licensing system and registry information — challenge process.

The superintendent shall establish a process by rule whereby mortgage loan originators may challenge information entered into the nationwide mortgage licensing system and registry by the superintendent.

2009 Acts, ch 61, §13, 25

535D.13 Disciplinary action and civil enforcement authority.

1. The superintendent may, pursuant to chapter 17A, take disciplinary action against a licensed mortgage loan originator if the superintendent finds any of the following:

a. The licensee has violated a provision of this chapter or a rule adopted pursuant to this chapter or any other state or federal law or regulation applicable to the conduct of the licensee's business including but not limited to chapters 535 and 535A.

b. A fact or condition exists which, had it existed at the time of the original application for the license, would have warranted the superintendent to refuse to issue the original license.

c. The licensee fails at any time to meet the requirements of section 535D.6 or 535D.9, or withholds information or makes a material misstatement in an application for a license or renewal of a license.

d. The licensee has violated an order of the superintendent.

2. The superintendent may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

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b. Suspend a license until further order of the superintendent or for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning concerning licensee behavior.

f. Order a licensee to cease and desist from conducting business or from any harmful activities or violations of law or rule.

g. Order the licensee to pay restitution.

3. The superintendent may order an emergency suspension of a licensee's license or issue an order to immediately cease and desist from conducting business or from any harmful activities or violations of law or rule pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of an emergency suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. A licensee may surrender a license by delivering to the superintendent written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

5. A revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and any person, including a mortgagor.

6. The superintendent may issue an order to a person who is not licensed under this chapter to require compliance with this chapter, including to cease and desist from conducting business or from any harmful activities or violations of law or rule, may impose a civil penalty against such person for any violation of this chapter in an amount up to five thousand dollars for each violation, and may order the person to pay restitution.

7. Before issuing an order under subsection 6, the superintendent shall provide the person written notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for disciplinary proceedings involving a licensee under this chapter.

8. A person aggrieved by the imposition of a civil penalty under subsection 6 may seek judicial review pursuant to section 17A.19.

9. An action to enforce an order under this section may be joined with an action for an injunction.

2009 Acts, ch 61, §14, 25

535D.14 Surety bond required or recovery fund.

1. *a.* A mortgage loan originator shall be covered by a surety bond in accordance with this section unless the superintendent establishes a recovery fund pursuant to subsection 4 into which the mortgage loan originator makes payments. In the event that the mortgage loan originator is an employee or exclusive agent of a person subject to chapter 535B, 536, or 536A, the surety bond of such person can be used in lieu of the mortgage loan originator's surety bond requirement.

b. The surety bond shall provide coverage for each mortgage loan originator in an amount as prescribed in subsection 2. The surety bond shall be in a form as prescribed by the superintendent. The superintendent may, pursuant to rule, determine requirements for such surety bonds as are necessary to accomplish the purposes of this chapter.

2. The bond shall be maintained in an amount that reflects the dollar value of loans originated as determined by the superintendent.

3. When an action is commenced on a licensee's bond the superintendent may require the filing of a new bond. Immediately upon recovery upon any action on the bond the licensee shall file a new bond.

4. If the superintendent determines it is not feasible to establish surety bonding requirements that reflect the dollar amount of loans originated by a mortgage loan originator, as provided in subsection 1508(d)(6) of the federal Housing and Economic Recovery Act

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of 2008, Pub. L. No. 110-289, the superintendent may establish by rule a recovery fund to be paid into by mortgage loan originators. The rules shall provide for the amounts to be paid into the fund by mortgage loan originators. In the event the superintendent establishes a recovery fund, the fund shall be established as a separate fund in the state treasury. Moneys deposited in the fund shall be administered by the superintendent and used for the purposes of compensating members of the public for losses caused by licensees. In addition, the superintendent may use moneys from the fund for the purpose of investigating and prosecuting violations of this chapter or any other state or federal law, rule, or regulation applicable to the conduct of a licensee's business. Notwithstanding section 12C.7, interest earned on amounts deposited in the fund, if established, shall be credited to the fund. Any balance in the fund on June 30 of any fiscal year shall not revert to the general fund of the state.

2009 Acts, ch 61, §15, 25
Referred to in §535D.6

535D.15 Confidentiality.

1. Except as otherwise provided by this chapter, all papers, documents, examination reports, and other writings relating to the supervision of licensees are not public records and are not subject to disclosure under chapter 22. Except as otherwise provided in section 1512 of the federal Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, the requirements under any federal law or chapter 22 or 692 regarding the privacy or confidentiality of any information or material provided to the nationwide mortgage licensing system and registry, and any privilege arising under federal or state law, including the rules of any federal or state court, with respect to such information or material, shall continue to apply to such information or material after the information or material has been disclosed to the nationwide mortgage licensing system and registry. Such information and material may be shared with any state or federal regulatory official with mortgage industry oversight authority without the loss of privilege or the loss of confidentiality protections provided by federal law or chapter 22 or 692.

2. The superintendent may enter into agreements or sharing arrangements with other governmental agencies, the conference of state bank supervisors, the American association of residential mortgage regulators, or other associations representing governmental agencies.

3. Information or material that is subject to privilege or confidentiality under subsection 1 shall not be subject to any of the following:

a. Disclosure under any federal or state law governing the disclosure to the public of information held by an officer or an agency of the federal government or this state.

b. Subpoena or discovery, or admission into evidence, in any private civil action or administrative process, unless with respect to any privilege held by the nationwide mortgage licensing system and registry with respect to such information or material, the person to whom such information or material pertains waives, in whole or in part, that privilege.

4. This section supersedes any provision of chapter 22 relating to the disclosure of confidential supervisory information or any information or material described in subsection 1 of this section that is inconsistent with subsection 1.

5. This section shall not apply with respect to information or material relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators that are included in the nationwide mortgage licensing system and registry for access by the public.

2009 Acts, ch 61, §16, 25; 2013 Acts, ch 5, §19
Referred to in §535D.18

535D.16 Investigation and examination authority.

The superintendent may conduct investigations and examinations as follows:

1. For purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or general or specific inquiry or investigation to determine compliance with this chapter, the superintendent may access, receive, and use

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any relevant books, accounts, records, files, documents, information, or evidence including but not limited to:

a. Criminal, civil, and administrative history information, which is accessible to licensing authorities.

b. Personal history and experience information including independent credit reports obtained from a consumer reporting agency described in section 603(p) of the federal Fair Credit Reporting Act.

c. Any other documents, information, or evidence the superintendent deems relevant to the inquiry or investigation regardless of the location, possession, control, or custody of such documents, information, or evidence.

2. For the purposes of investigating violations or complaints arising under this chapter, or for the purposes of examination, the superintendent may review, investigate, or examine any licensee, individual, or person subject to this chapter, as often as necessary in order to carry out the purposes of this chapter. The superintendent may direct, subpoena, or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct, subpoena, or order such person to produce books, accounts, records, files, and any other documents the superintendent deems relevant to the inquiry.

3. Each licensee, individual, or person subject to this chapter shall make available to the superintendent upon request the books and records relating to the operations of such licensee, individual, or person. The superintendent shall have access to such books and records and interview the officers, principals, mortgage loan originators, employers, employees, independent contractors, agents, and customers of the licensee, individual, or person subject to this chapter concerning their business.

4. Each licensee, individual, or person subject to this chapter shall make or compile reports or prepare other information as directed by the superintendent in order to carry out the purposes of this section including but not limited to the following:

a. Accounting compilations.

b. Information lists and data concerning loan transactions in a format prescribed by the superintendent.

c. Such other information deemed necessary to carry out the purposes of this section.

5. In making any examination or investigation authorized by this chapter, the superintendent may control access to any documents and records of the licensee or person under examination or investigation. The superintendent may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, an individual or person shall not remove or attempt to remove any of the documents or records except pursuant to a court order or with the consent of the superintendent. Unless the superintendent has reasonable grounds to believe the documents or records of the licensee have been or are at risk of being altered or destroyed for purposes of concealing a violation of this chapter, the licensee or owner of the documents or records shall have access to the documents or records as necessary to conduct its ordinary business affairs.

6. In order to carry out the purposes of this section, the superintendent may:

a. Retain attorneys, accountants, or other professionals or specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or investigations.

b. Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and documents, records, information, or evidence obtained under this section.

c. Use, hire, contract, or employ publicly or privately available analytical systems, methods, or software to examine or investigate the licensee, individual, or person subject to this chapter.

d. Accept and rely on examination or investigation reports made by other government officials, within or without this state.

e. Accept audit reports made by an independent certified public accountant for the licensee, individual, or person subject to this chapter in the course of that part of the

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examination covering the same general subject matter as the audit and may incorporate the audit report in the report of the examination, report of investigation, or other writing of the superintendent.

7. The authority of this section shall remain in effect, whether such a licensee, individual, or person subject to this chapter acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

8. A licensee, individual, or person subject to investigation or examination under this section shall not knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

2009 Acts, ch 61, §17, 25

535D.17 Prohibited acts and practices.

It is a violation of this chapter for a person or individual subject to this chapter to engage in any of the following activities:

1. Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person.

2. Engage in any unfair or deceptive practice toward any person.

3. Obtain property by fraud or misrepresentation.

4. Solicit or enter into a contract with a borrower that provides in substance that the person or individual subject to this chapter may earn a fee or commission through *best efforts* to obtain a loan even though no loan is actually obtained for the borrower.

5. Solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting, advertising, or contracting.

6. Conduct any business covered by this chapter without holding a valid license as required under this chapter, or assist or aid and abet any person in the conduct of business under this chapter without a valid license as required under this chapter.

7. Fail to make disclosures as required by this chapter or any other applicable state or federal law including regulations thereunder.

8. Fail to comply with this chapter or rules or regulations promulgated under this chapter, or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under this chapter.

9. Make, in any manner, any false or deceptive statement or representation.

10. Negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the nationwide mortgage licensing system and registry or in connection with any investigation conducted by the superintendent or another governmental agency.

11. Make any payment, threat, or promise, directly or indirectly, to any person for the purposes of influencing the independent judgment of the person in connection with a residential mortgage loan, or make any payment, threat, or promise, directly or indirectly, to any appraiser of a property, for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property.

12. Collect, charge, attempt to collect or charge, or use or propose any agreement purporting to collect or charge any fee prohibited by this chapter.

13. Cause or require a borrower to obtain property insurance coverage in an amount that exceeds the replacement cost of the improvements as established by the property insurer.

14. Fail to truthfully account for moneys belonging to a party to a residential mortgage loan transaction.

2009 Acts, ch 61, §18, 25
Referred to in §535B.7A

535D.18 Report to nationwide mortgage licensing system and registry.

The superintendent shall regularly report violations of this chapter, as well as enforcement actions and other relevant information, to the nationwide mortgage licensing system and registry, subject to the confidentiality provisions of section 535D.15.

2009 Acts, ch 61, §19, 25

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535D.19 Unique identifier shown.

The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations, or advertisements, including business cards or internet sites, and any other documents as established by rule, regulation, or order of the superintendent.

2009 Acts, ch 61, §20, 25; 2013 Acts, ch 90, §257

535D.20 Operating without a license — penalty.

A person who, without first obtaining a license under this chapter, engages in the business or occupation of, or advertises or holds the person out as, or claims to be, or temporarily acts as, a mortgage loan originator in this state is guilty of a class "D" felony and may be prosecuted by the attorney general or a county attorney.

2009 Acts, ch 61, §21, 25

535D.21 Administrative authority.

The superintendent shall have broad administrative authority to administer, interpret, and enforce this chapter and to promulgate rules implementing this chapter.

2009 Acts, ch 61, §22, 25

535D.22 Compliance with federal law.

If the United States department of housing and urban development determines in writing that any provision of this chapter or its application to any person or circumstance is invalid under Tit. V of the federal Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, the superintendent is authorized to adopt rules which waive or modify, in whole or in part, requirements of this chapter as necessary to achieve a determination by the United States department of housing and urban development that this state is in compliance with the federal law.

2009 Acts, ch 61, §23, 25

535D.23 Reports of condition required — exceptions.

Each mortgage loan originator licensee shall submit reports of condition to the nationwide mortgage licensing system and registry unless the mortgage loan originator's activity is included in a report submitted by the mortgage loan originator's employer in accordance with section 535B.11, subsection 3, section 535B.18, or section 536A.14, subsection 2. The reports shall be in such form and shall contain such information as the nationwide mortgage licensing system and registry may require.

2011 Acts, ch 102, §9

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CHAPTER 536

REGULATED LOANS

Referred to in §216.10, 322.21, 524.211, 524.212, 524.606, 533.117, 533A.2, 535B.2, 535C.2, 535D.3, 535D.14, 536A.5, 536C.3, 537.2301, 537.2403, 537.6105, 537.6201, 546.3, 669.14, 714H.4

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536.1 Title — license required.

1. This chapter may be referred to as the *"Iowa Regulated Loan Act"*.

2. With respect to a loan other than a consumer loan, a person shall not engage in the business of making loans of money, credit, goods, or things in action in the amount or of the value of the threshold amount or less and charge, contract for, or receive on the loan a greater rate of interest or consideration for the loan than the lender would be permitted by law to charge if the lender were not a licensee under this chapter except as authorized by this chapter and without first obtaining a license from the superintendent of banking.

3. With respect to a consumer loan, a person required by section 537.2301 to have a license shall not engage in the business of making loans of money, credit, goods or things in action in the amount or value of the threshold amount or less and charge, contract for, or receive on the loan a greater rate of interest or consideration for the loan than the lender would be permitted by law to charge if the lender were not a licensee under this chapter, except as authorized by this chapter and without first obtaining a license from the superintendent.

4. A person who enters into less than ten supervised loans per year in this state and who neither has an office physically located in this state nor engages in face-to-face solicitation in this state may contract for and receive the rate of interest permitted in this chapter for licensees under this chapter.

5. For the purposes of this section:

a. "Consumer loan" means the same as defined in section 537.1301.

b. "Threshold amount" means the same as defined in section 537.1301.

[C24, 27, 31, §9410; C35, §9438-f1; C39, §**9438.01;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.1]

85 Acts, ch 158, §2; 2014 Acts, ch 1037, §8; 2015 Acts, ch 30, §171

Referred to in §536.10, 536.19

536.2 Application — fees.

1. An application for a license shall be in the form prescribed by the superintendent, and shall contain all of the following:

a. The name and the address, both of the residence and place of business, of the applicant.

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If the applicant is not a natural person, the application shall include the name and address of every member, director, officer, manager, and trustee of the applicant.

b. The county and municipality with street and number, if any, of the place where the business of making loans under the provisions of this chapter is to be conducted.

c. Other relevant information as the superintendent may require.

2. The applicant at the time of making the application shall pay to the superintendent the sum of one hundred dollars as a fee for investigating the application and the additional sum of two hundred fifty dollars as an annual license fee.

3. Every applicant shall also prove, in form satisfactory to the superintendent, that the applicant has available for the operation of such business at the place of business specified in the application, liquid assets of at least five thousand dollars, or that the applicant has at least the said amount actually in use in the conduct of such business at such place of business.

[C24, 27, 31, §9411, 9412; C35, §9438-f2; C39, §**9438.02;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.2]

89 Acts, ch 257, §27; 2006 Acts, ch 1042, §33

Referred to in §536.4, 536.8, 536.22

536.3 Bond.

An applicant for a license shall file with the superintendent a bond furnished by a surety company authorized to do business in this state. Until such time as the superintendent through the administrative rule process determines a bond amount that reflects the dollar value of loans originated, the bond shall be in the amount of twenty-five thousand dollars. The bond shall be continuous in nature until canceled by the surety with not less than thirty days' notice in writing to the licensee and to the superintendent indicating the surety's intention to cancel the bond on a specific date. The bond shall be for the use of the state and any persons who may have causes of action against the applicant. The bond shall be conditioned upon the applicant's faithfully conforming to and abiding by this chapter and any rules adopted under this chapter and shall require that the surety pay to the state and to any persons all moneys that become due or owing to the state and to the persons from the applicant by virtue of this chapter.

[C24, 27, 31, §9413, 9414; C35, §9438-f3; C39, §**9438.03;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.3]

2008 Acts, ch 1160, §25; 2009 Acts, ch 61, §40, 47

Referred to in §536.6

536.4 Grant or refusal of license.

1. Upon the filing of such application, the approval of such bond and the payment of such fees, the superintendent shall make a thorough and complete investigation of the facts as the superintendent may deem necessary or proper.

2. If the superintendent shall determine from such application and from such investigation that the applicant can have a reasonable expectancy of a successful lending business at the location of the office for which application is made, and that there is a real need and necessity in that community for additional lending facilities to adequately serve the local people, and that said applicant is one who will command the respect of and confidence from the people in that community; that the financial responsibility, experience, character, and general fitness of the applicant, and of the members thereof if the applicant be a partnership or association, and of the officers and directors thereof if the applicant be a corporation, are such as to warrant the belief that the business will be operated lawfully, honestly, fairly, and efficiently within the purposes of this chapter, and if the superintendent shall find that the applicant has available or actually in use the assets described in section 536.2, the superintendent shall thereupon issue and deliver a license to the applicant to make loans in accordance with the provisions of this chapter at the place of business specified in the said application; if the superintendent shall not so find the superintendent shall not issue such license and the superintendent shall notify the applicant of the denial and return to the applicant the bond and the sum paid by the applicant as a license fee, retaining the investigation fee to cover the costs of investigating the application. The superintendent shall approve or deny every application for a license under

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this chapter within sixty days from the filing of the application and the approved bond and the payment of the said fees.

3. If the application is denied, the superintendent shall within twenty days thereafter file with the banking division a written transcript of the evidence and decision and findings with respect thereto containing the reasons supporting the denial, and forthwith serve upon the applicant a copy thereof.

[C24, 27, 31, §9415; C35, §9438-f4; C39, §**9438.04;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.4]

2005 Acts, ch 3, §90; 2008 Acts, ch 1032, §106; 2020 Acts, ch 1063, §308

536.5 License — form — posting.

Such license shall state the address of the place where the business of making such loans is to be conducted and shall state fully the name of the licensee, and if the licensee is a partnership or association, the names of the members thereof, and if a corporation, the date and place of its incorporation. Such license shall be kept conspicuously posted in such place of business and shall not be transferable or assignable.

[C24, 27, 31, §9411, 9418; C35, §9438-f5; C39, §**9438.05;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.5]

2008 Acts, ch 1032, §106

536.6 Additional bond — available assets.

1. If the superintendent finds at any time that the bond is insecure or exhausted or otherwise of doubtful validity or collectibility, an additional bond to be approved by the superintendent, with one or more sureties and of the character specified in section 536.3, in a sum not to exceed that amount determined pursuant to section 536.3, shall be filed by the licensee within ten days after written demand upon the licensee by the superintendent.

2. Every licensee shall have available at all times for each licensed place of business at least five thousand dollars in assets, either in liquid form or actually in use in the conduct of such business.

[C24, 27, 31, §9437; C35, §9438-f6; C39, §**9438.06;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.6]

2008 Acts, ch 1160, §26; 2009 Acts, ch 61, §41, 47

536.7 Separate license — change of name or place of business.

1. Only one place of business where loans are made shall be maintained under a license. However, the superintendent may issue more than one license to the same licensee upon compliance, for each such additional license, with all the provisions of this chapter governing an original issuance of a license.

2. A licensee shall notify the superintendent and submit a fee of twenty-five dollars per license to the superintendent thirty days in advance of the effective date of any of the following:

a. A change in the name of the licensee.

b. A change in the address of the location where the business is conducted.

[C24, 27, 31, §9416, 9419; C35, §9438-f7; C39, §**9438.07;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.7]

2006 Acts, ch 1042, §34

536.7A Change in control — approval.

The prior written approval of the superintendent is required whenever a change in control of the licensee is proposed. For purposes of this section, *"control"* means control as defined in section 524.103. The superintendent may require information deemed necessary to determine whether a new application is required. When requesting approval, the person shall submit a fee of one hundred dollars to the superintendent.

2006 Acts, ch 1042, §35

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536.8 Annual fee — payment.

Every licensee shall annually, on or before December 1, submit a renewal application on forms prescribed by the superintendent and pay to the superintendent the sum as provided in section 536.2 as an annual license fee for the next succeeding calendar year. The superintendent may assess a late fee of ten dollars per day, per license for renewal applications received after December 1.

[C35, §9438-f8; C39, §**9438.08;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.8]

2006 Acts, ch 1042, §36

536.9 Disciplinary action.

1. The superintendent may, after notice and hearing pursuant to chapter 17A, take disciplinary action against a licensee if the superintendent finds any of the following:

a. The licensee has violated a provision of this chapter or a rule adopted under this chapter or any other state or federal law, rule, or regulation applicable to the conduct of its business.

b. A fact or condition exists which would have warranted the superintendent to refuse to originally issue the license.

c. The licensee has failed to pay the annual license fee or to maintain in effect the bond or bonds required under the provisions of this chapter.

d. The licensee is insolvent.

e. The licensee has violated an order of the superintendent.

2. The superintendent may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

b. Suspend a license until further order of the superintendent or for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning respecting licensee behavior.

f. Order the licensee to pay restitution.

3. The superintendent may order an emergency suspension of a licensee's license pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of the suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. Except as provided in this section, a license shall not be revoked or suspended except after notice and a hearing thereon in accordance with chapter 17A.

5. A licensee may surrender a license by delivering to the superintendent written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

6. A revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and any person, including a borrower.

[C24, 27, 31, §9436; C35, §9438-f9; C39, §**9438.09;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.9]

2008 Acts, ch 1160, §27

536.10 Examination of business — fee.

1. For the purpose of discovering violations of this chapter or securing information lawfully required by the superintendent, the superintendent may at any time, either personally or by designee, investigate the loans and business and examine the books, accounts, records, and files of every licensee and of every person engaged in the business described in section 536.1, whether such person shall act or claim to act as principal or agent, or under or without the authority of this chapter.

a. The superintendent and the superintendent's designee shall have and be given free

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access to the place of business, books, accounts, papers, records, files, safes, and vaults of all persons examined.

b. The superintendent and the designee shall have authority to require the attendance of and to examine under oath all individuals whose testimony the superintendent may require relative to the loans or the business.

2. The superintendent shall make an examination of the affairs, place of business, and records of each licensed place of business at least once each year.

3. A licensee subject to examination, supervision, and regulation by the superintendent shall pay to the superintendent an examination fee based on the actual cost of the operation of the regulated loan bureau of the banking division of the department of insurance and financial services and the proportionate share of administrative expenses in the operation of the banking division attributable to the regulated loan bureau as determined by the superintendent. The fee shall apply equally to all licenses and shall not be changed more frequently than annually. A fee change shall be effective on January 1 of the year following the year in which the change is approved.

4. Upon completion of each examination required or allowed by this chapter, the examiner shall deliver one copy of the bill for the examination to the licensee and two copies to the superintendent. Failure to pay the fee to the superintendent within thirty days after the date of the close of the examination shall subject the licensee to an additional fee of five percent of the amount of the fee for each day the payment is delinquent.

5. Except as otherwise provided by this chapter, all papers, documents, examination reports, and other writing relating to the supervision of licensees are not public records and are not subject to disclosure under chapter 22. The superintendent may disclose information to representatives of other state or federal regulatory authorities. The superintendent may release summary complaint information so long as the information does not specifically identify the complainant. The superintendent may prepare and circulate reports reflecting financial information and examination results for all licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information. The superintendent may prepare and circulate reports provided by law. The superintendent may release the reports and correspondence in the course of an enforcement proceeding or a hearing held by the superintendent. The superintendent may also provide this information to the attorney general for purposes of enforcing this chapter or the consumer fraud Act, section 714.16.

[C24, 27, 31, §9433; C35, §9438-f10; C39, §**9438.10;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.10]

85 Acts, ch 158, §3; 2006 Acts, ch 1042, §37; 2023 Acts, ch 19, §2756

Referred to in §536.16, 537.2305

536.11 Records — annual report by licensee.

1. The licensee shall keep such books, accounts, and records as the superintendent may require in order to determine whether such licensee is complying with the provisions of this chapter and with the rules and regulations lawfully made by the superintendent under this chapter. Every licensee shall preserve for at least two years after making the last entry on any loan recorded therein all books, accounts, and records, including cards used in the card system, if any.

2. Each licensee shall annually on or before the fifteenth day of April file a report with the superintendent giving such relevant information as the superintendent reasonably may require concerning the business and operations during the preceding calendar year of the licensed places of business conducted by such licensee within the state. Such report shall be made under oath and shall be in the form prescribed by the superintendent who shall make and publish annually an analysis and recapitulation of such reports.

3. Each licensee making residential mortgage loans shall submit to the nationwide mortgage licensing system and registry reports of condition, which shall be in such form and shall contain such information as the nationwide mortgage licensing system and registry

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may require. For purposes of this subsection, *"nationwide mortgage licensing system and registry"* and *"residential mortgage loan"* mean the same as defined in section 535D.3.

[C24, 27, 31, §9434; C35, §9438-f11; C39, §**9438.11;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.11]

2008 Acts, ch 1160, §28; 2009 Acts, ch 61, §42, 47; 2020 Acts, ch 1063, §309

536.12 Restrictions on practices.

1. No licensee shall conduct the business of making loans under the provisions of this chapter within any office, room, suite or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as may be authorized in writing by the superintendent upon the superintendent's finding that the character of such other business is such that the granting of such authority would not facilitate evasions of this chapter or of the rules lawfully made by the superintendent hereunder.

2. No licensee shall make any loan provided for by this chapter under any other name or at any other place of business than that named in the license.

3. No licensee shall take any instrument in which blanks are left to be filled in after execution.

4. No licensee shall agree to obtain or arrange a residential mortgage for a potential borrower from a third person, unless the licensee also has a mortgage broker license and complies with all of the provisions of chapter 535B.

[C24, 27, 31, §9426, 9432; C35, §9438-f12; C39, §**9438.12;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.12]

2008 Acts, ch 1160, §29

Referred to in §536.19

536.13 Interest rates and charges — penalty and consumer credit code applicability.

1. The maximum rate of interest or charges upon regulated loans shall be three percent per month.

2. A licensee under this chapter may lend any sum of money not exceeding the threshold amount as defined in section 537.1301 in amount and may charge, contract for, and receive on the loan interest or charges at a rate not exceeding the maximum rate of interest or charges pursuant to subsection 1.

3. If any interest or charge on a loan regulated by this chapter in excess of those permitted by this chapter is charged, contracted for, or received, the contract of loan is void as to interest and charges and the licensee has no right to collect or receive any interest or charges. In addition, the licensee shall forfeit the right to collect the lesser of two thousand dollars of principal of the loan or the total amount of the principal of the loan.

4. *a.* The Iowa consumer credit code, chapter 537, applies to a consumer loan in which the licensee participates or engages, and a violation of the Iowa consumer credit code, chapter 537, is a violation of this chapter.

b. Chapter 537, article 2, parts 3, 5, and 6, chapter 537, article 3, and sections 537.3203, 537.3206, 537.3209, 537.3304, 537.3305, and 537.3306 apply to any credit transaction, as defined in section 537.1301, in which a licensee participates or engages, and any violation of those parts or sections is a violation of this chapter. For the purpose of applying the Iowa consumer credit code, chapter 537, to those credit transactions, *"consumer loan"* includes a loan for a business purpose.

c. Except as provided in this subsection, the provisions of the Iowa consumer credit code, chapter 537, apply to loans regulated by this chapter and supersede conflicting provisions of this chapter. Section 537.2402, subsection 1, does not apply to loans regulated by this chapter.

[C24, 27, 31, §9420 – 9423; C35, §9438-f13; C39, §**9438.13;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.13]

85 Acts, ch 158, §4; 86 Acts, ch 1237, §34; 2003 Acts, ch 44, §114; 2004 Acts, ch 1141, §34; 2005 Acts, ch 3, §117, 118; 2006 Acts, ch 1042, §38; 2007 Acts, ch 22, §97; 2010 Acts, ch 1028,

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§12; 2013 Acts, ch 30, §133; 2014 Acts, ch 1037, §9; 2019 Acts, ch 27, §1; 2026 Acts, ch 1072, §1 – 3
Referred to in §536.19
Section amended and editorially internally renumbered and redesignated

536.14 Rights of borrower — payments.

Every licensee, in addition to complying with requirements of the Iowa consumer credit code, chapter 537, respecting consumer loans, shall:

1. Permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply such payment first to all interest or charges up to the date of such payment.

2. Upon repayment of the loan in full, mark indelibly every obligation and security other than a mortgage signed by the borrower with the word "paid" or "canceled", and release any security interest which no longer secures a loan to the licensee, restore any collateral, return any note and any assignment given to the licensee by the borrower.

3. Display prominently in each licensed place of business an accurate schedule, to be approved by the superintendent, of the charges currently to be made upon all loans.

[C24, 27, 31, §9425; C35, §9438-f14; C39, §**9438.14;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.14]

2003 Acts, ch 44, §114
Referred to in §536.19
Security interest, see §554.1201, subsection 2, paragraph aj

536.15 Limitation on principal amount.

A licensee shall not directly or indirectly charge, contract for, or receive any interest or consideration greater than the lender would be permitted by law to charge if the lender were not a licensee upon the loan, use, or forbearance of money, goods, or things in action, or upon the loan, use, or sale of credit, of the amount or value of more than the threshold amount. This section also applies to a licensee who permits a person, as borrower or as endorser, guarantor, or surety for a borrower, or otherwise, to owe directly or contingently or both to the licensee at any time the sum of more than the threshold amount for principal. For the purposes of this section, *"threshold amount"* means the same as defined in section 537.1301.

[C24, 27, 31, §9424; C35, §9438-f15; C39, §**9438.15;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.15]

85 Acts, ch 158, §5; 2014 Acts, ch 1037, §10

536.16 Nonresident licensees — face-to-face solicitation.

Notwithstanding other provisions of this chapter to the contrary, a person who neither has an office physically located in this state nor engages in face-to-face solicitation in this state, if authorized by another state to make loans in that state at a rate of finance charge in excess of the rate provided in chapter 535, shall not be subject to section 536.10 to the extent it requires the superintendent to make an examination of the affairs, place of business, and records of the person on a periodic basis.

[C75, 77, 79, 81, §536.16]

89 Acts, ch 257, §28; 2006 Acts, ch 1042, §39; 2008 Acts, ch 1160, §30, 31

536.17 and 536.18 Reserved.

536.19 Violations.

Any person, partnership, association, or corporation and the several members, officers, directors, agents, and employees thereof, who shall violate or participate in the violation of any of the provisions of section 536.1, 536.12, 536.13 or 536.14, which are not also violations of chapter 537, article 5, part 3, of the Iowa consumer credit code, shall be guilty of a serious

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misdemeanor. Violations of the Iowa consumer credit code, chapter 537, shall be subject to the penalties provided therein.

[C24, 27, 31, §9435; C35, §9438-f19; C39, §**9438.19;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.19]

2003 Acts, ch 44, §114; 2008 Acts, ch 1032, §106; 2011 Acts, ch 25, §67

536.20 Nonapplicability of statute.

This chapter shall not apply to any person doing business under and as permitted by any law of this state or of the United States relating to banks, trust companies, building and loan associations, credit unions or licensed pawnbrokers, nor shall it apply to any domestic corporation entitled to the benefits of chapter 536A.

[C35, §9438-f20; C39, §**9438.20;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.20]

536.21 Rules.

The superintendent is hereby authorized and empowered to adopt such reasonable and relevant rules pursuant to chapter 17A as may be necessary for the execution and the enforcement of the provisions of this chapter. Rules adopted shall be in addition to and not inconsistent with the requirements of this chapter.

[C35, §9438-f21; C39, §**9438.21;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.21]

2021 Acts, ch 80, §341; 2023 Acts, ch 66, §137

536.22 Assistants.

The superintendent of banking is hereby authorized to employ such competent help as the superintendent deems necessary to carry out and perform the provisions of this chapter, and is hereby authorized and empowered to pay such persons so employed from the license fees, examination fees, and investigation fees referred to in section 536.2.

[C35, §9438-f22; C39, §**9438.22;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.22]

536.23 Judicial review.

Judicial review of the actions of the superintendent may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C35, §9438-f23; C39, §**9438.23;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §536.23]

2003 Acts, ch 44, §114; 2004 Acts, ch 1141, §34; 2006 Acts, ch 1042, §40

536.24 List of licensees by banking superintendent.

The superintendent of banking shall, in listing the names of licensees under this chapter, indicate if the licensee is one of a chain of two or more such licensees, the name of the owner and the address of the principal place of business of each owner, a summary of individual reports of each such licensed office indicating its location, the name of licensee, capital, surplus, reserves, loans receivable, cash and due from banks, real estate, borrowed money, net worth, total assets, total liabilities and such other pertinent and related information as may be necessary or desirable to give a correct and full picture of the total assets and total liabilities of each such licensee.

[C62, 66, 71, 73, 75, 77, 79, 81, §536.24]

536.25 Statement of indebtedness of borrower. Repealed by 2006 Acts, ch 1042, §42.

536.26 Insured loans.

1. A licensee shall not, directly or indirectly, sell or offer for sale any life or accident and health insurance in connection with a loan made under this chapter except as and to the extent authorized by this section. Life, accident and health insurance, or any of them, may be written by a licensed insurance producer upon or in connection with any loan for a term not extending beyond the final maturity date of the loan contract, but only upon one obligor on any one loan contract.

2. The amount of life insurance shall at no time exceed the unpaid balance of principal

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and interest combined which are scheduled to be outstanding under the terms of the loan contract or the actual amount unpaid on the loan contract, whichever is greater.

3. Accident and health insurance shall provide benefits not in excess of the unpaid balance of principal and interest combined which are scheduled to be outstanding under the terms of the loan contract and the amount of each periodic benefit payment shall not exceed the total amount payable divided by the number of installments and shall provide that if the insured obligor is disabled, as defined in the policy, for a period of more than fourteen days, benefits shall commence as of the first day of disability.

4. The premium, which shall be the only charge for the insurance, shall not exceed that approved by the commissioner of insurance of the state of Iowa as filed in the office of such commissioner. Such charge, computed at the time the loan is made for the full term of the loan contract on the total amount required to pay principal and interest.

5. If a borrower procures insurance by or through a licensee, the licensee shall cause to be delivered to the borrower a copy of the policy within fifteen days from the date such insurance is procured. No licensee shall decline new or existing insurance which meets the standards set out in this section nor prevent any obligor from obtaining such insurance coverage from other sources.

6. If the loan contract is prepaid in full by cash, a new loan, or otherwise, except by the insurance, any life, accident, and health insurance procured by or through a licensee shall be canceled and the unearned premium shall be refunded. The amount of the refund shall represent at least as great a proportion of the insurance premium or identifiable charge as the sum of the consecutive monthly balances of principal and interest of the loan contract originally scheduled to be outstanding after the installment date nearest the date of prepayment bears to the sum of all such monthly balances of the loan contract originally scheduled to be outstanding.

[C66, 71, 73, 75, 77, 79, 81, §536.26]

85 Acts, ch 158, §7; 2001 Acts, ch 16, §33, 37; 2016 Acts, ch 1011, §106; 2023 Acts, ch 66, §138

536.27 Insurance related to property of borrower.

A licensee may sell the borrower insurance against loss of or damage to property owned by the borrower or loss from liability arising out of the ownership or use of property owned by the borrower. When the transaction is a consumer credit transaction as defined in section 537.1301 the sale of property insurance is subject to the requirements of sections 537.2501 and 537.2510 and the rules adopted under those sections by the administrator of the Iowa consumer credit code, chapter 537.

85 Acts, ch 158, §9; 2003 Acts, ch 44, §114

536.28 Definitions.

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

1. *"Administrator"* means the person designated in section 537.6103.
2. *"Consumer loan"* means a loan as defined in section 537.1301.
3. *"Licensee"* means a person licensed under this chapter.
4. *"Superintendent"* means the state superintendent of banking.

[C75, 77, 79, 81, §536.28]

85 Acts, ch 158, §8; 2004 Acts, ch 1141, §34; 2005 Acts, ch 3, §117, 118; 2006 Acts, ch 1042, §41

536.29 Enforcement of Iowa consumer credit code.

1. The superintendent shall enforce the Iowa consumer credit code, chapter 537, with respect to licensees, as provided in sections 537.2303, 537.2305 and 537.6105.

2. The superintendent shall cooperate with the administrator, and shall assist the administrator whenever necessary to provide for the discharge of the duties of the administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall authorize to be furnished to the administrator, access to or copies of records in the

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possession of the superintendent or other persons which relate to a person licensed under this chapter, when necessary to enable the administrator to enforce chapter 537.

4. The superintendent shall make an annual report in writing to the administrator. A copy of the report shall be furnished at cost by the superintendent to each licensee or other person upon request. The annual report shall contain:

a. A summary of license applications approved or denied by the superintendent since the last report.

b. A summary of the assets, liabilities and capital structure of all licensees, and volume of consumer installment of credit outstanding per licensee, as of December 31 of the year for which the report is made.

c. An estimate of the disbursements of agency funds for consumer credit protection during the calendar year ending the preceding December 31.

d. Information which the superintendent may deem appropriate and advisable to disclose.

e. Information which the administrator may require to be included.

[C75, 77, 79, 81, §536.29]

2003 Acts, ch 44, §114

536.30 Powers and duties of the superintendent — nationwide system.

In addition to any other duties imposed upon the superintendent by law, the superintendent may require applicants and licensees to be licensed through the nationwide mortgage licensing system and registry as defined in section 535D.3. In order to carry out this requirement, the superintendent may participate in the nationwide mortgage licensing system and registry. For this purpose, the superintendent may establish by rule or order new requirements as necessary, including but not limited to requirements that applicants, including officers and directors and those who have control of the applicant, submit to fingerprinting and criminal history checks, and pay fees therefor.

2009 Acts, ch 61, §43, 47

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CHAPTER 536A

INDUSTRIAL LOANS

Referred to in §216.10, 322.21, 524.211, 524.212, 524.606, 527.2, 533.301, 533A.2, 533D.16, 535.2, 535A.2, 535B.2, 535C.2, 535D.3, 535D.14, 536.20, 536C.3, 537.2301, 537.2403, 537.6105, 537.6201, 546.3, 669.14, 714H.4

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536A.1 Title.

This chapter may be referred to as the *"Iowa Industrial Loan Law"*.

[C66, 71, 73, 75, 77, 79, 81, §536A.1]

536A.2 Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly requires a different meaning:

1. *"Administrator"* means the person designated in section 537.6103.
2. *"Affiliate"* means the same as defined in 12 U.S.C. §1841(k).
3. *"Commercial activities"* means activities in which an industrial loan company is not specifically authorized to engage under the provisions of this chapter.
4. *"Control"* means the same as provided in 12 U.S.C. §1841(a)(2).
5. *"Corporation"* shall mean any corporation for pecuniary profit organized under the laws of the state of Iowa.
6. *"Industrial loan company"* shall mean a corporation operating under the provisions of this chapter and engaged in the business of loaning money to be repaid in one payment or in weekly, monthly or other periodic installments and the charging, receiving or requiring of interest, discount, fees, compensation or charges of whatever nature or kind for the use of such money and for the services to be rendered to the borrower in connection with the loan. The term *"industrial loan company"* shall not include those businesses specifically exempted in section 536A.5.
7. *"License"* shall mean a permit or authorization issued or required under the provisions of this chapter to make loans in accordance with this chapter at a single location or place of business.
8. *"Licensee"* means a person licensed under this chapter.
9. *"Superintendent"* means the superintendent of banking within the banking division of the department of insurance and financial services.

[C66, 71, 73, 75, 77, 79, 81, §536A.2]

86 Acts, ch 1245, §757; 94 Acts, ch 1023, §68; 2006 Acts, ch 1015, §12; 2023 Acts, ch 19, §2757

Referred to in §714H.4

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536A.3 License.

With respect to a loan other than a consumer loan, a person shall not engage in the business of operating an industrial loan company in this state without first having obtained a license from the superintendent. With respect to a consumer loan, a person required by section 537.2301 to have a license is not authorized to engage in the business of operating an industrial loan company without first obtaining a license from the superintendent. A person that enters into less than ten supervised loans per year in this state and that neither has an office physically located in this state nor engages in face-to-face solicitation in this state may contract for and receive the rate of interest permitted in this chapter for licensees in this chapter. A *"consumer loan"* means the same as defined in section 537.1301.

[C66, 71, 73, 75, 77, 79, 81, §536A.3]
86 Acts, ch 1245, §758
Referred to in §536A.27

536A.4 Limitations.

A license shall not be issued to any individual, partnership, nonprofit organization, or unincorporated association. A license shall not be issued to an applicant that engages in commercial activities directly or through an affiliate. Not more than one place of business where loans are made shall be maintained under the same license but the superintendent may issue more than one license to the same licensee upon compliance, for each such additional license, with all the provisions of this chapter governing an original issuance of a license.

[C66, 71, 73, 75, 77, 79, 81, §536A.4]
2006 Acts, ch 1015, §13

536A.5 Exemptions.

This chapter does not apply to any of the following:

1. Businesses organized or operating as permitted under the authority of a law of this state or the United States relating to banks, trust companies, building and loan associations, savings and loan associations, insurance companies, regulated loan companies organized under chapter 536, or credit unions.
2. Persons that make loans only on notes secured by first mortgages on real estate.
3. Licensed real estate brokers or salespersons.
4. A person engaged exclusively in the business of purchasing commodity financing or commercial paper.
5. A pawnbroker.
6. Loans made to a domestic or foreign corporation.

[C66, 71, 73, 75, 77, 79, 81, §536A.5]
85 Acts, ch 158, §10; 2006 Acts, ch 1015, §14
Referred to in §536A.2

536A.6 Administration by superintendent.

The superintendent shall supervise the operation of industrial loan companies in this state in accordance with this chapter.

[C66, 71, 73, 75, 77, 79, 81, §536A.6]
86 Acts, ch 1245, §759

536A.7 Application for license.

1. The application for a license to engage in the business of operating an industrial loan company shall be in the form as may be prescribed by the superintendent. The application shall give all of the following information:

a. The name of the corporation.

b. The location where the business is to be conducted, including the street address of the place of business.

c. The names and addresses of the officers and directors of the corporation.

d. Other relevant information as the superintendent shall require.

2. At the time of making the application, the applicant shall pay to the superintendent

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the sum of one hundred dollars to cover the cost of the investigation of the applicant. The applicant shall also pay to the superintendent the sum of two hundred fifty dollars as an annual license fee for the period ending December 31 following the application.

[C66, 71, 73, 75, 77, 79, 81, §536A.7]

89 Acts, ch 257, §29; 2006 Acts, ch 1042, §43

Referred to in §536A.9, 536A.11

536A.7A Bonds.

1. An applicant for a license shall file with the superintendent a bond furnished by a surety company authorized to do business in this state. Until such time as the superintendent pursuant to administrative rule determines a bond amount that reflects the dollar value of the loans originated, the bond shall be in the amount of twenty-five thousand dollars. The bond shall be continuous in nature until canceled by the surety with not less than thirty days' notice in writing to the applicant and to the superintendent indicating the surety's intention to cancel the bond on a specific date. The bond shall be for the use of the state and any persons who may have causes of action against the applicant. The bond shall be conditioned upon the applicant's faithfully conforming to and abiding by this chapter and any rules adopted under this chapter and shall require that the surety pay to the state and to any persons all moneys that become due or owing to the state and to the persons from the applicant by virtue of this chapter.

2. In lieu of filing a bond, the applicant may pledge an alternative form of collateral acceptable to the superintendent, if the alternative collateral provides protection to the state and any aggrieved person that is equivalent to that provided by a bond.

2008 Acts, ch 1160, §32; 2009 Acts, ch 61, §44, 47

536A.8 Capital stock requirement.

The paid-in capital stock of any corporation engaged in the business of operating an industrial loan company shall not be less than twenty-five thousand dollars when the corporation is transacting business in any city having less than twenty-five thousand inhabitants according to the last preceding decennial census. The paid-in capital stock of any corporation engaged in the business of operating an industrial loan company in any city having a population of more than twenty-five thousand inhabitants according to the last preceding decennial census shall not be less than fifty thousand dollars. The paid-in capital stock of any corporation engaged in the business of operating an industrial loan company outside the limits of any incorporated city shall not be less than fifty thousand dollars. Every corporation engaged in the industrial loan business in the state of Iowa shall have a surplus of not less than ten percent of its paid-in capital stock.

[C66, 71, 73, 75, 77, 79, 81, §536A.8]

Referred to in §536A.10, 536A.30

536A.9 Investigation of application.

Upon the filing of an application for a license to engage in the business of operating an industrial loan company, and upon payment of the investigation fee and license fee as required by section 536A.7, the superintendent shall cause an investigation to be made of the facts set forth in the application. If as the result of the preliminary investigation the superintendent deems it proper, the superintendent may hold a hearing at a time and place designated by the superintendent for the purpose of completing the superintendent's investigation.

[C66, 71, 73, 75, 77, 79, 81, §536A.9]

536A.10 Issuance of license.

1. The superintendent shall approve the application and issue to the applicant a license to engage in the industrial loan business in accordance with the provisions of this chapter, if the superintendent shall find:

a. That the financial responsibility, experience, character and general fitness of the applicant and of the officers thereof are such as to command the confidence of the

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community, and to warrant the belief that the business will be operated honestly, fairly and efficiently within the purpose of this chapter;

b. That a reasonable necessity exists for a new industrial loan company in the community to be served;

c. That the applicant has available for the operation of the business at the specified location paid-in capital and surplus as required by section 536A.8; and

d. That the applicant is a corporation organized for pecuniary profit under the laws of the state of Iowa.

2. The superintendent shall approve or deny an application for a license within one hundred twenty days from the date of the filing of such application.

[C66, 71, 73, 75, 77, 79, 81, §536A.10]

2012 Acts, ch 1023, §139; 2012 Acts, ch 1138, §74

Referred to in §536A.30

536A.11 Denial of license.

1. If the superintendent shall not approve the application, the superintendent shall prepare a written denial of the application with a written finding of facts which shall be sent by certified mail to the applicant. Within fifteen days after mailing of notice of the denial of its application, the applicant may file with the superintendent a written demand for a hearing on the application. Upon such demand being made, the superintendent must within thirty days hold a formal hearing at the superintendent's office in Des Moines, Iowa, notice of the time of which hearing shall be given by the superintendent to the applicant by mail within fifteen days after the filing of the written demand by the applicant. Notice of the time and place of hearing shall also be given by the superintendent to all corporations holding licenses to engage in the industrial loan business in the county where the applicant proposes to establish its business and notice of said time and place of hearing shall be published pursuant to section 618.14.

2. At the formal hearing after the original denial of the license by the superintendent, the applicant shall be entitled to present evidence in support of the application. The superintendent shall then grant or deny the application for a license within thirty days from the date of the formal hearing and give notice to the applicant by a decision and finding of facts in writing. If the application for a license is disapproved and a license is denied, the superintendent shall refund the annual license fee which was required to be deposited by section 536A.7 providing the cost of investigation does not exceed the investigation fee. If the cost of investigation exceeds the investigation fee, the excess cost shall be deducted from the license fee before any refund is made.

3. Judicial review of actions of the superintendent may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C66, 71, 73, 75, 77, 79, 81, §536A.11]

2003 Acts, ch 44, §114; 2018 Acts, ch 1041, §127

536A.12 Continuing license — annual fee — change of name or location — change of control.

1. Each license remains in full force and effect until surrendered, revoked, or suspended, or until there is a change of control.

2. A licensee, on or before December 1, shall pay to the superintendent the sum of two hundred fifty dollars as an annual license fee for the succeeding calendar year. The licensee shall submit the annual license fee with a renewal application in the form prescribed by the superintendent. The superintendent may assess a late fee of ten dollars per day per license for applications received after December 1.

3. When a licensee changes its name or place of business from one location to another in the same city, the licensee shall notify the superintendent thirty days in advance of the effective date of the change. A licensee shall pay a fee of twenty-five dollars per license to the superintendent with the notification of change.

4. *a.* A person who proposes to purchase or otherwise acquire, directly or indirectly, any of the outstanding shares of an industrial loan company which would result in a change of

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control of the industrial loan company, shall first apply in writing to the superintendent for a certificate of approval for the proposed change of control.

b. At the time of making the application, the applicant shall pay to the superintendent one hundred dollars to cover the cost of the investigation of the applicant.

c. The superintendent shall grant the certificate if the superintendent is satisfied of both of the following:

(1) The person who proposes to obtain control of the industrial loan company is qualified by character, experience, and financial responsibility to control and operate the industrial loan company in a sound and legal manner.

(2) The interests of the thrift certificate holders, creditors, and shareholders of the industrial loan company, and of the public generally, will not be jeopardized by the proposed change of control.

d. If a board member of the industrial loan company has reason to believe any of the requirements of this subsection have not been met, the board member shall promptly report the facts in writing to the superintendent.

e. If there is any doubt as to whether a change in the ownership of the outstanding shares is sufficient to result in control of the industrial loan company, or to effect a change in the control of the industrial loan company, the doubt shall be resolved in favor of reporting the facts to the superintendent.

5. *a.* For purposes of this section, a change of control does not occur when a majority shareholder of an industrial loan company transfers the shareholder's shares of the industrial loan company to a revocable trust, so long as the transferor retains the power to revoke the trust and take possession of the shares.

b. Notwithstanding the provisions of paragraph *"a"*, a change of control is deemed to occur two years after the death of the majority shareholder, whether the shareholder's shares of the industrial loan company are held in a revocable trust or otherwise.

[C66, 71, 73, 75, 77, 79, 81, §536A.12]

87 Acts, ch 11, §1, 2; 96 Acts, ch 1159, §1; 2002 Acts, ch 1119, §184; 2006 Acts, ch 1015, §15; 2006 Acts, ch 1042, §44

536A.13 Books and records.

Each industrial loan company shall keep such books, accounts and records as will enable the superintendent to determine whether or not the licensee is complying with the provisions of this chapter. Industrial loan companies shall not be required to preserve or keep their records or files for a longer period than eleven years next after the first day of January of the year following the time of the making or filing of such records or files.

[C66, 71, 73, 75, 77, 79, 81, §536A.13]

536A.14 Reports.

1. *a.* Each licensee shall annually on or before the fifteenth day of April file with the superintendent a report in writing showing the results of the operation of its industrial loan business for the previous calendar year, which reports shall contain:

(1) A balance sheet showing all assets and liabilities as of the thirty-first day of December next preceding.

(2) An operating statement showing income, expenses, and net profit for the previous calendar year.

(3) Such other relevant information as the superintendent shall reasonably require.

b. The report shall be verified under oath by the president and secretary of the corporation. The superintendent shall make and publish annually an analysis and recapitulation of such reports.

2. Each licensee making residential mortgage loans shall submit to the nationwide mortgage licensing system and registry reports of condition, which shall be in such form and shall contain such information as the nationwide mortgage licensing system and registry

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may require. For purposes of this subsection, "*nationwide mortgage licensing system and registry*" and "*residential mortgage loan*" mean the same as defined in section 535D.3.

[C66, 71, 73, 75, 77, 79, 81, §536A.14]

2008 Acts, ch 1160, §33; 2009 Acts, ch 61, §45, 47

Referred to in §535D.23

536A.15 Examination of licensees.

1. The superintendent or the superintendent's designee shall, at least once each year without previous notice, examine the books, accounts, and records of each licensee engaged in the industrial loan business as defined by this chapter. A licensee issuing senior debt to the general public shall be audited at the expense of the licensee by a certified public accountant licensed to practice in the state of Iowa. A licensee not issuing senior debt to the general public may provide an audited statement of the licensee's parent corporation which includes the Iowa licensee. After receiving such an audit or audited statement, the superintendent may make further examination of the licensee as the superintendent deems necessary. A record of each examination shall be kept in the superintendent's office.

2. Except as otherwise provided by this chapter, all papers, documents, examination reports, and other writing relating to the supervision of licensees are not public records and are not subject to disclosure under chapter 22. The superintendent may disclose information to representatives of other state or federal regulatory authorities. The superintendent may release summary complaint information so long as the information does not specifically identify the complainant. The superintendent may prepare and circulate reports reflecting financial information and examination results for all licensees on an aggregate basis, including other information considered pertinent to the purpose of each report for general statistical information. The superintendent may prepare and circulate reports provided by law. The superintendent may release the reports and correspondence in the course of an enforcement proceeding or a hearing held by the superintendent. The superintendent may also provide this information to the attorney general for purposes of enforcing this chapter or the consumer fraud Act, section 714.16.

3. Any evidence of criminal acts committed by officers, directors, or employees of an industrial loan company shall be reported by the superintendent to the proper authorities.

4. The licensee shall be charged and shall pay the actual costs of the examination as determined by the superintendent based on the actual cost of the operation of the finance bureau of the banking division of the department of insurance and financial services including the proportionate share of administrative expenses in the operation of the banking division attributable to the finance bureau as determined by the superintendent incurred in the discharge of the duties imposed upon the superintendent by this chapter. Failure to pay the examination fee within thirty days of receipt of demand from the superintendent shall subject the licensee to a late fee of five percent of the amount of the examination fee for each day the payment is delinquent.

[C66, 71, 73, 75, 77, 79, 81, §536A.15]

87 Acts, ch 11, §3; 2006 Acts, ch 1042, §45; 2023 Acts, ch 19, §2758

Referred to in §536A.30, 537.2305

536A.16 Cease and desist orders.

If the superintendent has reasonable cause to believe that a licensee is violating this chapter or rules adopted pursuant to this chapter, the superintendent may, after ten days' advance written notice, in addition to all actions provided for in this chapter, and without prejudice, enter an order requiring the licensee to cease, desist, and refrain from the violation. After receipt of the advance written notice, the licensee, within five days from the receipt of the notice, may file with the superintendent a written demand for a hearing. Hearings shall promptly be held in the office of the superintendent and a cease and desist order shall not be issued until after the hearing. The licensee shall be entitled to present evidence and the testimony of witnesses at the hearing.

[C66, 71, 73, 75, 77, 79, 81, §536A.16; 82 Acts, ch 1253, §37]

91 Acts, ch 63, §1

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536A.17 Injunctions.

The superintendent by counsel of the attorney general may commence an action in the district court, in the name of the state of Iowa as plaintiff on the relation of the superintendent to restrain and enjoin any licensee from violating this chapter or rules adopted pursuant to this chapter, or to restrain and enjoin any person, partnership, firm, or corporation from engaging in the business of operating an industrial loan company without obtaining a license as required by this chapter.

[C66, 71, 73, 75, 77, 79, 81, §536A.17; 82 Acts, ch 1253, §38]
91 Acts, ch 63, §2; 2008 Acts, ch 1032, §106

536A.18 Disciplinary action.

1. The superintendent may, after notice and hearing pursuant to chapter 17A, take disciplinary action against a licensee if the superintendent finds any of the following:

a. That the licensee has failed to pay the annual license fee required by this chapter or to maintain in effect the bond or bonds required under this chapter.

b. That the licensee has violated any of the provisions of this chapter or a rule adopted under this chapter or any other state or federal law, rule, or regulation applicable to the conduct of its business.

c. That the licensee has refused to submit to the examination required by this chapter.

d. That the licensee has neglected or refused for a period of more than thirty days to pay a final judgment rendered against it in the courts of this state.

e. That the licensee has become insolvent.

f. A fact or condition exists which would have warranted the superintendent to refuse to originally issue the license.

g. The licensee has violated an order of the superintendent.

2. The superintendent may impose one or more of the following disciplinary actions against a licensee:

a. Revoke a license.

b. Suspend a license until further order of the superintendent or for a specified period of time.

c. Impose a period of probation under specified conditions.

d. Impose civil penalties in an amount not to exceed five thousand dollars for each violation.

e. Issue a citation and warning respecting licensee behavior.

f. Order the licensee to pay restitution.

3. The superintendent may order an emergency suspension of a licensee's license pursuant to section 17A.18A. A written order containing the facts or conduct which warrants the emergency action shall be timely sent to the licensee by restricted certified mail. Upon issuance of the suspension order, the licensee must also be notified of the right to an evidentiary hearing. A suspension proceeding shall be promptly instituted and determined.

4. Except as provided in this section, a license shall not be revoked or suspended except after notice and a hearing thereon in accordance with chapter 17A.

5. A licensee may surrender a license by delivering to the superintendent written notice of surrender, but a surrender does not affect the licensee's civil or criminal liability for acts committed before the surrender.

6. A suspension, revocation, relinquishment, or expiration of a license shall not invalidate, impair, or affect the legality of obligations of any preexisting contracts, or prevent the enforcement or collection thereof.

7. Judicial review of the actions of the superintendent may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C66, 71, 73, 75, 77, 79, 81, §536A.18]
2003 Acts, ch 44, §114; 2008 Acts, ch 1160, §34

536A.19 Receivership — liquidation.

1. If the superintendent revokes the license of any industrial loan company, the superintendent shall promptly report the revocation to the attorney general, who may apply

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to the district court of the county in which the licensee had conducted its business for the appointment of a receiver to take possession of the assets of the corporation for the purpose of liquidating its affairs. The court shall appoint the superintendent as receiver unless the superintendent has tendered the appointment to the federal deposit insurance corporation, in which case the court shall appoint the federal deposit insurance corporation as receiver. The affairs of the industrial loan company, after such appointment, shall be under the direction of the court. The attorney general shall represent the superintendent in all proceedings connected with the receivership.

2. When an insured industrial loan company has ceased to carry on its business, the superintendent may tender the appointment as receiver of the insured industrial loan company to the federal deposit insurance corporation. If the federal deposit insurance corporation accepts the appointment as receiver, the rights of depositors and other creditors of the insured industrial loan company shall be determined in accordance with the laws of this state.

3. The federal deposit insurance corporation as receiver shall possess all of the powers, rights, and privileges of the superintendent in connection with the liquidation.

4. If the federal deposit insurance corporation pays or makes available for payment the insured deposit liabilities of an insured industrial loan company, the federal deposit insurance corporation, whether or not it has become receiver, shall be subrogated to all rights of the owners of such deposits against the insured industrial loan company in the same manner and to the same extent as subrogation of the federal deposit insurance corporation is provided for in applicable federal law with respect to a national bank.

[C66, 71, 73, 75, 77, 79, 81, §536A.19]

96 Acts, ch 1159, §2

536A.20 Real estate loans.

1. A licensed industrial loan company 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. These rules shall contain provisions as necessary to insure the safety and soundness of these loans, and to insure 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. A licensed industrial loan company may require and establish escrow accounts in connection with subsection 3.

3. *a.* A licensed industrial loan company may act as an escrow agent with respect to real property that is mortgaged to the licensed industrial loan company, and may receive funds and make disbursements from escrowed funds in that capacity. The licensed industrial loan company shall be deemed to be acting in a fiduciary capacity with respect to these funds. A licensed industrial loan company receiving funds in escrow pursuant to an escrow agreement executed on or after July 1, 1982 and before July 1, 1983 or on or after July 1, 1984 in connection with a loan defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the lowest rate the company pays to holders of thrift certificates issued by the company. A licensed industrial loan company which maintains such an escrow account, 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 calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

b. The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

(1) The name and address of the mortgagee.

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(2) The name and address of the mortgagor.
(3) A summary of escrow account activity during the year as follows:
(a) The balance of the escrow account at the beginning of the year.
(b) The aggregate amount of deposits to the escrow account during the year.
(c) The aggregate amount of withdrawals from the escrow account for each of the following categories:
(i) Payments against loan principal.
(ii) Payments against interest.
(iii) Payments against real estate taxes.
(iv) Payments for real property insurance premiums.
(v) All other withdrawals.
(d) The balance of the escrow account at the end of the year.
(4) A summary of loan principal for the year as follows:
(a) The amount of principal outstanding at the beginning of the year.
(b) The aggregate amount of payments against principal during the year.
(c) The amount of principal outstanding at the end of the year.

4. Section 524.905, subsection 4, applies to the licensed industrial loan company in the same manner as if the licensed industrial loan company is a bank within the meaning of that provision.

[82 Acts, ch 1253, §36, 43]
83 Acts, ch 124, §21 – 23; 84 Acts, ch 1205, §1; 2012 Acts, ch 1023, §157
Referred to in §535B.11

536A.21 Other business in same office.

A licensee engaged in the business of operating an industrial loan company under the provisions of this chapter may not conduct its business within any office, room, suite, place of business, or premises in which commercial activities are conducted, unless the place where its business is conducted by the industrial loan company is physically separated from the location where commercial activities are conducted and has a separate entrance. The prohibition of this section shall not apply to the conduct of business if, prior to January 1, 2006, the superintendent has determined in writing that the character of the other business is such that its operation by the licensee would not facilitate evasions of the provisions of this chapter or any other provision of the Code relating to the making of loans.

[C66, 71, 73, 75, 77, 79, 81, §536A.21]
2006 Acts, ch 1015, §16

536A.22 Thrift certificates.

1. Licensed industrial loan companies shall not sell senior debt to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness.

2. *a.* Licensees selling debt instruments on January 1, 1996, may continue to do so until there is a change of control of the licensee which occurs on or after January 1, 1996. If there is a change of control of a licensee on or after January 1, 1996, and the licensee has sold senior debt instruments that remain outstanding at the time of the change of control, such outstanding senior debt instruments that do not have a stated maturity date shall be redeemed within six months of the date of the change of control. Such outstanding senior debt instruments with stated maturity dates shall be redeemed on their stated maturity dates.

b. The total amount of such thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness outstanding and in the hands of the general public shall not at any time exceed ten times the total amount of capital, surplus, undivided profits, and subordinated debt that gives priority to such securities of the issuing industrial loan company. The sale of such securities is subject to the provisions of chapter 502 and rules adopted by the superintendent of banking pursuant to chapter 17A, except that the sale of thrift certificates or installment thrift certificates which are redeemable

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by the holder either upon demand or within a period not in excess of five years are exempt from sections 502.301 and 502.504.

[C66, 71, 73, 75, 77, 79, 81, §536A.22; 82 Acts, ch 1253, §39]

91 Acts, ch 63, §3; 93 Acts, ch 96, §1; 96 Acts, ch 1159, §3; 2004 Acts, ch 1161, §67, 68; 2006 Acts, ch 1015, §17; 2007 Acts, ch 170, §6

536A.23 Powers of industrial loan companies.

1. No industrial loan company licensed under the provisions of this chapter shall have the power and authority to:

a. (1) Charge, receive, or collect interest at a rate exceeding ten cents on the hundred by the year, except that the interest may be computed when the note is made on the full amount of the cash advanced on the loan from the date of the note to the date of the final installment thereof, and the interest so computed may be included in the note, notwithstanding any agreement to pay the entire amount in installments; or the interest may be computed on the amount of the note and discounted or collected in advance when the loan is made, notwithstanding any agreement to pay the entire amount in installments. If the note is repayable in other than equal monthly installments, the interest may be an amount computed on the basis of the effective rates permitted as provided above; provided, however, there shall be no compounding of interest and when an interest rate as authorized herein is advertised, or negotiated for with a prospective borrower, with intent that it be computed by either of the two methods authorized herein, they being the "add on" method or the "discount" method, in such case such rate shall be further described as to the method of computation to be used, but interest computed by either method shall be stated to the borrower as provided in section 537.3210.

(2) If a borrower elects to repay a loan secured by a mortgage or deed of trust upon real property which is a single-family or two-family dwelling or agricultural land at a date earlier than is required by the terms of the loan, the licensee shall be governed by section 535.9.

(3) The limitation on interest rate which is contained in this paragraph "*a*" shall not apply to any loan in which the borrower is a corporation or investment trust or any other person who is referred to in section 535.2, subsection 2.

b. Charge, receive, or collect in advance, a service charge in excess of one dollar for each fifty dollars of the amount of the note, not to exceed a total of one hundred twenty dollars.

c. Require any borrower to purchase insurance from the lender as a condition for obtaining a loan. However, an industrial loan company may collect from the borrower, at the option of the borrower, and transmit the premiums charged for insuring real or personal property used by the borrower as security for a loan and provided that such insurance is obtained from a licensed insurance producer for an insurance company authorized to do business in Iowa; and the premiums charged for insuring the life of one party on the loan in an amount not to exceed the total amount of the note or contract, including cash advance, interest and service charge, provided that no licensee shall require that the contract of life insurance be outstanding for more than the unpaid balance of the indebtedness and provided that such insurance is obtained from a licensed insurance producer for an insurance company authorized to do business in Iowa; and an industrial loan company may receive and transmit the premiums charged for accident and health insurance on the borrower, provided such insurance bears a reasonable relationship to the existing hazards or risk of loss, and the aggregate benefits of which shall not exceed the approximate amount of the contractual payments on the loan outstanding at the time of loss, and provided that such insurance is obtained from a licensed producer for an insurance company authorized to do business in Iowa. However, all life insurance rates in connection with industrial loans shall be subject to the rules and regulations of the insurance commissioner of the state of Iowa.

d. Engage in commercial activities or have an affiliate that engages in commercial activities. This paragraph shall not apply to an industrial loan company with an affiliate that is engaged in commercial activities prior to January 1, 2006, if control of the industrial loan company is not thereafter transferred to an entity that engages in commercial activities directly or through an affiliate.

e. Obtain or arrange a residential mortgage loan for a potential borrower from a third

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person, unless the industrial loan company also has a mortgage broker license and complies with all provisions of chapter 535B.

2. Industrial loan companies licensed under the provisions of this chapter may purchase notes, contracts, mortgages, accounts, receivables, leases and securities of a type and kind authorized by the superintendent.

3. In addition to the other charges authorized by this chapter, industrial loan companies licensed under this chapter may collect an appraisal fee on a loan secured by a mortgage or deed of trust upon real property, if the appraisal fee is bona fide, reasonable in amount, and not for purposes of circumvention or evasion of this chapter.

[C66, 71, 73, 75, 77, 79, S79, C81, §536A.23; 82 Acts, ch 1153, §8, 18(1)]

84 Acts, ch 1205, §2; 89 Acts, ch 295, §1; 2001 Acts, ch 16, §34, 37; 2006 Acts, ch 1015, §18; 2008 Acts, ch 1160, §35

536A.24 Electronic transactions.

A licensee may engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses or other indicia of a transaction for delayed transmission to the licensee. Subject to the provisions of chapter 527, a licensee may utilize, establish or operate, alone or with one or more other licensees, banks incorporated under the provisions of chapter 524 or federal law, credit unions incorporated under the provisions of chapter 533 or federal law, savings and loan associations incorporated under the provisions of federal law, or third parties, the satellite terminals permitted under chapter 527, by means of which the licensee may transmit to or receive from any customer electronic impulses constituting transactions pursuant to this section. However, such utilization, establishment or operation is lawful only when in compliance with chapter 527. Nothing in this section authorizes a licensee or other person to engage in transactions not otherwise permitted by applicable law, nor does anything in this section repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by a licensee.

[C81, §536A.24]

2012 Acts, ch 1017, §137

536A.25 Restrictions.

1. *a.* An industrial loan company licensed under this chapter that sells debt instruments to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness shall not make a loan of money or property to or guarantee the obligations of its directors or officers; or loan to any borrower, other than a subsidiary or affiliated corporation, more than twenty percent of its total capital, surplus, and undivided profits.

b. A licensee shall not make a loan under any other name or at any other place of business than that named in the license.

2. *a.* An industrial loan company licensed under this chapter that sells debt instruments to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness, shall not loan to a borrower, including a subsidiary or an affiliated corporation, more than twenty percent of the industrial loan company's total of capital, surplus, and undivided profits. The aggregate of all loans to subsidiaries and affiliated corporations of the industrial loan company shall not exceed ten percent of the industrial loan company's total assets.

b. A debt instrument sold by an industrial loan company which is not insured by the federal deposit insurance corporation, shall contain on its face a notice in bold print that the debt instrument is not insured or guaranteed by the federal deposit insurance corporation.

3. Investments by an industrial loan company licensed under this chapter that sells debt instruments to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness are subject to the provisions of section 524.901 as applied to state banks.

[C66, 71, 73, 75, 77, 79, 81, §536A.25]

91 Acts, ch 63, §4; 2006 Acts, ch 1042, §46; 2012 Acts, ch 1023, §157

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536A.26 Prepayment.

In addition to the requirements of the Iowa consumer credit code, chapter 537, respecting consumer loans, and notwithstanding the provisions of any note or contract to the contrary, a borrower may, at any time, prepay all or any part of the unpaid balance to become payable under any note or installment contract.

[C66, 71, 73, 75, 77, 79, 81, §536A.26]

2003 Acts, ch 44, §114

536A.27 Penalty.

If any officer, director, or agent of any corporation engaged in the business of operating an industrial loan company shall violate any of the provisions of this chapter which are not also violations of the Iowa consumer credit code, chapter 537; or if any person individually or as a partner, or officer, director, or agent of any corporation shall engage in the business of operating an industrial loan company without obtaining the license required by section 536A.3, when that person is not required by section 537.2301 to have a license, the person shall be guilty of a serious misdemeanor. Violations of the Iowa consumer credit code, chapter 537, shall be subject to the penalties provided therein.

[C66, 71, 73, 75, 77, 79, 81, §536A.27]

2003 Acts, ch 44, §114

536A.28 Rules.

The superintendent is hereby authorized and empowered to make such reasonable and relevant rules, not inconsistent herewith, as may be necessary for the enforcement of the provisions of this chapter.

[C66, 71, 73, 75, 77, 79, 81, §536A.28]

536A.29 Enforcement of Iowa consumer credit code.

1. The superintendent shall enforce the Iowa consumer credit code, chapter 537, with respect to licensees, as provided in sections 537.2303, 537.2305 and 537.6105.

2. The superintendent shall cooperate with the administrator, and shall assist the administrator whenever necessary to provide for the discharge of the duties of the administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall authorize to be furnished to the administrator, access to or copies of records in the possession of the superintendent or other persons which relate to a licensee when necessary to enable the administrator to enforce chapter 537.

4. The superintendent shall make an annual report in writing to the administrator. A copy of the report shall be furnished at cost by the superintendent to each licensee or other person upon request. The annual report shall contain:

a. A summary of license applications approved or denied by the superintendent since the last report.

b. A summary of the assets, liabilities and capital structure of all licensees, and volume of consumer installment credit outstanding per licensee, as of December 31 of the year for which the report is made.

c. An estimate of the disbursements of agency funds for consumer credit protection during the calendar year ending the preceding December 31.

d. Information which the superintendent may deem appropriate and advisable to disclose.

e. Information which the administrator may require to be included.

[C75, 77, 79, 81, §536A.29]

2003 Acts, ch 44, §114

536A.30 Nonresident licensees — face-to-face solicitation.

Notwithstanding other provisions of this chapter to the contrary, a person that neither has an office physically located in this state nor engages in face-to-face solicitation in this state, if authorized by another state to make loans in that state at a rate of finance charge in excess

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of the rate provided in chapter 535, shall not be subject to the following provisions of this chapter:

1. Section 536A.8.
2. Section 536A.10, subsection 1, paragraphs *"b"*, *"c"*, and *"d"*.
3. Section 536A.15, to the extent it requires the superintendent to make an examination and audit of the books, accounts and records of the licensee on a periodic basis.

[C75, 77, 79, 81, §536A.30]

89 Acts, ch 257, §30; 2002 Acts, ch 1119, §185; 2006 Acts, ch 1042, §47; 2012 Acts, ch 1023, §156

536A.31 Applicability of Iowa consumer credit code.

1. The provisions of the Iowa consumer credit code, chapter 537, shall apply to a consumer loan in which the licensee participates or engages, and any violation of the said code shall be a violation of this chapter.
2. Chapter 537, article 2, parts 3, 5, and 6, chapter 537, article 3, and sections 537.3203, 537.3206, 537.3209, 537.3210, 537.3304, 537.3305, and 537.3306 shall apply to any credit transaction, as defined in section 537.1301, in which a licensee participates or engages, and any violation of those parts or sections shall be violations of this chapter. For the purpose of applying the provisions of the Iowa consumer credit code, chapter 537, to those credit transactions, *"consumer loan"* shall include a loan for a business purpose.
3. Except as provided in this subsection, the provisions of the Iowa consumer credit code, chapter 537, apply to loans regulated by this chapter and supersede conflicting provisions of this chapter. Section 537.2402, subsection 1, does not apply to loans regulated by this chapter.

[C75, 77, 79, 81, §536A.31]

84 Acts, ch 1205, §3; 2003 Acts, ch 44, §114; 2010 Acts, ch 1028, §13; 2013 Acts, ch 30, §134

536A.32 Powers and duties of the superintendent — nationwide system.

In addition to any other duties imposed upon the superintendent by law, the superintendent may require applicants and licensees to be licensed through the nationwide mortgage licensing system and registry as defined in section 535D.3. In order to carry out this requirement, the superintendent may participate in the nationwide mortgage licensing system and registry. For this purpose, the superintendent may establish by rule or order new requirements as necessary, including but not limited to requirements that applicants, including officers and directors and those who have control of the applicant, submit to fingerprinting and criminal history checks, and pay fees therefor.

2009 Acts, ch 61, §46, 47

536A.33 and 536A.34 Repealed by 2007 Acts, ch 170, §8.

CHAPTER 536B

RESERVED

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CHAPTER 536C

LENDER CREDIT CARDS

Referred to in §524.211, 669.14

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536C.2 Definitions.
536C.3 Exemptions.
536C.4 Notification.
536C.5 Fees.
536C.6 Applicability of Iowa consumer credit code.
536C.7 Books and records.
536C.8 Investigations.
536C.9 Cease and desist orders.
536C.10 Injunctions.
536C.11 Waiver unenforceable.
536C.12 Penalty.
536C.13 Rules.
536C.14 Enforcement.

536C.1 Title.

This chapter shall be known and may be cited as the *"Lender Credit Card Act"*.

91 Acts, ch 216, §15

536C.2 Definitions.

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

1. *"Administrator"* means the superintendent of banking or the superintendent of credit unions. However, the powers of administration and enforcement of this chapter are to be exercised pursuant to section 536C.14.
2. *"Agreement"* means agreement as defined in section 537.1301, subsection 4.
3. *"Cardholder"* means cardholder as defined in section 537.1301, subsection 8.
4. *"Consumer credit transaction"* means consumer credit transaction as defined in section 537.1301, subsection 12.
5. *"Credit card"* means a card or device issued by a financial institution under an arrangement pursuant to which a card issuer gives a cardholder the privilege of purchasing or leasing property, or purchasing services, obtaining loans, or otherwise obtaining credit from at least one hundred persons not related to the card issuer.
6. *"Financial institution"* means a bank incorporated under the provisions of any state or federal law, a savings and loan association incorporated under the provisions of any state or federal law, a credit union organized under the provisions of any state or federal law, and any affiliate of such bank, savings and loan association, or credit union.
7. *"Person"* means any individual, firm, corporation, partnership, joint venture, or association, and any other organization or group, however organized.

91 Acts, ch 216, §16; 2012 Acts, ch 1017, §138

Referred to in §715C.1

536C.3 Exemptions.

This chapter does not apply to a bank chartered under chapter 524 or a bank chartered under federal law which has its principal place of business located in this state, a savings and loan association chartered under federal law which has its principal place of business located in this state, a credit union chartered under chapter 533 or a credit union chartered under federal law which has its principal place of business located in this state, regulated loan companies licensed under chapter 536, or industrial loan companies licensed under chapter 536A.

91 Acts, ch 216, §17; 2012 Acts, ch 1017, §139

Referred to in §536C.14

536C.4 Notification.

1. A person shall file a registration statement annually with the administrator before conducting the business of issuing credit cards in this state, and annually thereafter on or before January 31 of each year. The registration statement shall be in writing on a form prescribed by the administrator, and contain the name and address of the registrant, the name and address of a designated agent upon whom service of process may be made in this state, and any other information the administrator deems relevant.

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2. At the time of filing a registration statement the person shall provide the administrator with a copy of the credit agreement and billing statement being used by the card issuer.

3. If information in a filing statement becomes inaccurate after filing, the person shall notify the administrator in writing of the changes within sixty days of such change.

91 Acts, ch 216, §18
Referred to in §536C.12

536C.5 Fees.

A person required to file a registration statement pursuant to this chapter shall pay to the administrator an annual fee of fifty dollars. The fee shall be paid at the time the person files the registration statement.

91 Acts, ch 216, §19

536C.6 Applicability of Iowa consumer credit code.

1. The terms and conditions of a credit card agreement shall conform to the provisions of chapter 537, the Iowa consumer credit code.

2. A provision of the Iowa consumer credit code, chapter 537, applicable to credit cards regulated by this chapter supersedes a conflicting provision of this chapter.

3. A person who is in full compliance with the provisions of this chapter is considered a supervised financial organization under the Iowa consumer credit code, chapter 537, for purposes of contracting for finance charges authorized for credit card issuers under section 537.2402.

91 Acts, ch 216, §20; 2003 Acts, ch 44, §114

536C.7 Books and records.

A person who issues credit cards shall keep such books, accounts, and records as will enable the administrator to determine whether or not the person is complying with the provisions of this chapter and chapter 537. The person shall not be required to preserve or keep their records or files for a longer period than three years following the date of the final payment.

91 Acts, ch 216, §21

536C.8 Investigations.

1. The administrator may investigate at any time the business of a credit card issuer subject to the provisions of this chapter. The administrator may examine the books, records, accounts, and files pertaining to the business of issuing credit cards subject to the provisions of this chapter.

2. The administrator may accept a copy of an examination conducted by a state or federal regulator in lieu of an investigation or examination by the administrator.

3. If an investigation or examination is performed by the administrator under this section, the credit card issuer shall pay to the administrator a fee based on the actual cost of such investigation or examination as determined by the administrator.

4. Upon completion of an investigation or examination by the administrator, the examiner shall render a billing in triplicate, with one copy to be delivered to the credit card issuer and two copies to be delivered to the administrator. Failure to pay the fee to the administrator within thirty days after the billing for the investigation or examination is delivered shall subject the credit card issuer to an additional fee of five percent of the amount of the original fee for each day the payment is delinquent.

91 Acts, ch 216, §22

536C.9 Cease and desist orders.

1. If the administrator has reasonable cause to believe a person who issues credit cards is violating any provision of this chapter, or rules adopted pursuant to this chapter, the administrator may enter a written order requiring the person to cease, desist, and refrain from an act constituting a violation. A copy of the order shall be sent to the person by certified mail. The person may file with the administrator a written notice of appeal within

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fifteen days of receipt of the order. The person may also request that the order be stayed pending resolution of the appeal. The appellant shall be entitled to prompt consideration of the request to stay the order.

2. Within thirty days after receipt of a notice of appeal the administrator shall hold a hearing to consider the appeal. The appellant shall be informed regarding the time and place of the hearing not later than ten days prior to the hearing. The administrator's decision shall be provided, in writing, to the appellant within thirty days of the completion of the hearing.

91 Acts, ch 216, §23

536C.10 Injunctions.

The administrator may commence an action in the district court to restrain and enjoin any person from violating this chapter, or to restrain and enjoin any person from engaging in the business of issuing credit cards without filing a registration statement as required by this chapter.

91 Acts, ch 216, §24

536C.11 Waiver unenforceable.

A waiver of the provisions of this chapter or chapter 537 is not valid.

91 Acts, ch 216, §25

536C.12 Penalty.

If an officer, director, or agent of a corporation engaged in the business of issuing credit cards violates any of the provisions of this chapter which are not also violations of the Iowa consumer credit code, chapter 537, or if a person individually or as a partner, or officer, director, or agent of a corporation engages in the business of issuing credit cards without filing the registration statement required by section 536C.4, the person is guilty of a serious misdemeanor. Violations of this chapter which are also violations of the Iowa consumer credit code, chapter 537, shall be subject to the penalties provided in the Iowa consumer credit code, chapter 537.

91 Acts, ch 216, §26; 2003 Acts, ch 44, §114

536C.13 Rules.

The administrator may adopt such rules pursuant to chapter 17A as may be necessary for the enforcement and administration of this chapter.

91 Acts, ch 216, §27

536C.14 Enforcement.

1. The superintendent of banking shall enforce the provisions of this chapter with respect to banks not exempt from the provisions of this chapter under section 536C.3.

2. The superintendent of credit unions shall enforce the provisions of this chapter with respect to credit unions not exempt from the provisions of this chapter under section 536C.3.

91 Acts, ch 216, §28; 2012 Acts, ch 1017, §140

Referred to in §536C.2

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CHAPTER 537

CONSUMER CREDIT CODE

Referred to in §22A.1, 256.197, 322.3, 322.6, 322.14, 322.33, 322C.3, 476.95, 523A.602, 524.103, 524.227, 524.913, 533.102, 533.116, 533.315, 535.2, 535.10, 535.11, 536.13, 536.14, 536.19, 536.27, 536.29, 536A.26, 536A.27, 536A.29, 536A.31, 536C.6, 536C.7, 536C.11, 536C.12, 552.17, 554.9201, 554.14103, 602.8102(74), 669.14

For intent of the general assembly regarding the inapplicability of certain provisions of Public Law No. 96 – 221 (94 Stat. 132) to loans, mortgages, credit sales, and advances made in this state, see 1980 Acts, ch 1156, §32
Court action required for termination of installment contracts during military service; §29A.102, 29A.105
Maximum rate of interest during military service on obligations or liabilities incurred prior to service; §29A.99, 29A.105
Enforcement of federal consumer credit protection provisions for members of military; §535.18

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ARTICLE 1

GENERAL PROVISIONS AND DEFINITIONS

PART 1

SHORT TITLE, CONSTRUCTION, GENERAL PROVISIONS

537.1101 Short title.

Articles 1 through 7 of this chapter shall be known and may be cited as the *"Iowa Consumer Credit Code"*.

[C75, 77, 79, 81, §537.1101]
2020 Acts, ch 1063, §310

537.1102 Purposes — rules of construction.

1. This chapter shall be liberally construed and applied to promote its underlying purposes and policies.

2. The underlying purposes and policies of this chapter are to:

a. Simplify, clarify and modernize the law governing retail installment sales and other consumer credit.

b. Provide rate ceilings for certain creditors in order to assure an adequate supply of credit to consumers.

c. Further consumer understanding of the terms of credit transactions and foster competition among suppliers of consumer credit so that consumers may obtain credit at reasonable cost.

d. Protect consumers against unfair practices by some suppliers, solicitors or collectors of consumer credit, having due regard for the interests of legitimate and scrupulous creditors.

e. Permit and encourage the development of fair and economically sound consumer credit practices.

f. Conform the regulation of disclosure in consumer credit transactions to the Truth in Lending Act.

g. Make the law, including administrative rules, more uniform among the various jurisdictions.

3. A reference to a requirement imposed by this chapter includes reference to a related rule of the administrator adopted pursuant to this chapter.

[C75, 77, 79, 81, §537.1102]

537.1103 Law applicable.

Unless displaced by the particular provisions of this chapter, the uniform commercial code as provided in chapter 554 and the principles of law and equity, including the law relative to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy or other validating or invalidating cause supplement its provisions.

[C75, 77, 79, 81, §537.1103]

2005 Acts, ch 3, §91

537.1104 Construction.

This chapter being a general Act intended as a unified coverage of its subject matter, no part of it shall be deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

[C75, 77, 79, 81, §537.1104]

537.1105 and 537.1106 Reserved.

537.1107 Waiver — agreement — settlement.

1. Except in settlement of a bona fide dispute, a consumer may not waive or agree to forego rights or benefits under this chapter.

2. A claim by a consumer against a creditor relating to an excess charge, any other civil violation of this chapter, or a civil penalty, or a claim by a creditor against a consumer for default or breach of a civil duty imposed by this chapter, may be settled by agreement if the claim is disputed in good faith.

3. A claim against a consumer, whether or not disputed, may be settled for less value than the amount claimed.

4. A settlement in which the consumer waives or agrees to forego rights or benefits under this chapter is invalid if the court as a matter of law finds the settlement to have been unconscionable at the time it was made. The competence of the consumer, any deception or coercion practiced upon the consumer, the nature and extent of the legal advice received by

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the consumer, and the value of the consideration may be considered, among other factors, with respect to the issue of unconscionability.

[C75, 77, 79, 81, §537.1107]

2022 Acts, ch 1021, §155

Referred to in §537.3403, 537.3404, 537.3405, 537.5110

537.1108 Effect on organizations.

1. This chapter prescribes maximum charges for certain creditors, except lessors and those excluded in section 537.1202, extending credit in consumer credit transactions.

2. This chapter does not displace limitations on powers of credit unions, savings associations, or other thrift institutions whether organized for the profit of shareholders or as mutual organizations.

3. This chapter does not displace:

a. Limitations on powers of supervised financial organizations with respect to the amount of a loan to a single borrower, the ratio of a loan to the value of collateral, the duration of a loan secured by an interest in land, or other similar restrictions designed to protect deposits.

b. Limitations on powers an organization is authorized to exercise under the laws of this state or the United States.

[C75, 77, 79, 81, §537.1108]

2012 Acts, ch 1017, §141

537.1109 Reserved.

537.1110 Obligation of good faith.

Every contract or duty within this chapter imposes an obligation of good faith in its performance or enforcement.

[C75, 77, 79, 81, §537.1110]

PART 2

SCOPE AND JURISDICTION

537.1201 Territorial application.

1. This chapter applies to:

a. A transaction, or acts, practices, or conduct with respect to a transaction, if the transaction is entered into in this state, except that a transaction involving other than open-end credit or acts, practices, or conduct with respect to such a transaction shall not subject any person to damages or penalty under article 5 of this chapter, or administrative enforcement under article 6, part 1:

(1) If the buyer, lessee, or debtor was physically located outside of this state, at the time the buyer, lessee, or debtor signed the writing evidencing the transaction or made, in face-to-face solicitation, a written or oral offer to enter into the transaction,

(2) If the transaction or acts, practices, or conduct with respect to the transaction were not in violation of law in the state in which the buyer, lessee, or debtor was physically located, and

(3) If, with respect to charges and agreements, the person does not collect or enforce that transaction except to the extent permitted by this chapter.

b. A transaction, or acts, practices, or conduct with respect to a transaction, if it is modified in this state, without regard to where the transaction is entered into, except that acts, practices, conduct, disclosures, charges, or provisions of agreements not in violation of law in the state where they occurred or were entered into, shall not subject any person to damages or penalty under article 5 or administrative enforcement under article 6, part 1, if, with respect to acts, practices, conduct, or disclosures, they occurred outside this state and before a modification in this state, and if, with respect to charges and agreements, they are not collected or enforced by that person except to the extent permitted by this chapter. A

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person shall not be required to obtain a license under section 537.2301 solely because the person modifies a transaction in this state.

c. Acts, practices, or conduct in this state in the solicitation, inducement, negotiation, collection, or enforcement of a transaction, without regard to where it is entered into or modified; including but not limited to acts, practices, or conduct in violation of sections 537.3209, 537.3210, 537.3311, 537.3501, article 5, parts 1 and 3, and article 7.

2. For the purposes of this section, a transaction is entered into or modified in this state if any of the following apply:

a. In a transaction involving other than open-end credit:

(1) If the buyer, lessee, or debtor is a resident of this state at the time the person extending credit solicits the transaction or modification, whether personally, by mail or by telephone, unless the parties have agreed that the law of the residence of the buyer, lessee, or debtor applies, in which case that law applies.

(2) If the buyer, lessee, or debtor is a resident of this state at the time the person extending credit receives either a signed writing evidencing the transaction or modification, or a written or oral offer of the buyer, lessee, or debtor to enter into or modify the transaction.

(3) If the transaction otherwise has significant contacts with this state, unless the buyer, lessee, or debtor is not a resident of this state at the times designated in subsection 2, paragraph *"a"*, subparagraphs (1) and (2), and the parties have agreed that the law of the buyer's, lessee's, or debtor's residence applies. A person shall not be required to obtain a license under section 537.2301 solely because this chapter applies to a transaction pursuant to this subparagraph.

b. In an open-end credit transaction:

(1) If the buyer, lessee, or debtor is a resident of this state either at the time the buyer, lessee, or debtor forwards or otherwise gives to the person extending credit a written or oral communication of the intention to establish the open-end transaction, or at the time the person extending credit forwards or otherwise gives to the buyer, lessee, or debtor a written or oral communication giving notice to the buyer, lessee, or debtor of the right to enter into open-end transactions with such person, unless the parties have agreed that the law of the residence of the buyer, lessee, or debtor applies in which case that law shall apply.

(2) If the transaction otherwise has significant contacts with this state, unless the buyer, lessee, or debtor is not a resident of this state at the times designated in subsection 2, paragraph *"a"*, subparagraph (1), and the parties have agreed that the law of the buyer's, lessee's, or debtor's residence applies. A person shall not be required to obtain a license under section 537.2301 solely because this chapter applies to a transaction pursuant to this subparagraph.

c. In any credit transaction, if the parties have agreed that the law of the residence of the buyer, lessee, or debtor applies and the buyer, lessee, or debtor is a resident of this state at any time designated, with respect to a transaction other than open-end, in subsection 2, paragraph *"a"*, subparagraphs (1) and (2) or, with respect to an open-end credit transaction, in subsection 2, paragraph *"b"*, subparagraph (1).

3. For the purposes of this section, *"modification"* shall include, but not be limited to, any alteration in the maturity, schedule of payments, amount financed, rate of finance charge, or other term of a transaction.

4. For the purposes of this chapter, the residence of a buyer, lessee, or debtor is the address given by that person as the person's residence in a writing signed by the person in connection with a transaction until the person notifies the person extending credit of a different address as the person's residence, and it is then the different address.

5. Except as provided in subsection 1, paragraph *"c"*, and subsection 6, a transaction entered into or modified in another jurisdiction is valid and enforceable in this state according to its terms to the extent that it is valid and enforceable under the laws of the other jurisdiction.

6. A provision of an agreement made by a buyer, lessee, or debtor is invalid:

a. Which provides, if the buyer, lessee, or debtor is a resident of this state at the times designated in subsection 2, paragraph *"a"*, subparagraphs (1) and (2) and subsection 2, paragraph *"b"*, subparagraph (1):

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(1) That the law of another jurisdiction shall apply, except as provided in subsection 2, paragraph *"a"*, subparagraph (1) and in subsection 2, paragraph *"b"*, subparagraph (1).

(2) That the buyer, lessee, or debtor consents to be subject to the process of another jurisdiction.

(3) That the buyer, lessee, or debtor appoints an agent to receive service of process.

(4) That venue is fixed at a particular place.

(5) That the consumer consents to the jurisdiction of a court that does not otherwise have jurisdiction.

b. If a provision would negate subsection 1, paragraph *"b"*.

7. The following provisions of this chapter specify the applicable law governing certain cases:

a. Section 537.6102 specifies the applicability of article 6, part 1.

b. Section 537.6201 specifies the applicability of article 6, part 2.

[C75, 77, 79, 81, §537.1201]

2018 Acts, ch 1041, §127; 2021 Acts, ch 76, §132

Referred to in §537.1303, 537.5111, 537.5113, 537.6102, 537.6201, 537.6202, 654.2D

537.1202 Exclusions.

This chapter does not apply to:

1. Extensions of credit to government or governmental agencies or instrumentalities.

2. Except as otherwise provided in article 4, the sale of insurance if the insured is not obligated to pay installments of the premium and the insurance may terminate or be canceled after nonpayment of an installment of the premium.

3. Transactions under public utility or common carrier tariffs if a subdivision or agency of this state or of the United States regulates the charges for the services involved, the charges for delayed payment, and any discount allowed for early payment.

4. Transactions in securities or commodities accounts with a broker-dealer registered with the securities and exchange commission.

5. Pawnbrokers who are licensed and whose rates and charges are regulated under or pursuant to ordinances of cities or statutes of this state, except with respect to the provisions on compliance with the Truth in Lending Act in section 537.3201, civil liability for violation of disclosure provisions in section 537.5203, criminal penalties for disclosure violations in section 537.5302, and powers and functions of the administrator with respect to disclosure violations.

[C75, 77, 79, 81, §537.1202]

Referred to in §537.1108

537.1203 Jurisdiction — service of process.

1. The district court of this state may exercise jurisdiction over any person with respect to any conduct in this state governed by this chapter or with respect to any claim arising from a transaction subject to this chapter. In addition to any other method provided by rule or by statute, personal jurisdiction over a person may be acquired in a civil action or proceeding instituted in the district court by the service of process in the manner provided by this section.

2. If a person is not a resident of this state or is a corporation not authorized to do business in this state and engages in any conduct in this state governed by this chapter, or engages in a transaction subject to this chapter, the person may designate an agent upon whom service of process or original notice may be made in this state. The agent shall be a resident of state or a corporation authorized to do business in this state. The designation shall be in a writing and filed with the secretary of state. If no designation is made and filed or if process or original notice cannot be served in this state upon the designated agent, process or original notice may be served upon the secretary of state, in the manner provided in section 617.3 for service upon nonresident persons and foreign corporations which have made contracts with residents of Iowa, and the provisions of that section relating to the service of process or original notice apply.

[C75, 77, 79, 81, §537.1203]

UNOFFICIAL VERSION: ADVANCE RELEASE

PART 3

DEFINITIONS

537.1301 General definitions.

As used in this chapter, unless otherwise required by the context:

1. *"Actuarial method"* means the method of allocating payments made on a debt between the amount financed and the finance charge, pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed. The administrator may adopt rules not inconsistent with the Truth in Lending Act further defining the term and prescribing its application.

2. *"Administrator"* means the administrator designated in section 537.6103.

3. *"Affiliate"* as used in reference to a state bank means the same as defined in section 524.1101. *"Affiliate"* as used in reference to a national banking association means the same as defined in section 524.1101, except that the term "national banking association" shall be substituted for the term "state bank". *"Affiliate"* as used in reference to a federally chartered or out-of-state chartered savings and loan association shall mean the same as defined in 12 C.F.R. §561.4.

4. *"Agreement"* means the oral or written bargain of the parties in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance.

5. *"Amount financed"* means:

a. In the case of a sale, the cash price of the goods, services, or interest in land, plus the amount actually paid or to be paid by the seller pursuant to an agreement with the buyer to discharge a security interest in, a lien on, or a debt with respect to property traded in, less the amount of any down payment whether made in cash or in property traded in, plus additional charges if permitted under paragraph *"c"*.

b. In the case of a loan, the net amount paid to, receivable by, or paid or payable for the account of the debtor, plus the amount of any discount excluded from the finance charge under subsection 21, paragraph *"b"*, subparagraph (3), plus additional charges if permitted under paragraph *"c"* of this subsection.

c. In the case of a sale or loan, additional charges permitted under section 537.2501, to the extent that payment is deferred, that the charge is not otherwise included, in the amount permitted respectively in paragraph *"a"* or *"b"*, and that the charge is authorized by and disclosed to the consumer as required by law.

6. *"Billing cycle"* means the time interval between periodic billing statement dates.

7. *"Card issuer"* means a person who issues a credit card.

8. *"Cardholder"* means a person to whom a credit card is issued or who has agreed with the card issuer to pay obligations arising from the issuance or use of the card to or by another person.

9. *"Cash price"* of goods, services, or an interest in land means, except in the case of a consumer rental purchase agreement, the price at which they are sold by the seller to cash buyers in the ordinary course of business, and may include the cash price of accessories or services related to the sale, such as delivery, installation, alterations, modifications, and improvements, and taxes to the extent imposed on a cash sale of the goods, services, or interest in land.

10. *Conspicuous.* A term or clause is conspicuous when it is so written that a reasonable person against whom it is to operate ought to have noticed it. Whether or not a term or clause is conspicuous is for decision by the court.

11. *"Consumer"* means the buyer, lessee, or debtor to whom credit is granted in a consumer credit transaction.

12. *"Consumer credit transaction"* means a consumer credit sale or consumer loan, or a refinancing or consolidation thereof, or a consumer lease, or a consumer rental purchase agreement. *"Consumer credit transaction"* does not include goods, services, or any other benefits provided by or on behalf of the state or a state agency.

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13. *Consumer credit sale.*

a. Except as provided in paragraph "*b*", a consumer credit sale is a sale of goods, services, or an interest in land in which all of the following are applicable:

(1) Credit is granted either pursuant to a seller credit card or by a seller who regularly engages as a seller in credit transactions of the same kind.

(2) The buyer is a person other than an organization.

(3) The goods, services, or interest in land are purchased primarily for a personal, family, or household purpose.

(4) Either the debt is payable in installments or a finance charge is made.

(5) With respect to a sale of goods or services, the amount financed does not exceed the threshold amount.

b. A "*consumer credit sale*" does not include:

(1) A sale in which the seller allows the buyer to purchase goods or services pursuant to a lender credit card.

(2) A sale of an interest in land if the finance charge does not exceed twelve percent per year calculated on the actuarial method on the assumption that the debt will be paid according to the agreed terms and will not be paid before the end of the agreed term.

(3) A consumer rental purchase agreement as defined in section 537.3604.

14. *Consumer lease.*

a. Except as provided in paragraph "*b*", a consumer lease is a lease of goods in which all of the following are applicable:

(1) The lessor is regularly engaged in the business of leasing.

(2) The lessee is a person other than an organization.

(3) The lessee takes under the lease primarily for a personal, family, or household purpose.

(4) The amount payable under the lease does not exceed the threshold amount.

(5) The lease is for a term exceeding four months.

b. A consumer lease does not include a consumer rental purchase agreement as defined in section 537.3604.

15. *Consumer loan.*

a. Except as provided in paragraph "*b*", a "*consumer loan*" is a loan in which all of the following are applicable:

(1) The person is regularly engaged in the business of making loans.

(2) The debtor is a person other than an organization.

(3) The debt is incurred primarily for a personal, family, or household purpose.

(4) Either the debt is payable in installments or a finance charge is made.

(5) The amount financed does not exceed the threshold amount.

b. A "*consumer loan*" does not include:

(1) A sale or lease in which the seller or lessor allows the buyer or lessee to purchase or lease pursuant to a seller credit card.

(2) A debt which is secured by a first lien on real property.

(3) A loan financed by the Iowa finance authority and secured by a lien on land.

(4) A consumer rental purchase agreement as defined in section 537.3604.

c. In determining which loans are consumer loans under this subsection the rules of construction stated in this paragraph shall be applied:

(1) A debt is incurred primarily for the purpose to which a majority of the loan proceeds are applied or are designated by the debtor to be applied.

(2) Loan proceeds used to refinance or pay a prior loan owed by the same borrower are incurred for the same purposes and in the same proportion as the principal of the loan refinanced or paid.

(3) Loan proceeds used to pay a prior loan by a different borrower are incurred for the new borrower's purposes in agreeing to pay the prior loan.

(4) The assumption of a loan by a different borrower is treated as if the new borrower had obtained a new loan and had used all of the proceeds to pay the loan assumed.

(5) The provisions of this paragraph shall not be construed to modify or limit the provisions of section 535.8, subsection 4, paragraph "*c*" or "*e*".

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16. *"Credit"* means the right granted by a person extending credit to a person to defer payment of debt, to incur debt and defer its payment, or to purchase property or services and defer payment therefor.

17. *"Credit card"* means a card or device issued under an arrangement pursuant to which a card issuer gives a cardholder the privilege of purchasing or leasing property or purchasing services, obtaining loans, or otherwise obtaining credit from the card issuer or other persons. A transaction is *"pursuant to a credit card"* if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or automated methods, or in any other manner. A transaction is not *"pursuant to a credit card"* if the card or device is used solely to identify the cardholder and credit is not obtained according to the terms of the arrangement.

18. *"Creditor"* means the person who grants credit in a consumer credit transaction or, except as otherwise provided, an assignee of a creditor's right to payment, but use of the term does not in itself impose on an assignee any obligation of the assignee's assignor. In the case of credit granted pursuant to a credit card, the *"creditor"* is the card issuer and not another person honoring the credit card.

19. *"Credit union service organization"* means an organization, corporation, or association whose membership or ownership is primarily confined or restricted to credit unions or organizations of credit unions and whose purpose is primarily designed to provide services to credit unions, organizations of credit unions, or credit union members.

20. *"Earnings"* means compensation paid or payable to an individual or for the individual's account for personal services rendered or to be rendered by the individual, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension, retirement or disability program.

21. *"Finance charge"*.

a. Except as otherwise provided in paragraph *"b"*, *"finance charge"* means the sum of all charges payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or as a condition of the extension of credit, including any of the following types of charges which are applicable:

(1) Interest or any amount payable under a point, discount, or other system of charges, however denominated, except that with respect to a consumer credit sale of goods or services a cash discount of five percent or less of the stated price of goods or services which is offered to the consumer for payment by cash, check or the like either immediately or within a period of time, is not part of the finance charge for the purpose of determining maximum charges pursuant to section 537.2401. A cash discount permitted by this subparagraph is not part of the finance charge for the purpose of determining compliance with section 537.3201 if it is properly disclosed as required by the Truth in Lending Act as amended to and including July 1, 1982 and regulations issued pursuant to that Act prior to July 1, 1982.

(2) Time price differential, credit service, service, carrying or other charge, however denominated.

(3) Premium or other charge for any guarantee or insurance protecting the creditor against the consumer's default or other credit loss.

(4) Charges incurred for investigating the collateral or credit-worthiness of the consumer or for commissions or brokerage for obtaining the credit, irrespective of the person to whom the charges are paid or payable, unless the creditor had no notice of the charges when the credit was granted.

b. *"Finance charge"* does not include:

(1) Charges as a result of default or delinquency if made for actual unanticipated late payment, delinquency, default, or other like occurrence unless the parties agree that these charges are finance charges. A charge is not made for actual unanticipated late payment, delinquency, default, or other like occurrence if imposed on an account which is or may be debited from time to time for purchases or other debts and, under its terms, payment in full or at a specified amount is required when billed, and in the ordinary course of business the consumer is permitted to continue to have purchases or other debts debited to the account after the imposition of the charge.

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(2) Additional charges as defined in section 537.2501, or deferral charges as defined in section 537.2503.

(3) A discount, if a creditor purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

(4) Lease payments for a consumer rental purchase agreement, or charges specifically authorized by this chapter for consumer rental purchase agreements.

(5) An initial charge imposed by a financial institution for returning an item presented against nonsufficient funds or for paying an item that overdraws an account. For the purposes of this subparagraph, *"item"* includes any form of authorization or order for withdrawal of funds from an account such as a check, automated teller machine card, debit card, automated clearinghouse, or other means.

22. *"Financial institution"* means and includes any bank incorporated under the provisions of any state or federal law, any savings and loan association or savings bank incorporated under the provisions of state or federal law, or any credit union organized under the provisions of any state or federal law.

23. *"Gift certificate"* means a merchandise certificate conspicuously designated as a gift certificate, and purchased by a buyer for use by a person other than the buyer.

24. *a. "Goods"* includes, but is not limited to:

(1) "Goods" as described in section 554.2105, subsection 1.

(2) Goods not in existence at the time the transaction is entered into.

(3) Things in action.

(4) Investment securities.

(5) Mobile homes regardless of whether they are affixed to the land.

(6) Gift certificates.

b. "Goods" excludes money, chattel paper, documents of title, instruments and merchandise certificates other than gift certificates.

25. *"Insurance premium loan"* means a consumer loan that is made for the sole purpose of financing the payment by or on behalf of an insured of the premium on one or more policies or contracts issued by or on behalf of an insurer, is secured by an assignment by the insured to the lender of the unearned premium on the policy or contract, and contains an authorization to cancel the policy or contract financed.

26. *"Lender"* means a person who makes a loan or, except as otherwise provided in this chapter, a person who takes an assignment of a lender's right to payment, but use of the term does not in itself impose on an assignee any obligation of the lender.

27. *"Lender credit card"* means a credit card issued by a lender.

28. *a. "Loan"* means any of the following, except as provided in paragraph *"b"*:

(1) The creation of debt by the lender's payment of or agreement to pay money to the debtor or to a third person for the account of the debtor.

(2) The creation of debt by a credit to an account with the lender upon which the debtor is entitled to draw immediately.

(3) The creation of debt pursuant to a lender credit card in any manner, including a cash advance or the card issuer's honoring a draft or similar order for the payment of money drawn or accepted by the debtor, paying or agreeing to pay the debtor's obligation, or purchasing or otherwise acquiring the debtor's obligation from the obligee or the obligee's assignees.

(4) The creation of debt by a cash advance to a debtor pursuant to a seller credit card.

(5) The forbearance of debt arising from a loan.

b. "Loan" does not include:

(1) A card issuer's payment or agreement to pay money to a third person for the account of a debtor if the debt of the debtor arises from a sale or lease and results from use of a seller credit card.

(2) The forbearance of debt arising from a sale or lease.

29. *"Merchandise certificate"* means a writing not redeemable in cash and usable in its face amount in lieu of cash in exchange for goods or services. Sale of a merchandise certificate on credit is a credit sale beginning at the time the certificate is redeemed.

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30. *"Mortgage lender"* means a domestic or foreign corporation authorized in this state to make loans secured by mortgages or deeds of trust.

31. *"Official fees"* means:

a. Fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest related to a consumer credit transaction.

b. Premiums payable for insurance in lieu of perfecting a security interest otherwise required by the creditor in connection with the transaction, if the premium does not exceed the fees and charges described in paragraph *"a"* which would otherwise be payable.

32. *"Open-end credit"* means an arrangement, other than a consumer rental purchase agreement, pursuant to which all of the following are applicable:

a. A creditor may permit a consumer, from time to time, to purchase or lease on credit from the creditor or pursuant to a credit card, or to obtain loans from the creditor or pursuant to a credit card.

b. The amounts financed and the finance and other appropriate charges are debited to an account.

c. The finance charge, if made, is computed on the account periodically.

d. Either the consumer has the privilege of paying in full or in installments, or the transaction is a consumer credit transaction solely because a delinquency charge or the like is treated as a finance charge pursuant to subsection 21, paragraph *"b"*, subparagraph (1) of this section or the creditor otherwise periodically imposes charges computed on the account for delaying payment of it and permits the consumer to continue to purchase or lease on credit.

33. *"Organization"* means a corporation, government or governmental subdivision or agency, trust, estate, cooperative, or association.

34. *"Payable in installments"* means that payment is required or permitted by agreement to be made in more than four periodic payments, excluding a down payment. If any periodic payment other than the down payment under an agreement requiring or permitting two or more periodic payments is more than twice the amount of any other periodic payment excluding the down payment, a transaction is "payable in installments".

35. *"Person"* means:

a. A natural person, partnership, or an individual.

b. An organization.

36. *a. "Person related to"* with respect to a natural person or an individual means any of the following:

(1) The spouse of the individual.

(2) A brother, brother-in-law, sister, or sister-in-law of the individual.

(3) An ancestor or lineal descendant of the individual or the individual's spouse.

(4) Any other relative, by blood or marriage, of the individual or the individual's spouse, if the relative shares the same home with the individual.

b. "Person related to" with respect to an organization means:

(1) A person directly or indirectly controlling, controlled by or under common control with the organization.

(2) An officer or director of the organization or a person performing similar functions with respect to the organization or to a person related to the organization.

(3) The spouse of a person related to the organization.

(4) A relative by blood or marriage of a person related to the organization who shares the same home with the person.

37. A *"precomputed consumer credit transaction"* is a consumer credit transaction, other than a consumer lease or a consumer rental purchase agreement, in which the debt is a sum comprising the amount financed and the amount of the finance charge computed in advance. A disclosure required by the Truth in Lending Act does not in itself make a finance charge or transaction precomputed.

38. *"Presumed"* or *"presumption"* means that the trier of fact must find the existence of the fact presumed unless and until evidence is introduced which would support a finding of its nonexistence.

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39. *"Sale of goods"* includes, but is not limited to, any agreement in the form of a bailment or lease of goods if the bailee or lessee pays or agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods upon full compliance with the terms of the agreement. *"Sale of goods"* does not include a consumer rental purchase agreement.

40. *"Sale of an interest in land"* includes, but is not limited to, a lease in which the lessee has an option to purchase the interest, by which all or a substantial part of the rental or other payments previously made by the lessee are applied to the purchase price.

41. *"Sale of services"* means furnishing or agreeing to furnish services for a consideration and includes making arrangements to have services furnished by another.

42. *"Seller"* means a person who makes a sale or, except as otherwise provided in this chapter, a person who takes an assignment of the seller's right to payment, but use of the term does not in itself impose on an assignee any obligation of the seller.

43. *"Seller credit card"* means either of the following:

a. A credit card issued primarily for the purpose of giving the cardholder the privilege of using the credit card to purchase or lease property or services from the card issuer, persons related to the card issuer, persons licensed or franchised to do business under the card issuer's business or trade name or designation, or from any of these persons and from other persons as well.

b. A credit card issued by a person other than a supervised lender primarily for the purpose of giving the cardholder the privilege of using the credit card to purchase or lease property or services from at least one hundred persons not related to the card issuer.

44. *"Services"* includes, but is not limited to:

a. Work, labor, and other personal services.

b. Privileges or benefits with respect to transportation, hotel and restaurant accommodations, education, entertainment, recreation, physical culture, hospital accommodations, funerals, cemetery accommodations, and the like.

c. Insurance.

45. *"Supervised financial organization"* means a person, other than an insurance company or other organization primarily engaged in an insurance business, which is organized, chartered, or holding an authorization certificate pursuant to chapter 524 or 533, or pursuant to the laws of any other state or of the United States which authorizes the person to make loans and to receive deposits, including a savings, share, certificate or deposit account, and which is subject to supervision by an official or agency of this state, such other state, or of the United States.

46. *"Supervised loan"* means a consumer loan, including a loan made pursuant to open-end credit, in which the rate of the finance charge, calculated according to the actuarial method, exceeds the rate of finance charge permitted in chapter 535.

a. With respect to a consumer loan made pursuant to open-end credit, the finance charge shall be deemed not to exceed the rate permitted in chapter 535 if the finance charge contracted for and received does not exceed a charge for each monthly billing cycle which is one-twelfth of that rate multiplied by the average daily balance of the open-end account in the billing cycle for which the charge is made. The average daily balance of the open-end account is the sum of the amount unpaid each day during that cycle divided by the number of days in the cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all purchases and other debits and deducting all payments and other credits made or received as of that day.

b. If the billing cycle is not monthly, the finance charge shall be deemed not to exceed that rate per year if the finance charge contracted for and received does not exceed a percentage which bears the same relation to that rate as the number of days in the billing cycle bears to three hundred sixty-five.

c. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from the regular date.

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47. *"Threshold amount"* means the threshold amount, as determined by 12 C.F.R. §1026.3(b), in effect during the period the consumer credit transaction was entered into.

[C58, 62, 66, 71, 73, §322.2(12) – (15), C75, 77, 79, S79, C81, §537.1301; 81 Acts, ch 76, §8, ch 177, §3, 4; 82 Acts, ch 1153, §9 – 13, 18(1), ch 1253, §42]

83 Acts, ch 101, §114; 83 Acts, ch 124, §24, 25; 87 Acts, ch 80, §26 – 34; 97 Acts, ch 187, §1; 2003 Acts, ch 44, §92; 2005 Acts, ch 44, §1; 2012 Acts, ch 1017, §142, 143; 2012 Acts, ch 1023, §157; 2014 Acts, ch 1037, §11 – 17, 22; 2014 Acts, ch 1141, §26; 2015 Acts, ch 30, §172; 2021 Acts, ch 145, §1

Referred to in §16.45, 99F.9, 103A.58, 137C.25A, 321.486, 321A.3, 322.19, 322.33, 322C.12, 524.913, 533.315, 535.2, 535.8, 535.10, 535.11, 535.17, 536.1, 536.13, 536.15, 536.27, 536.28, 536A.3, 536A.31, 536C.2, 537.1303, 537.2510, 537.3603, 552.1, 552.17, 554.13103, 602.8103, 642.22, 805.14

537.1302 Definition — Truth in Lending Act.

As used in this chapter, *"Truth in Lending Act"* means Tit. 1 of the Consumer Credit Protection Act, in subch. 1 of 15 U.S.C. ch. 41, as amended, and includes regulations issued pursuant to that Act.

[C75, 77, 79, 81, §537.1302; 82 Acts, ch 1153, §14]

89 Acts, ch 68, §1; 95 Acts, ch 31, §1; 95 Acts, ch 209, §27; 98 Acts, ch 1031, §1; 2008 Acts, ch 1025, §1; 2010 Acts, ch 1007, §1; 2010 Acts, ch 1061, §180; 2013 Acts, ch 84, §1

Referred to in §322.19, 524.913, 533.315, 535.11, 537.5203

537.1303 Other defined terms.

Other defined terms in this chapter and the sections in which they appear are:

1. *"Closing costs"*. Section 537.2501, subsection 1, paragraph *"e"*.
2. *"Computational period"*. Section 537.2510, subsection 4, paragraph *"a"*.
3. *"Debt"*. Section 537.7102, subsection 3.
4. *"Debt collection"*. Section 537.7102, subsection 4.
5. *"Debt collector"*. Section 537.7102, subsection 5.
6. *"Disposable earnings"*. Section 537.5105, subsection 1, paragraph *"a"*.
7. *"Garnishment"*. Section 537.5105, subsection 1, paragraph *"b"*.
8. *"Interval"*. Section 537.2510, subsection 4, paragraph *"b"*.
9. *"Location"*. Section 537.2310, subsection 1.
10. *"Pursuant to a credit card"*. Section 537.1301, subsection 17.
11. *"Residence"*. Section 537.1201, subsection 4.

[C75, 77, 79, 81, §537.1303]

2003 Acts, ch 108, §99

ARTICLE 2

FINANCE CHARGES AND RELATED PROVISIONS

Referred to in §537.1101, 537.3304

PART 1

GENERAL PROVISIONS

537.2101 Short title.

This article shall be known and may be cited as the *"Iowa Consumer Credit Code — Finance Charges and Related Provisions"*.

[C75, 77, 79, 81, §537.2101]

537.2102 Scope.

Part 2 applies to consumer credit sales. Parts 3 and 4 apply to consumer loans. Part 5 applies to other charges and modifications with respect to consumer credit transactions. Part 6 applies to other credit transactions.

[C75, 77, 79, 81, §537.2102]

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PART 2

CONSUMER CREDIT SALES: MAXIMUM FINANCE CHARGES

Referred to in §103A.58, 322C.12, 537.2102, 537.2501

537.2201 Finance charge for consumer credit sales not pursuant to open-end credit.

1. With respect to a consumer credit sale, other than a sale pursuant to open-end credit, a creditor may contract for and receive a finance charge not exceeding the maximum charge permitted by the law of this state or the United States for similar creditors. In addition, with respect to a consumer credit sale of goods or services, other than a sale pursuant to open-end credit or a sale of a motor vehicle, a creditor may contract for and receive a finance charge not exceeding that permitted in subsections 2 through 6. With respect to a consumer credit sale of a motor vehicle, a creditor may contract for and receive a finance charge as provided in section 322.19, and a finance charge in excess of that provided in section 322.19, is an excess charge in violation of this chapter.

2. The finance charge, calculated according to the actuarial method, may not exceed twenty-one percent per year on the unpaid balances of the amount financed.

3. This section does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. If the sale is a precomputed consumer credit transaction, the finance charge may be calculated on the assumption that all scheduled payments will be made when due, and the effect of prepayment is governed by the provisions on rebate upon prepayment contained in section 537.2510.

4. For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed ten days or more after that date, with the date of commencement of delivery or performance. Any month may be counted as one-twelfth of a year, but a day is counted as one-three hundred sixty-fifth of a year. Subject to classifications and differentiations the seller may reasonably establish, a part of a month in excess of fifteen days may be treated as a full month if periods of fifteen days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. The administrator may adopt rules not inconsistent with the Truth in Lending Act with respect to treating as regular other minor irregularities in amount or time.

5. Subject to classifications and differentiations the seller may reasonably establish, the seller may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsection 2 if both of the following are applicable:

a. When applied to the median amount within each range, it does not exceed the maximum rate permitted by subsection 1.

b. When applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph *"a"* by more than eight percent of the rate calculated according to paragraph *"a"* of this subsection.

6. Regardless of subsection 2, the seller may contract for and receive a minimum finance charge of not more than five dollars when the amount financed does not exceed seventy-five dollars, or seven dollars and fifty cents when the amount financed exceeds seventy-five dollars.

[C75, 77, 79, 81, §537.2201; 82 Acts, ch 1153, §15, 18(1)]
2018 Acts, ch 1041, §127; 2020 Acts, ch 1063, §311
Referred to in §535.11, 537.2504, 537.2505

537.2202 Finance charge for consumer credit sales pursuant to open-end credit.

1. With respect to a consumer credit sale made pursuant to open-end credit, a creditor may contract for and receive a finance charge without limitation as to amount or rate as permitted in this section.

2. For each billing cycle, a charge may be made which is a percentage of an amount not exceeding the greatest of the following:

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a. The average daily balance of the open-end account in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all purchases and other debits and deducting all payments and other credits made or received as of that day.

b. The balance of the open-end account at the beginning of the first day of the billing cycle, after deducting all payments and credits made in the cycle except credits attributable to purchases charged to the account during the cycle.

c. The median amount within a specified range including the balance of the open-end account not exceeding that permitted by paragraph *"a"* or *"b"*. A charge may be made pursuant to this paragraph only if the creditor, subject to classifications and differentiations the creditor may reasonably establish, makes the same charge on all balances within the specified range and if the percentage when applied to the median amount within the range does not produce a charge exceeding the charge resulting from applying that percentage to the lowest amount within the range by more than eight percent of the charge on the median amount.

[C75, 77, 79, 81, §537.2202]

84 Acts, ch 1237, §1; 97 Acts, ch 187, §2, 3; 98 Acts, ch 1100, §73; 2018 Acts, ch 1041, §127

Referred to in §535.11, 537.2506

PART 3

CONSUMER LOANS: SUPERVISED LOANS

Referred to in §536.13, 536A.31, 537.2102

537.2301 Authority to make supervised loans.

1. As used in this part, *"licensing authority"* means the agency designated in chapter 524, 533, 536, or 536A to issue licenses or otherwise authorize the conduct of business pursuant to the respective chapter or this chapter, and *"licensee"* includes any person subject to regulation by a licensing authority. *"License"* includes the authorization, of whatever form, to engage in the conduct regulated under those chapters.

2. A person who is not authorized to make supervised loans as provided in this section shall not engage in the business of making supervised loans or undertaking direct collection of payments from or enforcement of rights against consumers arising from supervised loans, but the person may collect and enforce for three months without a license if the person promptly applies for a license and the person's application has not been denied.

3. A supervised loan made by a person in violation of subsection 2 shall be void and the consumer is not obligated to pay either the amount financed or the finance charge. If the consumer has paid any part of the amount financed or the finance charge, the consumer has a right to recover the payment from the person in violation of subsection 2 or from an assignee of that person's rights who undertakes direct collection of payments or enforcement of rights arising from the debt. With respect to violations arising from loans made pursuant to open-end credit, no action pursuant to this subsection may be brought more than two years after the violation occurred. With respect to violations arising from other loans, no action pursuant to this subsection may be brought more than one year after the due date of the last scheduled payment of the agreement pursuant to which the charge was paid.

4. The following persons are authorized to make supervised loans:

a. A person who is a supervised financial organization.

b. A person who has obtained a license pursuant to either chapter 536 or 536A.

c. A person who enters into less than ten supervised loans per year in this state and has neither an office physically located in this state nor engages in face-to-face solicitation in this state.

5. This section shall not affect dollar amount, purpose, or rate of finance charge restrictions imposed by any statute of this state or of the United States with respect to which

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a person is authorized to make loans at a rate of finance charge in excess of that permitted by chapter 535 or pursuant to which a person is licensed.

[C75, 77, 79, 81, §537.2301]

2012 Acts, ch 1017, §144; 2017 Acts, ch 138, §12; 2019 Acts, ch 59, §192

Referred to in §536.1, 536A.3, 536A.27, 537.1201, 537.2310, 537.5201, 537.5301

537.2302 Reserved.

537.2303 Revocation or suspension of license.

1. The licensing authority may issue to a person subject to regulation by that authority an order to show cause why the person's license with respect to one or more specific places of business should not be suspended for a period not in excess of six months, or revoked. The order shall set the place for a hearing and set a time for the hearing that is not less than ten days from the date of the order. After the hearing, if the licensing authority finds that the licensee has intentionally violated this chapter, or any rule or order made pursuant to law, including an order of discontinuance, or if facts or conditions exist which would clearly have justified the licensing authority in refusing to grant a license for that place or those places of business had these facts or conditions been known to exist at the time the application for the license was made, the licensing authority shall revoke or suspend the license or, if there are mitigating circumstances, may accept an assurance of discontinuance as provided in section 537.6109, and allow retention of the license.

2. No revocation or suspension of a license is lawful unless prior to institution of proceedings by the licensing authority notice is given to the licensee of the facts or conduct which warrant the intended action, and the licensee is given an opportunity to show compliance with all lawful requirements for retention of the license.

3. If the licensing authority finds that probable cause for revocation of a license exists and that enforcement of the law requires immediate suspension of the license pending investigation, the licensing authority may, after a hearing upon five days' written notice, enter an order suspending the license for not more than thirty days.

4. Whenever the licensing authority revokes or suspends a license, the licensing authority shall enter an order to that effect and forthwith notify the licensee of the revocation or suspension. Within five days after the entry of the order the licensing authority shall deliver to the licensee a copy of the order and the findings supporting the order.

5. Any person holding a license to make supervised loans may relinquish the license by notifying the licensing authority in writing of its relinquishment, but this relinquishment does not affect the licensee's liability for acts previously committed.

6. No revocation, suspension or relinquishment of a license impairs or affects the obligation of any preexisting lawful contract between the licensee and any consumer.

7. The licensing authority may reinstate a license, terminate a suspension or grant a new license to a person whose license has been revoked or suspended if no fact or condition then exists which clearly would justify the licensing authority in refusing to grant a license.

[C75, 77, 79, 81, §537.2303]

Referred to in §524.227, 533.116, 536.29, 536A.29, 537.2304, 537.6105

537.2304 Records — annual reports.

1. Every licensee shall maintain records in conformity with generally accepted accounting principles and practices in a manner that will enable the licensing authority to determine whether the licensee is complying with the provisions of law. The recordkeeping system of a licensee is sufficient if the licensee makes the required information reasonably available. The records need not be kept in the place of business where supervised loans are made, if the licensing authority is given free access to the records wherever located.

2. On or before April 15 each year every licensee shall file with the licensing authority a composite annual report in the form prescribed by that authority relating to all supervised loans made by the licensee. The licensing authority shall consult with comparable officials in other states for the purpose of making the kinds of information required in annual reports uniform among the states. Information contained in annual reports shall be confidential and may be published only in composite form. The licensing authority shall assess against a

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licensee who fails to file the prescribed report on or before April 15 a penalty of ten dollars for each day the report is overdue, up to a maximum of thirty days. When an annual report is overdue for more than thirty days, the licensing authority may institute proceedings under section 537.2303 for revocation of the licenses held by the licensee.

[C75, 77, 79, 81, §537.2304]

537.2305 Examinations and investigations.

1. For the purpose of discovering violations of this chapter or securing information lawfully required, the licensing authority shall examine periodically at intervals the licensing authority deems appropriate, but not less frequently than is required for other examinations of the licensee by section 524.217, 533.113, 536.10, or 536A.15, whichever is applicable, the loans, business, and records of every licensee, except a licensee which has no office physically located in this state and engages in no face-to-face solicitation in this state. In addition, the licensing authority may at any time investigate the loans, business, and records of any lender. For these purposes the licensing authority shall be given free and reasonable access to the offices, places of business, and records of the lender.

2. If the lender's records are located outside this state, the lender at the lender's option shall make them available to the licensing authority at a convenient location within this state, or pay the reasonable and necessary expenses for the licensing authority or the licensing authority's representative to examine them at the place where they are maintained. The licensing authority may designate representatives, including comparable officials of the state in which the records are located, to inspect them on the licensing authority's behalf.

3. For the purposes of this section, the licensing authority may administer oaths or affirmations, and upon the licensing authority's own motion or upon request of any party may subpoena witnesses, compel their attendance, adduce evidence, and require the production of any matter which is relevant to the investigation, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of relevant facts, or any other matter reasonably calculated to lead to the discovery of admissible evidence.

4. Upon failure without lawful excuse to obey a subpoena or to give testimony and upon reasonable notice to all persons affected thereby, the licensing authority may apply to the district court for an order compelling compliance.

[C75, 77, 79, 81, §537.2305]
2007 Acts, ch 174, §95; 2012 Acts, ch 1017, §145
Referred to in §524.227, 533.116, 536.29, 536A.29, 537.6105

537.2306 Reserved.

537.2307 Restrictions on interest in land as security.

With respect to a supervised loan in which the rate of finance charge is in excess of fifteen percent computed according to the actuarial method, and the amount financed is two thousand dollars or less, a lender shall not contract for a security interest in real property used as a residence for the consumer or the consumer's dependents. A security interest taken in violation of this section is void.

[C75, 77, 79, 81, §537.2307]
2023 Acts, ch 66, §139
Referred to in §535.10, 537.5201

537.2308 Regular schedule of payments — maximum loan term.

Supervised loans, not made pursuant to open-end credit and in which the amount financed is one thousand dollars or less, shall be scheduled to be payable in substantially equal installments at substantially equal periodic intervals except to the extent that the schedule of payments is adjusted to the seasonal or irregular income of the debtor, and over a period of not more than thirty-seven months if the amount financed is more than three hundred dollars, or over a period of not more than twenty-five months if the amount financed is three hundred dollars or less. However, a lender may make a loan not pursuant to open-end credit that is repayable in a single payment if the amount financed does not exceed one thousand

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dollars and if the finance charge does not exceed the rate permitted by section 537.2401, subsection 1, to be charged by a supervised financial organization.

[C75, 77, 79, 81, §537.2308; 81 Acts, ch 179, §1]
2018 Acts, ch 1041, §127
Referred to in §537.5201

537.2309 No other business for purpose of evasion.

A lender shall not carry on other business for the purpose of evasion or violation of this chapter at a location where the lender makes supervised loans.

[C75, 77, 79, 81, §537.2309]
2022 Acts, ch 1021, §156

537.2310 Conduct of business other than making loans.

1. Except as provided in subsection 2, a licensee authorized to make supervised loans pursuant to section 537.2301 may not engage in the business of selling or leasing tangible goods at a location where supervised loans are made. In this section, "*location*" means the entire space in which supervised loans are made and the location must be separated from any space where goods are sold or leased by walls which may be broken only by a passageway to which the public is not admitted.

2. This section does not apply to:

a. Occasional sales of property used in the ordinary course of business of the licensee.

b. Sales of items of collateral of which the licensee has taken possession.

c. Sales of items by a licensee who is also authorized by law to operate as a pawnbroker.

d. Sales of property or items by the licensee which are not for the profit of the licensee and which are sold for a price not exceeding fifty dollars.

[C75, 77, 79, 81, §537.2310; 82 Acts, ch 1253, §41]
Referred to in §537.1303

PART 4

CONSUMER LOANS: MAXIMUM FINANCE CHARGES

Referred to in §537.2102, 537.2501, 537.5301

537.2401 Finance charge for consumer loans not pursuant to open-end credit.

1. Except as provided with respect to a finance charge for loans pursuant to open-end credit under section 537.2402 and loans secured by a certificate of title of a motor vehicle under section 537.2403, a lender may contract for and receive a finance charge not exceeding the maximum charge permitted by the laws of this state or of the United States for similar lenders, and, in addition, with respect to a consumer loan, a supervised financial organization or a mortgage lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding twenty-one percent per year on the unpaid balance of the amount financed. Except as provided in section 537.2403, this subsection does not prohibit a lender from contracting for and receiving a finance charge exceeding twenty-one percent per year on the unpaid balance of the amount financed on consumer loans if authorized by other provisions of the law.

2. This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section or the laws of this state or of the United States. The finance charge permitted by this section or the laws of this state or of the United States may be calculated by determining the single annual percentage rate as required to be disclosed to the consumer pursuant to section 537.3201 which, when applied according to the actuarial method to the unpaid balances of the amount financed, will yield the finance charge for that transaction which would result from applying any graduated rates permitted by this section or the laws of this state or of the United States to the transaction on the assumption that all scheduled payments will be made when due. If the loan is a precomputed

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consumer credit transaction, the finance charge may be calculated on the assumption that all scheduled payments will be made when due, and the effect of prepayment is governed by section 537.2510.

3. Except as provided in subsection 5, the term of a loan for the purposes of this section commences on the date the loan is made. Any month may be counted as one-twelfth of a year but a day is counted as one-three hundred sixty-fifth of a year. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen days may be treated as a full month if periods of fifteen days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. The administrator may adopt rules not inconsistent with the Truth in Lending Act with respect to treating as regular other minor irregularities in amount or time.

4. Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsection 1, if both of the following are applicable:

a. When applied to the median amount within each range, it does not exceed the maximum permitted by that subsection.

b. When applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph *"a"* by more than eight percent of the rate calculated according to paragraph *"a"*.

5. With respect to an insurance premium loan, the term of the loan commences on the earliest inception date of a policy or contract of insurance for which the premium is financed.

[C75, 77, 79, 81, §537.2401; 82 Acts, ch 1153, §16, 18(1)]

83 Acts, ch 124, §26; 2007 Acts, ch 26, §1

Referred to in §533.316, 537.1301, 537.2308, 537.2504, 537.2505

537.2402 Finance charge for consumer loans pursuant to open-end credit.

1. If authorized to make supervised loans, a creditor may contract for and receive a finance charge without limitation as to amount or rate with respect to a loan pursuant to open-end credit as permitted in this section except as provided in section 537.2403.

2. For each billing cycle, a charge may be made which is a percentage of an amount not exceeding the greatest of the following:

a. The average daily balance of the open-end account in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all purchases and other debits and deducting all payments and other credits made or received as of that day.

b. The balance of the open-end account at the beginning of the first day of the billing cycle, after deducting all payments and credits made in the cycle except credits attributable to purchases charged to the account during the cycle.

c. The median amount within a specified range including the balance of the open-end account not exceeding that permitted by paragraph *"a"* or *"b"*. A charge may be made pursuant to this paragraph only if the organization, subject to classifications and differentiations it may reasonably establish, makes the same charge on all balances within the specified range and if the percentage when applied to the median amount within the range does not produce a charge exceeding the charge resulting from applying that percentage to the lowest amount within the range by more than eight percent of the charge on the median amount.

[C75, 77, 79, 81, §537.2402]

84 Acts, ch 1237, §2; 89 Acts, ch 295, §2; 97 Acts, ch 187, §4, 5; 98 Acts, ch 1100, §74; 2007 Acts, ch 26, §2

Referred to in §533.316, 535.10, 536.13, 536A.31, 536C.6, 537.2401, 537.2506

537.2403 Finance charge for consumer loans secured by a motor vehicle.

1. A lender shall not contract for or receive a finance charge exceeding twenty-one percent per year on the unpaid balance of the amount financed for a loan of money secured by a certificate of title to a motor vehicle used for personal, family, or household purpose except

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as authorized under chapter 536 or 536A. A consumer who is charged a finance charge in excess of the limitation in this section may seek any remedies available pursuant to this chapter for an excess charge.

2. It shall be a violation of this section and an unlawful practice under section 714.16 to attempt to avoid application of this section by structuring a loan of money secured by a certificate of title to a motor vehicle as a sale, sale and repurchase, sale and lease, pawn, rental purchase, lease, or other type of transaction with the intent to avoid application of this section or any other applicable provision of this chapter.

2007 Acts, ch 26, §3
Referred to in §537.2401, 537.2402

PART 5

CONSUMER CREDIT TRANSACTIONS: OTHER CHARGES AND MODIFICATIONS

Referred to in §322.33, 536.13, 536A.31, 537.2102

537.2501 Additional charges.

1. In addition to the finance charge permitted by parts 2 and 4, a creditor may contract for and receive the following additional charges:

a. Official fees and taxes.

b. Charges for insurance as described in subsection 2.

c. Amounts actually paid or to be paid by the creditor for registration, certificate of title, or license fees.

d. Annual charges, payable in advance, for the privilege of using a credit card which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer, under an arrangement pursuant to which the debts resulting from the purchases or leases are payable to the card issuer.

e. With respect to a debt secured by an interest in land, the following "closing costs", provided they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this chapter:

(1) Fees or premiums for title examination, abstract of title, title insurance, or similar purposes including surveys.

(2) Fees for preparation of a deed, settlement statement, or other documents, if not paid to the creditor or a person related to the creditor.

(3) Escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents.

(4) Fees for notarizing deeds and other documents, if not paid to the creditor or a person related to the creditor.

(5) Fees or charges listed in section 535.8, subsection 4, paragraphs *"a"* and *"b"*.

(6) Discount points for the purpose of reducing, and that result in a bona fide reduction of, the interest rate applicable to the debt, or points, agreed upon by the creditor and the consumer to secure a given interest rate, provided the points and fees the consumer is charged by all lenders in connection with the consumer loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(3).

f. (1) With respect to open-end credit pursuant to a credit card issued by the creditor which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer, the parties may contract for an over-limit charge in accordance with 12 C.F.R. §1026.52(b) if the balance of the account exceeds the credit limit established pursuant to the agreement. The over-limit charge under this paragraph shall not be assessed again in a subsequent billing cycle unless in a subsequent billing cycle the account balance has been reduced below the credit limit.

(2) If the differential treatment of this subsection based on the number of persons honoring a credit card is found to be unconstitutional, the parties may contract for the over-limit charge as described in this paragraph in any consumer credit transaction pursuant

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to open-end credit, and the other conditions relating to the over-limit charge shall remain in effect.

g. A surcharge as provided for in section 554.3512 for a dishonored check, draft, or order that was accepted as payment for a consumer credit transaction payment. The surcharge shall not be assessed against the maker if the reason for the dishonor of the instrument is that the maker has stopped payment pursuant to section 554.4403.

h. Charges for other benefits, including insurance, conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, are of a type which is not for credit, and are authorized as permissible additional charges by rule adopted by the administrator.

i. A reasonable annual account maintenance fee, payable in advance, for the privilege of maintaining a demand deposit account with a line of credit that may be accessed by the account holder writing a check.

j. For a consumer loan where the amount financed does not exceed three thousand dollars and the term of the loan does not exceed twelve months, a bank, credit union incorporated pursuant to state or federal law, or a federally chartered or out-of-state chartered savings bank or savings and loan association may charge an additional application fee not to exceed the lesser of ten percent of the amount financed or thirty dollars. The fee permitted pursuant to this paragraph may be charged solely to applicants who are approved or to all applicants. The fee permitted pursuant to this paragraph shall not be charged in connection with a loan used for the purchase of a motor vehicle, or for a loan where the borrower's dwelling is used as security.

k. Credit reporting charges.

l. For a consumer credit transaction, a service charge in an amount not to exceed the lesser of either three percent of the amount financed or one hundred dollars.

2. An additional charge may be made for insurance written in connection with the transaction, as follows:

a. With respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the creditor furnishes a clear, conspicuous, and specific statement in writing to the consumer setting forth the cost of the insurance if obtained from or through the creditor and stating that the consumer may choose the person through whom the insurance is to be obtained.

b. With respect to consumer credit insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the creditor, and this fact is clearly and conspicuously disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific dated and separately signed affirmative written indication of the consumer's desire to do so after written disclosure to the consumer of the cost. However, credit unemployment insurance shall be permitted under this paragraph if all of the following conditions have been met:

(1) The insurance provides coverage beginning with the first day of unemployment. However, the policy may include a waiting period before the consumer may file a claim.

(2) The insurance shall be sold separately and shall be separately priced from any other insurance offered or sold at the same time. The credit unemployment insurance need not be sold separately or separately priced from other insurance offered if it is included as part of an insurance offering by a credit card issuer to its credit cardholders.

(3) The premium rates have been affirmatively approved by the insurance division of the department of insurance and financial services. In approving or establishing the rates, the division shall review the insurance company's actuarial data to assure that the rates are fair and reasonable. The insurance commissioner shall either hire or contract with a qualified actuary to review the data. The insurance division shall obtain reimbursement from the insurance company for the cost of the actuarial review prior to approving the rates. In addition, the rates shall be made in accordance with the following provisions:

(a) Rates shall not be excessive, inadequate, or unfairly discriminatory.

(b) Due consideration shall be given to all relevant factors within and outside this state but

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rates shall be deemed to be reasonable under this section if they reasonably may be expected to produce a ratio of fifty percent by dividing claims incurred by premiums earned.

3. With respect to open-end credit obtained pursuant to a credit card issued by the creditor which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer, the creditor may contract for and receive any charge lawfully contained in a prior agreement between the consumer and a prior creditor from whom the creditor currently issuing the credit card acquired the credit card account, if the account was acquired in an arm's-length for-value sale from a nonrelated or nonaffiliated creditor. The creditor may charge any charge on new open-end credit accounts lawfully permitted in a prior agreement between a consumer and a prior creditor from whom the creditor currently issuing the credit card acquired the credit card accounts.

4. For a consumer loan secured by an interest in land, if a creditor that is a mortgage banker licensed under section 535B.5 or registered under section 535B.3 originates such consumer loan in which the annual percentage rate, points, and fees the consumer is charged by all lenders in connection with the consumer loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(2)(vi) and 12 C.F.R. §1026.43(e)(3), the consumer loan shall not be subject to the limitations on fees specified in section 535.8, subsection 4, paragraph *"a"*, or section 535.8, subsection 5.

[C24, 27, 31, §9422; C35, §9438-f13; C39, §**9438.13;** C46, 50, 54, 58, 62, §536.13(6); C66, 71, 73, §536.13(6), 536A.23(6); C75, 77, 79, 81, §537.2501]

86 Acts, ch 1151, §1; 89 Acts, ch 68, §2, 3; 89 Acts, ch 296, §75; 95 Acts, ch 137, §1; 96 Acts, ch 1114, §1, 2; 99 Acts, ch 116, §1; 2007 Acts, ch 118, §2; 2012 Acts, ch 1017, §146; 2012 Acts, ch 1023, §157; 2014 Acts, ch 1037, §18; 2017 Acts, ch 138, §13 – 15; 2019 Acts, ch 24, §81; 2019 Acts, ch 27, §2; 2019 Acts, ch 115, §1; 2021 Acts, ch 16, §1; 2023 Acts, ch 19, §2759; 2025 Acts, ch 54, §1, 2; 2026 Acts, ch 1072, §4

Referred to in §535.10, 536.27, 537.1301, 537.1303, 537.2503, 537.2504, 537.2510, 537.3611

Subsection 1, paragraph l amended

537.2502 Delinquency charges.

1. With respect to a consumer credit transaction not pursuant to an open-end credit arrangement and other than a consumer lease or consumer rental purchase agreement, the parties may contract for a delinquency charge on any installment not paid in full within ten days after its due date, as originally scheduled or as deferred, in an amount as follows:

a. For a precomputed transaction, an amount not exceeding the greater of either of the following:

(1) Five percent of the unpaid amount of the installment, or a maximum of thirty dollars.

(2) The deferral charge that would be permitted to defer the unpaid amount of the installment for the period that it is delinquent.

b. For an interest-bearing transaction, an amount not exceeding five percent of the unpaid amount of the installment, or a maximum of thirty dollars.

2. A delinquency charge under subsection 1 may be collected only once on an installment however long it remains in default. No delinquency charge may be collected with respect to a deferred installment unless the installment is not paid in full within ten days after its deferred due date. A delinquency charge may be collected at the time it accrues or at any time afterward.

3. A delinquency charge shall not be collected under subsection 1, paragraph *"a"*, on an installment that is paid in full within ten days after its scheduled or deferred installment due date even though an earlier maturing installment or a delinquency or deferral charge on an earlier installment may not have been paid in full. For purposes of this subsection, payments associated with a precomputed transaction are applied first to current installments and then to delinquent installments.

4. With respect to open-end credit, the parties may contract for a delinquency charge on any payment not paid in full when due, as originally scheduled or as deferred, in an amount up to thirty dollars.

5. A delinquency charge under subsection 4 may be collected only once on a payment however long it remains in default. A delinquency charge shall not be collected with respect

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to a deferred payment unless the payment is not paid in full on or before its deferred due date. A delinquency charge may be collected at the time it accrues or at any time afterward.

6. A delinquency charge shall not be collected under subsection 4 on a payment associated with a precomputed transaction that is paid in full on or before its scheduled or deferred due date even though an earlier maturing payment or a delinquency or deferred charge on an earlier payment has not been paid in full. For purposes of this subsection, payments are applied first to amounts due for the current billing cycle and then to delinquent payments.

[C66, 71, 73, §536.13(7), 536A.23(3); C75, 77, 79, 81, §537.2502]

89 Acts, ch 68, §4; 93 Acts, ch 124, §1; 95 Acts, ch 113, §1; 96 Acts, ch 1114, §3 – 5; 97 Acts, ch 187, §6, 7; 99 Acts, ch 15, §3; 2003 Acts, 1st Ex, ch 1, §125, 133

[2003 Acts, 1st Ex, ch 1, §125, 133, amendments to subsections 3 and 6 rescinded pursuant to *Rants v. Vilsack*, 684 N.W.2d 193]

2004 Acts, 1st Ex, ch 1001, §22, 23; 2017 Acts, ch 138, §16 – 18

Referred to in §535.10, 537.2510

537.2503 Deferral charges.

1. *a.* Before or after default in payment of a scheduled installment of a precomputed consumer credit transaction, the parties to the transaction may agree in writing to a deferral of all or part of one or more unpaid installments and the creditor may make at the time of deferral and receive at that time or at any time thereafter a deferral charge which is not in excess of one and one-half percent per month for the period of time for which it is deferred, but not to exceed the rate of finance charge which was required to be disclosed in the transaction to the consumer pursuant to section 537.3201 applied to each amount deferred for the period for which it is deferred. In computing a deferral charge for one or more months, any month may be counted as one-twelfth of a year and in computing a deferral charge for part of a month, a day shall be counted as one three hundred sixty-fifth of a year.

b. With respect to an interest-bearing consumer credit transaction not pursuant to an open-end credit arrangement and other than a consumer lease or consumer rental purchase agreement, the parties to the transaction may agree in writing to a deferral of all or part of one or more unpaid installments in addition to any interest accrued pursuant to the terms of the consumer credit transaction. The creditor may make at the time of deferral and receive at that time or at any time thereafter a deferral charge which shall not exceed thirty dollars per deferred installment.

2. In addition to the deferral charge permitted by this section, a creditor may make and receive appropriate additional charges as permitted under section 537.2501, and the amount of these charges which is not paid may be added to the amount deferred for the purpose of computing the deferral charge according to subsection 1.

3. The parties may agree in writing at the time of a precomputed consumer credit transaction that if an installment is not paid within ten days after its due date, the creditor may unilaterally grant a deferral and make charges as provided in this section. No deferral charge may be made for a period after the date that the creditor elects to accelerate the maturity of the transaction.

4. A delinquency charge made by the creditor on an installment may not be retained if a deferral charge is made pursuant to this section with respect to the period of delinquency.

[C66, 71, 73, §536.13(7), 537A.23(4); C75, 77, 79, 81, §537.2503]

2017 Acts, ch 139, §1

Referred to in §322.20, 537.1301

537.2504 Finance charge on refinancing.

With respect to a consumer credit transaction in which the rate of finance charge required to be disclosed in the transaction pursuant to section 537.3201 does not exceed eighteen percent per year, other than a consumer lease or a consumer rental purchase agreement, the creditor may, by agreement with the consumer, refinance the unpaid balance and may contract for and receive a finance charge based on the amount financed resulting from the refinancing at a rate not exceeding that permitted by the provisions on finance charge for consumer credit sales other than open-end credit in section 537.2201 if a consumer credit sale is refinanced,

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the provisions on finance charge for a consumer loan other than a supervised loan in section 537.2401, subsection 1, or the provisions on finance charge for a supervised loan not pursuant to open-end credit in section 537.2401, subsection 2, as applicable, if a consumer loan is refinanced. With respect to a consumer credit transaction in which the rate of finance charge required to be disclosed in the transaction to the consumer pursuant to section 537.3201 exceeds eighteen percent per year, other than a consumer lease or a consumer rental purchase agreement, the creditor may by agreement with the consumer, refinance the unpaid balance and may contract for and receive a finance charge based on the amount financed resulting from the refinancing at a rate of finance charge not to exceed that which was required to be disclosed in the original transaction to the consumer pursuant to section 537.3201. For the purpose of determining the finance charge permitted, the amount financed resulting from the refinancing consists of:

1. If the transaction was not precomputed, the total of the unpaid balance of the amount financed and the accrued charges, including finance charges, on the date of the refinancing, or, if the transaction was precomputed, the amount determined by deducting the unearned portion of the finance charge and any other unearned charges, including charges for insurance or deferral charges, from the unpaid balance on the date of refinancing. For the purposes of this section, the unearned portion of the finance charge and deferral charge, if any, shall be determined as provided in section 537.2510, subsection 2, but without allowing any minimum charge.

2. Appropriate additional charges as permitted under section 537.2501, payment of which is deferred.

[C75, 77, 79, 81, §537.2504]

87 Acts, ch 80, §35; 2018 Acts, ch 1041, §127

Referred to in §537.2505, 537.2508, 537.3308

537.2505 Finance charge on consolidation.

1. In this section, "*consumer credit transaction*" does not include a consumer lease or a consumer rental purchase agreement.

2. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction and becomes obligated on another consumer credit transaction with the same creditor, the parties may agree to a consolidation resulting in a single schedule of payments. If the previous consumer credit transaction was not precomputed, the parties may agree to add the unpaid amount of the amount financed and accrued charges including finance charges on the date of consolidation to the amount financed with respect to the subsequent consumer credit transaction. If the previous consumer credit transaction was precomputed, the parties may agree to refinance the unpaid balance pursuant to section 537.2504, and to consolidate the amount financed resulting from the refinancing by adding it to the amount financed with respect to the subsequent consumer credit transaction. In either case the creditor may contract for and receive a finance charge as provided in subsection 3, based on the aggregate amount financed resulting from the consolidation.

3. If all debts consolidated arise exclusively from consumer loans, the creditor may contract for and receive the finance charge permitted by the provisions on finance charge for consumer loans pursuant to section 537.2401. If the debts consolidated include a debt arising from a consumer credit sale, including a transaction pursuant to a lender credit card, the amount of the finance charge is governed by the provisions on finance charge for consumer credit sales in section 537.2201.

4. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction arising out of a consumer credit sale, and becomes obligated on another consumer credit transaction arising out of another consumer credit sale by the same seller, the parties may agree to a consolidation resulting in a single schedule of payments either pursuant to subsection 2 or by adding together the unpaid balances with respect to the two sales.

[C75, 77, 79, 81, §537.2505]

87 Acts, ch 80, §36

Referred to in §537.3302

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537.2506 Advances to perform covenants of consumer.

1. If the agreement with respect to a consumer credit transaction other than a consumer lease or a consumer rental purchase agreement contains covenants by the consumer to perform certain duties pertaining to insuring or preserving collateral and the creditor pursuant to the agreement pays for performance of the duties on behalf of the consumer, the creditor may add the amounts paid to the debt. Within a reasonable time after advancing any sums, the creditor shall state to the consumer in writing the amount of the sums advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the consumer performed by the creditor pertain to insurance, a brief description of the insurance paid for by the creditor including the type and amount of coverages. No further information need be given.

2. A finance charge may be made for sums advanced pursuant to subsection 1 at a rate not exceeding the rate of finance charge required to be stated to the consumer pursuant to law in the disclosure statement required by this chapter and the Truth in Lending Act, except that with respect to open-end credit the amount of the advance may be added to the unpaid balance of the debt and the creditor may make a finance charge not exceeding that permitted by section 537.2202 or 537.2402, as applicable.

[C75, 77, 79, 81, §537.2506]
87 Acts, ch 80, §37; 2018 Acts, ch 1041, §127

537.2507 Attorney fees.

With respect to a consumer credit transaction, the agreement may not provide for the payment by the consumer of attorney fees. However, in a consumer credit transaction with an amount financed exceeding twenty-five thousand dollars secured by an interest in land, the agreement may provide for the payment by the consumer of reasonable attorney fees. A provision in violation of this section is unenforceable.

[C75, 77, 79, 81, §537.2507]
2014 Acts, ch 1037, §19
Referred to in §537.5201

537.2508 Conversion to open-end credit.

The parties may agree at or within ten days prior to the time of conversion to add the unpaid balance of a consumer credit transaction, other than a consumer lease or a consumer rental purchase agreement, not made pursuant to open-end credit to the consumer's open-end credit account with the creditor. The unpaid balance so added is an amount equal to the amount financed determined according to the provisions on finance charge on refinancing under section 537.2504.

[C75, 77, 79, 81, §537.2508]
87 Acts, ch 80, §38; 2018 Acts, ch 1041, §127

537.2509 Right to prepay.

Subject to the provisions on prepayment and minimum charge under section 537.2510, the consumer may prepay in full the unpaid balance of a consumer credit transaction, other than a consumer lease or a consumer rental purchase agreement, at any time.

[C58, 62, 66, 71, 73, §322.3(6, *e*); C75, 77, 79, 81, §537.2509]
87 Acts, ch 80, §39

537.2510 Rebate or refund upon prepayment.

1. Except as provided in this section, upon prepayment in full of a precomputed consumer credit transaction, the creditor shall rebate to the consumer an amount not less than the amount of rebate provided in subsection 2, paragraph "*a*", or redetermine the earned finance charge as provided in subsection 2, paragraph "*b*", and rebate any other unearned charges including charges for insurance. If the rebate otherwise required is less than one dollar, no rebate need be made.

2. The amount of rebate and the redetermined earned finance charge shall be as follows:

a. (1) The amount of rebate shall be determined by applying the rate of finance charge

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which was required to be disclosed in the transaction pursuant to section 537.3201, according to the actuarial method:

(a) If no deferral charges have been made in a transaction, to the unpaid balances and time remaining as originally scheduled for the period following prepayment.

(b) If a deferral charge has been made, to the unpaid balances and time remaining as deferred for the period following prepayment.

(2) The time remaining for the period following prepayment shall be either the full days following the prepayment; or both the full days, counting the date of prepayment, between the prepayment date and the end of the computational period in which the prepayment occurs, and the full computational periods following the date of prepayment to the scheduled due date of the final installment of the transaction.

b. The redetermined earned finance charge shall be determined by applying, according to the actuarial method, the rate of finance charge which was required to be disclosed in the transaction pursuant to section 537.3201 to the actual unpaid balances of the amount financed for the actual time the unpaid balances were outstanding as of the date of prepayment. Any delinquency or deferral charges collected before the date of prepayment shall be applied to reduce the amount financed as of the date collected.

3. Upon prepayment, but not otherwise, of a consumer credit transaction whether or not precomputed, other than a consumer lease, a consumer rental purchase agreement, or a transaction pursuant to open-end credit:

a. If the prepayment is in full, the creditor may collect or retain a minimum charge not exceeding five dollars in a transaction which had an amount financed of seventy-five dollars or less, or not exceeding seven dollars and fifty cents in a transaction which had an amount financed of more than seventy-five dollars, if the minimum charge was contracted for, and the finance charge earned at the time of prepayment is less than the minimum charge contracted for. If, however, a creditor has collected a service charge in association with a consumer credit transaction pursuant to section 537.2501, subsection 1, paragraph *"l"*, the creditor shall not collect or retain a minimum charge upon prepayment pursuant to this subsection.

b. If the prepayment is in part, the creditor may not collect or retain a minimum charge.

4. For the purposes of this section, the following defined terms apply:

a. *"Computational period"* means the interval between scheduled due dates of installments under the transaction if the intervals are substantially equal or, if the intervals are not substantially equal, one month if the smallest interval between the scheduled due dates of installments under the transaction is one month or more, and otherwise one week.

b. The *"interval"* between specified dates means the interval between them including one or the other but not both of them. If the interval between the date of a transaction and the due date of the first scheduled installment does not exceed one month by more than fifteen days when the computational period is one month, or eleven days when the computational period is one week, the interval may be considered by the creditor as one computational period.

5. This section does not preclude the collection or retention by the creditor of delinquency charges under section 537.2502.

6. If the maturity is accelerated for any reason and judgment is obtained, the consumer is entitled to the same rebate as if payment had been made on the date maturity is accelerated.

7. Upon prepayment in full of a precomputed consumer credit transaction by the proceeds of consumer credit insurance, the consumer or the consumer's estate is entitled to the same rebate as though the consumer had prepaid the agreement on the date the proceeds of the insurance are paid to the creditor, but no later than ten business days after satisfactory proof of loss is furnished to the creditor.

8. This section does not apply to a financial institution as defined in section 537.1301.

9. This section does not apply to a service charge collected pursuant to section 537.2501, subsection 1, paragraph *"l"*.

10. Notwithstanding any provision of this chapter to the contrary or an agreement between a motor vehicle dealer licensed under chapter 322 and the consumer, if the creditor is a financial institution as defined in the Iowa consumer credit code, chapter 537, or the federal Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §6801 et seq., who has purchased a retail installment contract as defined in section 322.2, subsection 23, with voluntary debt

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cancellation coverage, the only obligation of the creditor upon prepayment in full shall be to notify the motor vehicle dealer within thirty days of the prepayment. The motor vehicle dealer shall promptly determine whether the consumer is eligible for a refund of any voluntary debt cancellation coverage and shall issue any refund required directly to the consumer within sixty days of the dealer's receipt of notice of the prepayment from the creditor.

[C66, 71, 73, §536.13(7), 536A.26; C75, 77, 79, 81, §537.2510]

87 Acts, ch 80, §40; 2012 Acts, ch 1023, §157; 2017 Acts, ch 138, §19; 2019 Acts, ch 27, §3, 4; 2021 Acts, ch 16, §2; 2022 Acts, ch 1032, §89; 2023 Acts, ch 11, §1; 2025 Acts, ch 30, §92

Referred to in §535.10, 536.27, 537.1303, 537.2201, 537.2401, 537.2504, 537.2509, 537.3203

PART 6

OTHER CREDIT TRANSACTIONS

Referred to in §322.33, 536.13, 536A.31, 537.2102

537.2601 Charges for other credit transactions.

1. With respect to a credit transaction other than a consumer credit transaction, the parties may contract for the payment by the debtor of any finance or other charge as permitted by law.

2. With respect to a credit transaction which would be a consumer credit transaction if a finance charge were made, a charge for delinquency may not exceed amounts allowed for finance charges for consumer credit sales pursuant to open-end credit.

[C75, 77, 79, 81, §537.2601]

2003 Acts, 1st Ex, ch 1, §126, 133

[2003 Acts, 1st Ex, ch 1, §126, 133, amendment to subsection 1 rescinded pursuant to *Rants v. Vilsack*, 684 N.W.2d 193]

2004 Acts, 1st Ex, ch 1001, §22, 23; 2018 Acts, ch 1041, §127

Referred to in §537.5201

ARTICLE 3

REGULATION OF AGREEMENTS AND PRACTICES

Referred to in §322.33, 536.13, 536A.31, 537.1101

PART 1

GENERAL PROVISIONS

537.3101 Short title.

This article shall be known and may be cited as the *"Iowa Consumer Credit Code — Regulation of Agreements and Practices"*.

[C75, 77, 79, 81, §537.3101]

537.3102 Scope.

Part 2 applies to disclosure with respect to consumer credit transactions, other than consumer rental purchase agreements, and the provision in section 537.3201 applies to a sale of an interest in land or a loan secured by an interest in land, without regard to the rate of finance charge, if the sale or loan is otherwise a consumer credit sale or consumer loan. Parts 3 and 4 apply, respectively, to disclosure, limitations on agreements and practices, and limitations on consumer's liability with respect to certain consumer credit transactions. Part 5 applies to home solicitation sales. Part 6 applies to consumer rental purchase agreements.

[C75, 77, 79, 81, §537.3102]

87 Acts, ch 80, §41; 2001 Acts, ch 24, §58

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PART 2

DISCLOSURE

Referred to in §537.3102

537.3201 Compliance with Truth in Lending Act.

A person upon whom the Truth in Lending Act imposes duties or obligations shall make or give to the consumer the disclosures, information and notices required of the person by that Act and in all respects shall comply with that Act. To the extent the Truth in Lending Act does not impose duties or obligations upon a person in a credit transaction, other than a consumer lease, which is a consumer credit transaction under this chapter, the person shall make or give to the consumer disclosures, information and notices in accordance with the Truth in Lending Act, with respect to the credit transaction.

[C75, 77, 79, 81, §537.3201]

Referred to in §537.1202, 537.1301, 537.2401, 537.2503, 537.2504, 537.2510, 537.3102, 537.3212

537.3202 Consumer leases.

1. With respect to a consumer lease the lessor shall give to the consumer the following information:

a. Brief description or identification of the goods.

b. Amount of any payment required at the inception of the lease.

c. Amount paid or payable for official fees, registration, certificate of title, or license fees or taxes.

d. Amount of other charges not included in the periodic payments and a brief description of the charges.

e. Brief description of insurance to be provided or paid for by the lessor, including the types and amounts of the coverages.

f. Except with respect to a consumer lease made pursuant to a lender credit card, the number of periodic payments, the amount of each payment, the due date of the first payment, the due dates of subsequent payments or interval between payments, and the total amount payable by the consumer.

g. Statement of the conditions under which the consumer may terminate the lease prior to the end of the term.

h. Statement of the liabilities the lease imposes upon the consumer at the end of the term.

2. The disclosures required by this section are subject to the following:

a. They shall be made clearly and conspicuously in writing, a copy of which shall be delivered to the lessee.

b. They may be supplemented by additional information or explanations supplied by the lessor but none shall be stated, utilized or placed so as to mislead or confuse the lessee or contradict, obscure or detract attention from the information required to be disclosed by this section.

c. They need be made only to the extent applicable.

d. They shall be made on the assumption that all scheduled payments will be made when due and will comply with this section, although the assumption may be rendered inaccurate by an act, occurrence or agreement subsequent to the required disclosure.

e. They shall be made before the lease transaction is consummated but may be made in the lease to be signed by the lessee.

[C75, 77, 79, 81, §537.3202]

Referred to in §537.5201

537.3203 Notice to consumer.

The creditor shall give to the consumer a copy of any writing evidencing a consumer credit transaction, other than one pursuant to open-end credit, if the writing requires or provides for signature of the consumer. The writing evidencing the consumer's obligation to pay under a consumer credit transaction, other than one pursuant to open-end credit, shall contain a clear and conspicuous notice to the consumer that the consumer should not sign it before reading it, that the consumer is entitled to a copy of it, and, except in the case of a consumer lease,

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that the consumer is entitled to prepay the unpaid balance at any time with such penalty and minimum charges as the agreement and section 537.2510 may permit, and may be entitled to receive a refund of unearned charges in accordance with law. The following notices if clear and conspicuous comply with this section:

1. In all transactions to which this section applies:

NOTICE TO CONSUMER:

[1] Do not sign this paper before you read it.

[2] You are entitled to a copy of this paper.

[3] You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

2. In addition, in a transaction in which a minimum charge will be collected or retained, the notice to consumer shall state:

[4] If you prepay the unpaid balance, you may have to pay a minimum charge not greater than seven dollars and fifty cents.

[C58, 62, 66, 71, 73, §322.3(6, b); C75, 77, 79, 81, §537.3203]
2011 Acts, ch 25, §68; 2018 Acts, ch 1041, §127
Referred to in §322.33, 536.13, 536A.31, 537.5201

537.3204 Notice of assignment.

A consumer is authorized to pay the original creditor until the consumer receives notification of assignment of rights to payment pursuant to a consumer credit transaction and that payment is to be made to the assignee. A notification which does not reasonably identify the rights assigned is ineffective. If requested by the consumer, the assignee must seasonably furnish reasonable proof that the assignment has been made and unless the assignee does so the consumer may pay the original creditor.

[C75, 77, 79, 81, §537.3204]

537.3205 Change in terms of open-end credit accounts.

1. Whether or not a change is authorized by prior agreement, a creditor may make a change in the terms of an open-end credit account applying to any balance incurred after the effective date of the change only if the creditor delivers or mails to the consumer a written disclosure of the change in accordance with 12 C.F.R. §1026.9.

2. Unless authorized by this chapter or unless agreed to by the consumer, a creditor shall not change the terms of an open-end credit account, with respect to a balance incurred before the effective date of the change, which results in an increase of the rate of the finance charge or other charge or an increase in the amount of a periodic payment due, or which otherwise adversely affects the interests of the consumer with respect to the balance. The use by the consumer of an open-end account after the effective date of the change constitutes the agreement of the consumer if the consumer is notified as provided in subsection 1 that the use will constitute the agreement of the consumer.

3. Notwithstanding subsection 2, a creditor may make a change in the terms of an open-end credit account with respect to a balance incurred before the effective date of the change if the creditor gives a written disclosure as provided in subsection 1 and if the credit card account is part of a portfolio of credit card accounts acquired in a bulk acquisition of the portfolio.

4. A disclosure provided for in subsection 1 is mailed to the consumer when mailed to the consumer at the consumer's address used by the creditor for mailing the consumer periodic billing statements.

5. If a creditor attempts to make a change in the terms of an open-end credit account without complying with this section, any additional cost or charge to the consumer resulting from the change is an excess charge and is subject to the remedies available to the consumer under section 537.5201 and to the administrator under section 537.6113.

6. Notwithstanding subsections 1 through 5, a creditor is not required to deliver or mail to the consumer a written disclosure of a change in the terms of an open-end credit account if

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the change involves a decrease in the rate of the finance charge, a decrease in a delinquency charge, or a decrease in an over-limit charge.

[C75, 77, 79, 81, §537.3205]

84 Acts, ch 1237, §3; 91 Acts, ch 118, §2, 3; 96 Acts, ch 1057, §1; 2020 Acts, ch 1014, §1

537.3206 Receipt — statements of account — evidence of payment — credits.

1. The creditor shall deliver or mail to the consumer, without request, a written receipt for each payment by coin or currency on an obligation pursuant to a consumer credit transaction. A periodic statement for a computational period showing a payment received by mail complies with this subsection.

2. Upon written request of a consumer, the person to whom an obligation is owed pursuant to a consumer credit agreement shall provide a written statement of the dates and amounts of payments made within the twelve months preceding the month in which the request is received and the total amount unpaid as of the end of the period covered by the statement. The statement shall be provided without charge once during each year of the term of the obligation. If additional statements are requested the creditor may charge not in excess of three dollars for each additional statement.

3. After a consumer has fulfilled all obligations with respect to a consumer credit transaction, other than one pursuant to open-end credit, the person to whom the obligation was owed shall, upon request of the consumer, deliver or mail to the consumer written evidence acknowledging payment in full of all obligations with respect to the transaction.

4. *a.* A creditor shall credit a payment to the consumer's account as of the date of receipt, except when a delay in crediting does not result in a finance or other charge, including a late charge, or except as provided in paragraph *"b"*. For purposes of this subsection, a delay in posting does not violate this subsection so long as the payment is credited as of the date of receipt.

b. If a creditor specifies requirements for the consumer to follow in making payments on the contract, payment coupon book, payment coupon or statement, or periodic statement, but accepts a payment that does not conform to the requirements, the creditor shall credit the payment within two days of receipt of such payment.

c. If a creditor fails to credit a payment as required by this subsection in time to avoid the imposition of a finance or other charge, including a delinquency charge, the creditor shall adjust the consumer's account so that the charges imposed are credited to the consumer's account during the next payment period.

[C75, 77, 79, 81, §537.3206]

99 Acts, ch 15, §4; 2018 Acts, ch 1041, §127

Referred to in §322.33, 535.14, 536.13, 536A.31, 537.5201

537.3207 Form of insurance premium loan agreement.

An agreement pursuant to which an insurance premium loan is made shall contain the names of the insurance producer negotiating each policy or contract and of the insurer issuing each policy or contract, the number and inception date of, and premium for, each policy or contract, the date on which the term of the loan begins, and a clear and conspicuous notice that each policy or contract may be canceled if payment is not made in accordance with the agreement. If a policy or contract has not been issued when the agreement is signed, the agreement may provide that the insurance producer may insert the appropriate information in the agreement and, if they do so, shall furnish the information promptly in writing to the insured.

[C75, 77, 79, 81, §537.3207]

2001 Acts, ch 16, §35, 37

Referred to in §537.5201

537.3208 Notice to cosigners and similar parties.

1. No natural person, other than the spouse of the consumer, is obligated as a cosigner, comaker, guarantor, endorser, surety, or similar party with respect to a consumer credit transaction, unless before or contemporaneously with signing any separate agreement of obligation or any writing setting forth the terms of the debtor's agreement, the person

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receives a separate written notice that contains a completed identification of the debt the person may have to pay and reasonably informs the person of the person's obligation with respect to it.

2. A clear and conspicuous notice in substantially the following form complies with this section:

NOTICE

You agree to pay the debt identified below although you may not personally receive any property, services, or money. You may be sued for payment although the person who receives the property, services, or money is able to pay. This notice is not the contract that obligates you to pay the debt. Read the contract for the exact terms of your obligation.

IDENTIFICATION OF DEBT
YOU MAY HAVE TO PAY

.....
(name of debtor)
.....
(name of creditor)
.....
(date)
.....
(kind of debt)
I have received a copy of this notice.
.....
(Date)
.....
(Signed)

3. The notice required by this section need not be given to a seller, lessor, or lender who is obligated to an assignee of the seller's, lessor's, or lender's rights.

4. A person entitled to notice under this section shall also be given a copy of any writing setting forth the terms of the debtor's agreement and of any separate agreement of obligation signed by the person entitled to the notice.

[C75, 77, 79, 81, §537.3208]
Referred to in §537.5201

537.3209 Advertising.

1. A seller, lessor, or lender shall not advertise, print, display, publish, distribute, utter or broadcast, or cause to be advertised, printed, displayed, published, distributed, uttered or broadcast in any manner, any false, misleading, or deceptive statement or representation with regard to the rates, terms or conditions of credit with respect to a consumer credit transaction.

2. Advertising that complies with the Truth in Lending Act does not violate this section.

3. This section does not apply to the owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

[C24, 27, 31, §9432; C35, §9438-f12; C39, §**9438.12;** C46, 50, 54, 58, 62, §536.12; C66, 71, 73, §536.12, 536A.20; C75, 77, 79, 81, §537.3209]
Referred to in §322.33, 536.13, 536A.31, 537.1201

537.3210 Prohibited statements relating to rates.

A creditor shall not state the rate of a finance charge to a consumer, in response to any inquiry, or in any advertisement, in the form of an add-on or discount rate, or in any form other than the rate calculated according to the actuarial method as a percent per year on the unpaid balances of the amount financed, or the annual percentage rate required to be disclosed under the Truth in Lending Act.

[C75, 77, 79, 81, §537.3210]
Referred to in §536A.23, 536A.31, 537.1201, 537.5201

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537.3211 Notice of consumer paper.

Every note which is a negotiable instrument as provided in section 554.3104 taken in a consumer credit transaction, if the writing requires or provides for a signature of the consumer, shall conspicuously show on its face the following:

This is a consumer credit transaction.

[C75, 77, 79, 81, §537.3211]
94 Acts, ch 1167, §3, 122
Referred to in §537.5201

537.3212 Notice of methods of financing and rates.

1. With respect to a consumer who has an open-end credit account with a creditor, and with respect to a creditor which offers to some or all of its customers consumer credit sales of goods or services both pursuant to open-end credit and not pursuant to open-end credit, that creditor shall give written notice to that consumer of those alternative methods at the times provided in subsection 3. The notice shall be as provided in subsection 2.

2. The notice required by this section shall conspicuously state the highest finance charge charged by that creditor to any consumer within the last calendar year for each type of credit sale. Such finance charge shall be stated as an annual percentage rate in such form as is required pursuant to section 537.3201 for each type of credit sale described in subsection 1, and the terms of repayment for each type of credit sale.

3. This section is complied with if notice is given at the following times:

a. With respect to an existing open-end credit account holder, in a writing contained as a part of, or mailed with a periodic statement mailed to the account holders and no less than once every six months.

b. With respect to a consumer not holding an existing open-end credit account, if the written notice is presented to the person at the time of the consumer credit transaction, and thereafter as provided in paragraph "*a*".

[C75, 77, 79, 81, §537.3212]
2018 Acts, ch 1041, §127
Referred to in §535.11
Section not applicable to transactions in which a finance charge is imposed under §535.11; see §535.11(6)

PART 3

LIMITATIONS ON AGREEMENTS AND PRACTICES

Referred to in §537.3102

537.3301 Security in consumer credit transactions.

1. With respect to a consumer credit sale, a seller may take a security interest in the property sold. In addition, a seller may take a security interest in goods upon which services are performed or in which goods sold are installed or to which they are annexed, or in land to which the goods are affixed or which is maintained, repaired or improved as a result of the sale of the goods or services, if in the case of a security interest in land the amount financed is one thousand dollars or more, or in the case of a security interest in goods if either the amount financed is three hundred dollars or more, or if the goods are household goods, or motor vehicles used by a consumer, the consumer's dependents, or the family with which the consumer resides, as transportation to and from a place of employment, one hundred dollars or more. Except as provided with respect to cross-collateral under section 537.3302, a seller may not otherwise take a security interest in property to secure the debt arising from a consumer credit sale.

2. With respect to a consumer lease, a lessor may not take a security interest in property to secure the debt arising from the lease. This subsection does not apply to a security deposit for a consumer lease or a consumer rental purchase agreement.

3. With respect to a supervised loan, a lender may not take a security interest, other than a purchase money security interest, in the clothing, one dining table and set of chairs, one refrigerator, one heating stove, one cooking stove, one radio, beds and bedding, one

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couch, two living room chairs, cooking utensils, or kitchenware used by the consumer, the consumer's dependents, or the family with whom the consumer resides.

4. A security interest taken in violation of this section is void.

[C75, 77, 79, 81, §537.3301]

87 Acts, ch 80, §42

Referred to in §537.3302, 537.5201

537.3302 Cross-collateral.

1. In addition to contracting for a security interest pursuant to the provisions on security in consumer credit transactions under section 537.3301, a seller in a consumer credit sale may secure the debt arising from the sale by contracting for a security interest in other property if as a result of a prior sale the seller has an existing security interest in the other property. The seller may also contract for a security interest in the property sold in the subsequent sale as security for the previous debt.

2. If the seller contracts for a security interest in other property pursuant to this section, the rate of finance charge thereafter on the aggregate unpaid balances so secured may not exceed that permitted if the balances so secured were consolidated pursuant to the provisions on finance charge on consolidation under section 537.2505. The seller has a reasonable time after so contracting to make any adjustments required by this section.

[C75, 77, 79, 81, §537.3302]

Referred to in §537.3301

537.3303 Debt secured by cross-collateral.

1. If debts arising from two or more consumer credit sales, other than sales pursuant to open-end credit, are secured by cross-collateral or consolidated into one debt payable on a single schedule of payments, and the debt is secured by security interests taken with respect to one or more of the sales, payments received by the seller after the taking of the cross-collateral or the consolidation are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been first applied to the payment of the debts arising from the sales first made. To the extent debts are paid according to this section, security interests in items of property terminate as the debt originally incurred with respect to each item is paid.

2. Payments received by the seller upon an open-end credit account are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of finance charges in the order of their entry to the account and then to the payment of debts in the order in which the entries to the account showing the debts were made.

3. If the debts consolidated arose from two or more sales made on the same day, payments received by the seller are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of the smallest debt.

[C75, 77, 79, 81, §537.3303]

2018 Acts, ch 1041, §127

537.3304 Use of multiple agreements.

1. With respect to a sale or loan other than a supervised loan, a creditor may not use multiple agreements in what is in substance a single transaction, with intent to obtain a higher finance charge than would otherwise be permitted by the provisions of article 2 of this chapter.

2. With respect to a supervised loan, a lender may not use multiple agreements with intent to obtain a higher finance charge than would otherwise be permitted. For the purposes of this subsection, multiple agreements are used if a lender allows any person, or husband and wife, to become obligated in any way under more than one loan agreement with the lender or with a person related to the lender.

3. The excess amount of finance charge obtained in violation of this section is an excess

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charge for the purposes of the provisions on rights of parties in section 537.5201 and the provisions on civil actions by the administrator in section 537.6113.

[C35, §9438-f13; C39, §**9438.13;** C46, 50, 54, 58, 62, §536.13(6); C66, 71, 73, §536.13(6), 536A.24; C75, 77, 79, 81, §537.3304]

Referred to in §322.33, 536.13, 536A.31

537.3305 No assignment of earnings.

1. A creditor may not take an assignment of earnings of the consumer for payment or as security for payment of a debt arising out of a consumer credit transaction. An assignment of earnings in violation of this section is unenforceable by the assignee of the earnings and revocable by the consumer. This section does not prohibit a consumer from authorizing deductions in favor of a creditor if the authorization is revocable, the consumer is given a complete copy of the writing evidencing the authorization at the time the consumer signs it, and the writing contains on its face a conspicuous notice of the consumer's right to revoke the authorization.

2. A sale of unpaid earnings made in consideration of the payment of money to or for the account of the seller of the earnings is deemed to be a loan to the seller secured by an assignment of earnings.

[C24, 27, 31, §9427, 9428; C35, §9438-f17; C39, §**9438.17;** C46, 50, 54, 58, 62, 66, 71, 73, §536.17; C75, 77, 79, 81, §537.3305]

Referred to in §322.33, 536.13, 536A.31, 537.5201

537.3306 Authorization to confess judgment prohibited.

Unless executed after default on a claim arising out of a consumer credit transaction, authorization for a judgment by confession on that claim pursuant to chapter 676 is void. Any other authorization by a consumer for any person to confess judgment on the claim, whenever executed, is void.

[C24, 27, 31, §9426; C35, §9438-f12; C39, §**9438.12;** C46, 50, 54, 58, 62, 66, 71, 73, §536.12; C75, 77, 79, 81, §537.3306]

Referred to in §322.33, 536.13, 536A.31, 537.5201

537.3307 Certain negotiable instruments prohibited.

With respect to a consumer credit sale or consumer lease, the creditor may not take a negotiable instrument other than a check or credit union share draft dated not later than ten days after its issuance as evidence of the obligation of the consumer.

[C75, 77, 79, 81, §537.3307]

Referred to in §537.3404, 537.5201

537.3308 Balloon payments.

1. Except as provided in subsection 2, if any scheduled payment of a consumer credit transaction is more than twice as large as the average of earlier scheduled payments, the consumer has the right to refinance the amount of that payment at the time it is due without penalty, as provided in section 537.2504. The terms of the refinancing shall be no less favorable to the consumer than the terms of the original transaction.

2. This section does not apply to any of the following:

a. A consumer lease.

b. A transaction pursuant to open-end credit.

c. A transaction to the extent that the payment schedule is adjusted to the seasonal or irregular income or scheduled payments of obligations of the consumer.

d. A transaction of a class defined by rule of the administrator as not requiring for the protection of the consumer a right to refinance as provided in this section.

e. A consumer loan in which the amount financed exceeds five thousand dollars and is secured by an interest in land.

f. A consumer rental purchase agreement.

g. A consumer loan secured by a certificate of title in a motor vehicle.

[C75, 77, 79, 81, §537.3308; 82 Acts, ch 1153, §17]

87 Acts, ch 80, §43; 2001 Acts, ch 21, §1; 2018 Acts, ch 1041, §127

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537.3309 Referral sales and leases.

A practice unlawful under section 714.16, subsection 2, paragraph *"b"*, if done in connection with a consumer credit sale or consumer lease, is a violation of this chapter for which the consumer has a cause of action under section 537.5201, subsection 1. The administrator has all powers granted under article 6, part 1, to enforce the provisions of section 714.16, subsection 2, paragraph *"b"*. If a consumer is induced by a violation of section 714.16, subsection 2, paragraph *"b"* to enter into a consumer credit sale or consumer lease, the agreement is unenforceable by the seller or lessor and the consumer, at the consumer's option, in addition to other remedies, may rescind the agreement or retain the goods delivered and the benefit of any services performed, without any obligation to pay for them.

[C75, 77, 79, 81, §537.3309]

Referred to in §537.5201

537.3310 Limitations on executory transactions.

1. In a consumer credit transaction, other than a consumer rental purchase agreement, if performance by a creditor is by delivery of goods, services, or both, in four or more installments, either on demand of the consumer or by prearranged scheduled performance, the consumer may cancel the obligation with respect to that part which has not been performed on the date of cancellation.

2. If the consumer exercises the right to cancel or, in any event, if the creditor attempts to exercise a right to accelerate, the creditor is entitled to recover only that part of the cash price and charges attributable to the part of the creditor's obligation which has been performed.

3. Cancellation under this section shall be effective when the consumer mails or delivers a written notice of cancellation.

4. Notwithstanding an agreement to the contrary, a creditor may not exercise a right to accelerate beyond the amount set forth in subsection 2.

5. Subsections 1 through 4 do not apply to a membership camping contract which is subject to the requirements of chapter 557B.

[C75, 77, 79, 81, §537.3310]

87 Acts, ch 80, §44; 87 Acts, ch 181, §4

Referred to in §537.5201, 557B.14

537.3311 Discrimination prohibited.

A creditor shall not refuse to enter into a consumer credit transaction or impose finance charges or other terms or conditions more onerous than those regularly extended by that creditor to consumers of similar economic backgrounds due to any of the following:

1. The age, color, creed, national origin, political affiliation, race, religion, sex, marital status, or disability of the consumer.

2. The consumer receives public assistance, social security benefits, pension benefits, or the like.

3. The exercise by the consumer of rights pursuant to this chapter or the federal Consumer Credit Protection Act, 15 U.S.C. §1601 et seq.

[C75, 77, 79, 81, §537.3311]

2003 Acts, ch 54, §1

Referred to in §537.1201, 537.5201

Unfair credit practices under Iowa civil rights Act; see §216.10

PART 4

LIMITATIONS ON CONSUMER'S LIABILITY

Referred to in §537.3102

537.3401 Restriction on liability in consumer lease.

The obligation of a lessee upon expiration of a consumer lease may not exceed twice the average payment allocable to a monthly period under the lease. This limitation does not apply to charges for damages to the leased property or for other default.

[C75, 77, 79, 81, §537.3401]

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537.3402 Limitation on default charges.

Except for reasonable expenses incurred in realizing on a security interest, the agreement with respect to a consumer credit transaction other than a consumer lease may not provide for any charges as a result of default by the consumer other than those authorized by this chapter. A provision in violation of this section is unenforceable.

[C75, 77, 79, 81, §537.3402]

Referred to in §322.20, 537.5201

537.3403 Card issuer subject to claims and defenses.

1. This section neither limits the liability of nor imposes liability on a card issuer as a manufacturer, supplier, seller, or lessor of property or services sold or leased pursuant to the credit card. This section may subject a card issuer to claims and defenses of a cardholder against a seller or lessor arising from sales or leases made pursuant to the credit card.

2. A card issuer is subject to claims and defenses of a cardholder against the seller or lessor arising from the sale or lease of property or services by a seller or lessor licensed, franchised, or permitted by the card issuer or a person related to the card issuer to do business under the trade name or designation of the card issuer or a person related to the card issuer, to the extent of the original amount owing to the card issuer with respect to the sale or lease of the property or services as to which the claim or defense arose.

3. Except as otherwise provided in subsection 2, a card issuer, including a lender credit card issuer, is subject to all claims and defenses of a cardholder against the seller or lessor arising from the sale or lease of property or services pursuant to the credit card only if all of the following apply:

a. The original amount owing to the card issuer with respect to the sale or lease of the property or services as to which the claim or defense arose exceeds fifty dollars.

b. The residence of the cardholder and the place where the sale or lease occurred are in the same state or within one hundred miles of each other.

c. The cardholder has made a good faith attempt to obtain satisfaction from the seller or lessor with respect to the claim or defense.

4. Except as otherwise provided in subsection 2, a card issuer, including a lender credit card issuer, is subject to claims and defenses only to the extent of the amount owing to the card issuer with respect to the sale or lease of the property or services as to which the claim or defense arose at the time the card issuer has notice of the claim or defense. Notice of the claim or defense may be given prior to the attempt to obtain satisfaction specified in subsection 3. Written notice is effective when mailed or delivered.

5. For the purpose of determining the amount owing to the card issuer with respect to the sale or lease upon an open-end credit account, payments received for the account are deemed to have been first applied to the payment of finance charges in the order of their entry to the account and then to the payment of debts in the order in which the entries of the debts are made to the account.

6. Except as provided in section 537.1107, an agreement may not contain a provision to limit or waive the claims or defenses of a cardholder under this section. A provision in violation of this subsection is unenforceable.

[C75, 77, 79, 81, §537.3403]

2018 Acts, ch 1041, §127

Referred to in §537.5201

537.3404 Assignee subject to claims and defenses.

1. With respect to a consumer credit sale or consumer lease, an assignee of the rights of the seller or lessor is subject to all claims and defenses of the consumer against the seller or lessor arising from the sale or lease of property or services, notwithstanding that the assignee is a holder in due course of a negotiable instrument issued in violation of the provisions prohibiting certain negotiable instruments in section 537.3307; unless the consumer has agreed in writing not to assert against an assignee a claim or defense arising out of such sale, and the consumer's contract has been assigned to an assignee not related to the seller who acquired the consumer's contract in good faith and for value and who

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gives the consumer notice of the assignment as provided in this subsection and who within thirty days after the mailing of the notice receives no written notice of the facts giving rise to the consumer's claim or defense. Such agreement not to assert a claim or defense is not valid if the assignee receives such written notice from the consumer within such thirty-day period. The notice of assignment shall be in writing and addressed to the consumer at the consumer's address as stated in the contract, identify the contract, describe the property purchased by the consumer, state the names of the seller and consumer, the name and address of the assignee, the amount payable by the consumer and the number, amounts and due dates of the installments, and contain a conspicuous notice to the consumer that the consumer has thirty days from the date of the mailing of the notice to the consumer within which to notify the assignee in writing of any claims or defenses the consumer may have against the seller and that if written notification of any such claims or defenses is not received by the assignee within such thirty-day period, the assignee will have the right to enforce the contract free of any claims or defenses the consumer may have against the seller. An assignee does not acquire a consumer's contract in good faith within the meaning of this subsection if the assignee has knowledge or, from the assignee's course of dealing with the seller or the assignee's records, notice of substantial complaints by other consumers of the seller's failure or refusal to perform the seller's contracts with them and of the seller's failure to remedy the seller's defaults within a reasonable time after the assignee notifies the seller of the complaints.

2. A claim or defense of a consumer specified in subsection 1 may be asserted against the assignee under this section only if the consumer has made a good faith attempt to obtain satisfaction from the seller or lessor with respect to the claim or defense, and only to the extent of the amount owing to the assignee with respect to the sale or lease of the property or services as to which the claim or defense arose, at the time the assignee has notice of the claim or defense. Notice of the claim or defense may be given prior to the attempt specified in this subsection. Written notice is effective when mailed or delivered.

3. For the purpose of determining the amount owing to the assignee with respect to the sale or lease:

a. Payments received by the assignee after the consolidation of two or more consumer credit sales, other than pursuant to open-end credit, are deemed to have been first applied to the payment of the sales first made, and if the sales consolidated arose from sales made on the same day, payments are deemed to have been first applied to the smaller or smallest sale or sales.

b. Payments received upon an open-end credit account are deemed to have been first applied to the payment of finance charges in the order of their entry to the account and then to the payment of debts in the order in which the entries of the debts are made to the account.

4. Except as provided in section 537.1107, an agreement may not contain a provision to limit or waive the claims or defenses of a consumer under this section. A provision in violation of this subsection is unenforceable.

[C75, 77, 79, 81, §537.3404]
2018 Acts, ch 1041, §127
Referred to in §537.5201

537.3405 Lender subject to defenses arising from sales and leases.

1. A lender, other than the issuer of a lender credit card, who, with respect to a particular transaction, makes a consumer loan for the purpose of enabling a consumer to buy or lease from a particular seller or lessor property or services, is subject to all claims and defenses of the consumer against the seller or lessor arising from that sale or lease of the property or services if any of the following are applicable:

a. The lender knows that the seller or lessor arranged for a commission, brokerage, or referral fee, for the extension of credit by the lender.

b. The lender is a person related to the seller or lessor, unless the relationship is remote or is not a factor in the transaction.

c. The seller or lessor guarantees the loan or otherwise assumes the risk of loss by the lender upon the loan.

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d. The lender directly supplies the seller or lessor with the contract document used by the consumer to evidence the loan, and the seller or lessor has knowledge of the credit terms and participates in the preparation of the document.

e. The loan is conditioned upon the consumer's purchase or lease of the property or services from the particular seller or lessor, but the lender's payment of proceeds of the loan to the seller or lessor does not in itself establish that the loan was so conditioned.

f. The lender otherwise knowingly participates with the seller in the sale. The fact that the lender takes a security interest in property sold in that sale, or makes the proceeds of the loan payable to the seller does not in itself constitute knowing participation in the sale.

2. A claim or defense of a consumer specified in subsection 1 may be asserted against the lender under this section only if the consumer has made a good faith attempt to obtain satisfaction from the seller or lessor with respect to the claim or defense and only to the extent of the amount owing to the lender with respect to the sale or lease of the property or services as to which the claim or defense arose at the time the lender has notice of the claim or defense. Notice of the claim or defense may be given prior to the attempt specified in this subsection. Written notice is effective when mailed or delivered.

3. For the purpose of determining the amount owing to the lender with respect to the sale or lease:

a. Payments received by the lender after the consolidation of two or more consumer loans, other than pursuant to open-end credit, are deemed to have been first applied to the payment of the loans first made, and if the loans consolidated arose from loans made on the same day, payments are deemed to have been first applied to the smaller or smallest loan or loans.

b. Payments received upon an open-end credit account are deemed to have been first applied to the payment of finance charges in the order of their entry to the account and then to the payment of debts in the order in which the entries of the debts are made to the account.

4. Except as provided in section 537.1107, an agreement may not contain a provision to limit or waive the claims or defenses of a consumer under this section. A provision in violation of this section is unenforceable.

[C75, 77, 79, 81, §537.3405]
2018 Acts, ch 1041, §127
Referred to in §537.3501, 537.5201

PART 5

HOME SOLICITATION SALES

Referred to in §537.3102

537.3501 Door-to-door sales.

In a consumer credit sale or a sale in which the goods or services are paid for in whole or in part by a lender credit card or a consumer loan in which the lender is subject to defenses arising from the sale under section 537.3405, a consumer has, in addition to all the rights and remedies provided by chapter 555A, a cause of action under section 537.5201, subsection 1, and the administrator has all powers granted under article 6, part 1, to enforce the provisions of chapter 555A.

[C75, 77, 79, 81, §537.3501]
Referred to in §537.1201, 537.5201

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PART 6

CONSUMER RENTAL PURCHASE AGREEMENTS

Referred to in §537.3102

537.3601 Short title.

This part of article 3 may be known and may be cited as the *"Consumer Rental Purchase Agreement Act"*.

87 Acts, ch 80, §1

537.3602 Purposes — rules of construction.

1. This part shall be liberally construed and applied to promote its underlying purposes and policies.

2. The underlying purposes and policies of this part are to:

a. Define, simplify, and clarify the law governing consumer rental purchase agreements.

b. Provide certain disclosures to consumers who enter into consumer rental purchase agreements, and further consumer understanding of the terms of consumer rental purchase agreements.

c. Protect consumers against unfair practices.

d. Permit and encourage the development of fair and economically sound rental purchase practices.

e. Make the law on consumer rental purchase agreements, including administrative rules, more uniform among the various uniform consumer credit code jurisdictions.

3. A reference to a requirement imposed by this part includes a reference to a related rule of the administrator adopted pursuant to this chapter.

87 Acts, ch 80, §2

537.3603 Exclusions.

This part does not apply to, and an agreement which complies with this part is not governed by, the provisions regarding:

1. A consumer credit sale as defined in section 537.1301, subsection 13.

2. A consumer lease as defined in section 537.1301, subsection 14.

3. A consumer loan as defined in section 537.1301, subsection 15.

4. A lease or agreement which constitutes a *"credit sale"* as defined in 12 C.F.R. §226.2(a16), and the Truth in Lending Act, 15 U.S.C. §1602(g), or an agreement which constitutes a *"sale of goods"* under section 537.1301, subsection 39.

5. A lease which constitutes a consumer lease as defined in 12 C.F.R. §213.2(a6).

6. A lease or agreement which constitutes a security interest as defined in section 554.1201, subsection 2.

87 Acts, ch 80, §3; 88 Acts, ch 1134, §97; 2007 Acts, ch 41, §41

537.3604 General definitions.

As used in this part, unless otherwise required by the context:

1. *"Administrator"* means the administrator as designated in section 537.6103.

2. *"Advertisement"* means a commercial message in any medium, including signs, window displays, and price tags, that promotes, directly or indirectly, a consumer rental purchase agreement.

3. *"Cash price"* means the price at which the lessor in the ordinary course of business would offer to sell the personal property to the lessee for cash on the date of the consumer rental purchase agreement.

4. *"Consummation"* means the time at which the lessee enters into a consumer rental purchase agreement.

5. *"Lessee"* means a natural person who rents personal property under a consumer rental purchase agreement for personal, family, or household use.

6. *"Lessor"* means a person who, in the ordinary course of business, regularly leases, offers to lease, or arranges for the leasing of property under a consumer rental purchase agreement.

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7. *"Personal property"* means any property that is not real property under the laws of this state when it is made available for a consumer rental purchase agreement. For the purposes of this part, *"personal property"* does not include a motor vehicle, a manufactured home, or a manufactured or mobile home as defined in section 321.1.

8. *"Consumer rental purchase agreement"* means an agreement for the use of personal property in which all of the following are applicable:

a. The lessor is regularly engaged in the rental purchase business.

b. The agreement is for an initial period of four months or less, whether or not there is any obligation beyond the initial period, that is automatically renewable with each payment and that permits the lessee to become the owner of the property.

c. The lessee is a person other than an organization.

d. The lessee takes under the consumer rental purchase agreement primarily for a personal, family, or household purpose.

e. The amount payable under the consumer rental purchase agreement does not exceed the threshold amount.

87 Acts, ch 80, §4; 2008 Acts, ch 1025, §2; 2014 Acts, ch 1037, §20
Referred to in §423.31, 535.17, 537.1301

537.3605 Disclosures.

In a consumer rental purchase agreement, the lessor shall disclose the following items, as applicable:

1. The total of scheduled payments accompanied by an explanation that this term means the *"total dollar amount of lease payments you will have to make to acquire ownership"*.

2. By item, the total number, amounts, and timing of all lease payments and other charges including taxes or official fees paid to or through the lessor which are necessary to acquire ownership of the property.

3. Any initial or advance payment such as a delivery charge, security deposit, or trade-in allowance.

4. A statement that the lessee will not own the property until the lessee has made the total of payments necessary to acquire ownership of the property.

5. A statement that the total of payments does not include additional charges such as late payment charges, and a separate listing and explanation of these charges as applicable.

6. If applicable, a statement that the lessee is responsible for the fair market value of the property if and as of the time it is lost, stolen, damaged, or destroyed.

7. A description of the goods or merchandise including model numbers as applicable and a statement indicating whether the property is new or used. It is not a violation of this subsection to indicate that the property is used if it is actually new.

8. A statement that at any time after the first periodic payment is made, the lessee may acquire ownership of the property by exercising the option to purchase the property, and at what price, or by what formula or method the purchase price will be determined. It is not a violation of this subsection for the lessor and the lessee to agree in writing to allow the lessee to acquire ownership of the property for less than the amounts referred to in this subsection.

9. The cash price of the merchandise.

87 Acts, ch 80, §5; 89 Acts, ch 128, §1
Referred to in §537.3606, 537.3608, 537.3610, 537.3612, 537.3616

537.3606 Form requirements.

1. The disclosure information required by section 537.3605 and this section shall be disclosed in a consumer rental purchase agreement, and shall meet the following requirements:

a. Be made clearly and conspicuously with items appearing in logical order and segregated as appropriate for readability and clarity.

b. Be made in writing.

c. Except as provided in subsection 2 or in rules adopted by the administrator, need not be contained in a single writing or made in the order set forth in section 537.3605.

d. May be supplemented by additional information or explanations supplied by the

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lessor, but none shall be stated, used or placed so as to mislead or confuse the lessee, or to contradict, obscure, or detract attention from the information required by section 537.3605, and so long as the additional information or explanations do not have the effect of circumventing, evading, or unduly complicating the information required to be disclosed by section 537.3605.

2. The lessor shall disclose all information required by section 537.3605 before the consumer rental purchase agreement is consummated. These disclosures shall be made on the face of the writing evidencing the consumer rental purchase agreement.

3. Before any payment is due, the lessor shall furnish the lessee with an exact copy of each consumer rental purchase agreement, which shall be signed by the lessee and which shall evidence the lessee's agreement. If there is more than one lessee in a consumer rental purchase agreement, delivery of a copy of the consumer rental purchase agreement to one of the lessees constitutes compliance with this part; however, a lessee not signing the agreement is not liable under it.

4. The administrator may adopt by rule requirements for the order, acknowledgment by initialing, and conspicuousness of the disclosures set forth in section 537.3605. These rules may allow these disclosures to be made in accordance with model forms prepared by the administrator.

5. The terms of the consumer rental purchase agreement, except as otherwise provided in this part, shall be set forth in not less than eight point standard type, or such similar type as prescribed in rules adopted by the administrator.

6. Every consumer rental purchase agreement shall contain immediately above or adjacent to the place for the signature of the lessee, a clear, conspicuous, printed or typewritten notice in substantially the following language:

NOTICE TO LESSEE — READ BEFORE SIGNING

[1] Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.

[2] Do not sign this if it contains any blank spaces.

[3] You are entitled to an exact copy of any agreement you sign.

[4] You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.

[5] If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

7. The notice described in subsection 6 shall be in boldface, ten point type.

87 Acts, ch 80, §6; 2022 Acts, ch 1032, §90

Referred to in §537.3612

537.3607 Receipts.

The lessor shall furnish the lessee, without request, an itemized written receipt for each payment in cash, or any other time the method of payment itself does not provide evidence of payment.

87 Acts, ch 80, §7

537.3608 Acquiring ownership.

1. A lessor shall not offer a consumer rental purchase agreement in which fifty percent of all lease payments necessary to acquire ownership of the leased property exceeds the cash price of the leased property. When fifty percent of all lease payments made by a lessee equals the cash price of the property disclosed to the lessee pursuant to section 537.3605, subsection 9, the lessee shall acquire ownership of the leased property and the agreement shall terminate.

2. At any time after tendering an initial lease payment, a lessee may acquire ownership of the property that is the subject of the consumer rental purchase agreement by tendering

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an amount equal to the amount by which the cash price of the leased property exceeds fifty percent of all lease payments made by the lessee.

3. It is not a violation of this section for the lessor and the lessee to agree in writing to allow the lessee to acquire ownership of the property for less than the amounts referred to in this section.

87 Acts, ch 80, §8; 89 Acts, ch 128, §2
Referred to in §537.3610

537.3609 Renegotiation.

1. A renegotiation occurs when an existing consumer rental purchase agreement is satisfied and replaced by a new consumer rental purchase agreement undertaken by the same lessor and lessee. A renegotiation is a new lease requiring new disclosures.

2. However, the following events are not renegotiations:

a. The addition or return of property in a multi-item agreement or the substitution of the leased property, if in either case the lease payment is not changed by more than twenty-five percent.

b. A deferral or extension of one or more lease payments, or portions of a lease payment.

c. A reduction in charges in the agreement.

d. A lease or agreement involved in a court proceeding.

87 Acts, ch 80, §9

537.3610 Balloon payments prohibited.

A lessee shall not be required, as a condition to acquiring ownership, to make a payment that is more than twice the amount of a regular rental payment, or to pay lease payments totaling more than the cost to acquire ownership as disclosed pursuant to section 537.3605. This section does not apply to payments made pursuant to section 537.3608, 537.3612, or 537.3619.

87 Acts, ch 80, §10

537.3611 Prohibited charges.

A lessor shall not make a charge for any of the following:

1. Any insurance whether in connection with the transaction or otherwise, except that a charge may be made for property insurance on the leased property if the charge is clearly disclosed as optional and all other requirements of section 537.2501, subsection 2, paragraph "*a*", are met.

2. A penalty for early termination of a consumer rental purchase agreement or for the return of an item at any point, except for those charges authorized by sections 537.3612 and 537.3613.

3. Payment by a cosigner of the consumer rental purchase agreement of any fees or charges which could not be imposed upon the lessee as part of the consumer rental purchase agreement.

87 Acts, ch 80, §11

537.3612 Additional charges.

1. In a consumer rental purchase agreement, the lessor may contract for and receive an initial nonrefundable administrative fee not to exceed ten dollars. If a security deposit is required by the lessor, the amount and conditions under which it is returned must be disclosed with the disclosures required by sections 537.3605 and 537.3606.

2. In a consumer rental purchase agreement, the lessor may contract for and receive a delivery charge not to exceed ten dollars or, in the case of a consumer rental purchase agreement covering more than five items, a delivery charge not to exceed twenty-five dollars. A delivery charge may be assessed only if the lessor actually delivers the items to the lessee's dwelling and the delivery charge is disclosed with the disclosures required by sections 537.3605 and 537.3606. The delivery charge may be assessed in lieu of and not in addition to the initial administrative charge in subsection 1 of this section.

3. In a consumer rental purchase agreement, a lessor may contract for and receive a

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charge for picking up payments from the lessee if the lessor is required or requested to visit the lessee's dwelling to pick up a payment. In a consumer rental purchase agreement with payment or renewal dates which are more frequent than monthly, this charge shall not be assessed more than three times in any three-month period. In consumer rental purchase agreements with payments or renewal options which are at least monthly, this charge shall not be assessed more than three times in any six-month period. A charge assessed pursuant to this subsection shall not exceed seven dollars. This charge is in lieu of any delinquency charge assessed for the applicable payment period.

4. *a.* In a consumer rental purchase agreement, the parties may contract for late charges or delinquency fees as follows:

(1) For consumer rental purchase agreements with monthly renewal dates, a late charge not exceeding five dollars may be assessed on any payment not made within five business days after either payment is due or the return of the property is required.

(2) For consumer rental purchase agreements with weekly or biweekly renewal dates, a late charge not exceeding three dollars may be assessed on any payments not made within three business days after either payment is due or the return of the property is required.

b. A late charge on a consumer rental purchase agreement may be collected only once on any accrued payment, no matter how long it remains unpaid. A late charge may be collected at the time it accrues or at any time thereafter. A late charge shall not be assessed against a payment that is timely made, even though an earlier late charge has not been paid in full.

87 Acts, ch 80, §12; 2012 Acts, ch 1023, §157
Referred to in §537.3610, 537.3611, 537.3616

537.3613 Reinstatement fees.

A reinstatement fee as provided for in section 537.3616 shall not equal more than the outstanding balance of any missed payments and delinquency charges on those missed payments plus an additional reinstatement fee that shall not exceed five dollars.

87 Acts, ch 80, §13
Referred to in §537.3611

537.3614 Taxes and official fees.

1. If the amount is separately disclosed in the agreement, the lessor may require the lessee to pay all applicable state and county sales, use, and personal property taxes levied as a result of the execution of the consumer rental purchase agreement, provided that the lessor pays the full amount of these taxes to the appropriate authorities.

2. If the amount is separately disclosed in the agreement, the lessor may contract for and receive from the lessee an amount equal to all official fees required to be paid under the consumer rental purchase agreement provided that the lessor pays the full amount of these fees to the appropriate authorities.

87 Acts, ch 80, §14

537.3615 Advertising.

1. An advertisement for a consumer rental purchase agreement shall not state or imply that a specific item is available at specific amounts or terms unless the lessor usually and customarily offers or will offer that item at those amounts or terms.

2. If an advertisement for a consumer rental purchase agreement refers to or states the amount of any payment, or the right to acquire ownership, for a specific item, the advertisement must also clearly and conspicuously state the following terms as applicable:

a. That the transaction advertised is a consumer rental purchase agreement.

b. The total of payments necessary to acquire ownership.

c. That the lessee will not own the property until the total amount necessary to acquire ownership is paid in full or by prepayment as provided for by law.

3. Notwithstanding the requirements of subsection 1, if the advertisement is published by way of radio announcement or on a roadside billboard, the lessor need only make the disclosures required by subsection 2, paragraphs "*a*" and "*c*".

4. With respect to any matters specifically governed by the advertising provisions of the

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federal Consumer Credit Protection Act, compliance with that Act satisfies the requirements of this section.

5. This section does not apply to the owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

87 Acts, ch 80, §15

537.3616 Lessee's reinstatement rights.

1. A lessee who fails to make timely rental payments has the right to reinstate the original consumer rental purchase agreement without losing any rights or options previously acquired under the consumer rental purchase agreement if both of the following apply:

a. Subsequent to having failed to make a timely rental payment, the lessee has surrendered the property to the lessor, if and when requested by the lessor.

b. Not more than sixty days has passed since the lessee has returned the property.

2. As a condition precedent to reinstatement of a consumer rental purchase agreement, a lessor may charge the outstanding balance of any accrued payments and delinquency charges, a reinstatement fee, and the delivery charges allowable by section 537.3612, subsection 2, if redelivery of the item is necessary.

3. If reinstatement occurs pursuant to this section, the lessor shall provide the lessee with the same item, if available, leased by the lessee prior to reinstatement. If the same item is not available, a substitute item of comparable worth, quality, and condition may be used. If a substitute item is provided, the lessor shall provide the lessee with all the information required by section 537.3605.

87 Acts, ch 80, §16
Referred to in §537.3613, 537.3619

537.3617 Unconscionability.

Unconscionability in consumer rental purchase agreements is governed by section 537.5108.

87 Acts, ch 80, §17

537.3618 Default.

An agreement of the parties to a consumer rental purchase agreement with respect to default on the part of the lessee is enforceable only to the extent that one of the following apply:

1. The lessee both fails to renew an agreement and also fails to return the rented property or make arrangements for its return as provided by the agreement.

2. The prospect of payment, performance, or return of the property is materially impaired due to a breach of the consumer rental purchase agreement; the burden of establishing the prospect of material impairment is on the lessor.

87 Acts, ch 80, §18
Referred to in §537.5110, 537.5111

537.3619 Cure of default.

1. In a consumer rental purchase agreement, after a lessee has been in default for three business days and has not voluntarily surrendered possession of the rented property, a lessor may give the lessee the notice provided in subsection 3 when the consumer has the right to cure a default. A lessor gives the notice to the lessee under this section when the lessor delivers notice to the lessee or mails the notice to the last known address of the lessee.

2. For the purpose of this section, there is no right to cure and no limitation on the lessor's rights with respect to a default that occurs within twelve months after an earlier default as to which a lessor has given a proper notice of the lessee's right to cure.

3. The notice of right to cure must be in writing and conspicuously state all of the following:

a. The name, address, and telephone number of the lessor to whom payment is to be made.

b. A brief identification of the transaction.

c. The lessee's right to cure the default.

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d. The amount of payment and date by which payment must be made to cure the default. A notice in substantially the following form complies with this subsection:

THE NAME, ADDRESS, & TELEPHONE
NUMBER OF THE LESSOR
ACCOUNT NUMBER, IF ANY
BRIEF IDENTIFICATION OF TRANSACTION

( ) is the last date for payment, ( ) is the amount now due. You have failed to renew your rental purchase agreement(s). If you pay the amount now due (above) by the last date for payment (above), you may continue with the agreement as though you had renewed on time. If you do not pay by that date, we may exercise our rights under the law. If you are late again during the next twelve months of your agreement, in either returning the property or renewing your agreement, we may exercise our rights without sending you another notice like this one. If you have questions, you may write or telephone the lessor promptly.

4. With respect to a consumer rental purchase agreement, except as provided in subsection 5, after a default consisting of the lessee's failure to renew and failure to return the property, a lessor, because of that default, may not instigate court action to recover the rented property until five business days after the notice of the lessee's right to cure is given. In the case of an agreement with weekly or biweekly renewal dates, such action shall not be taken until three business days after the notice of the lessee's right to cure is given.

5. With respect to defaults on the same consumer rental purchase agreement and subject to subsection 4, after a lessor has once given a proper notice of the lessee's right to cure, this section does not give the consumer a right to cure or impose any additional limitations beyond those otherwise imposed by this part on the lessor's right to proceed against the lessee or the lessor's right to recover the property.

6. Until expiration of the minimum applicable periods contained in subsection 4 after notice is given, the lessee may cure all defaults consisting of failure to renew and failure to return the property by tendering the amount of all unpaid sums due at the time of the tender plus any unpaid delinquency charges or other charges authorized by section 537.3616.

7. This section and the provisions on limitations of agreements do not prohibit a lessee from voluntarily surrendering possession of the rented property, and the lessor from enforcing any past due obligation which the lessee may have at any time after default. However, in an enforcement proceeding, the lessor shall affirmatively plead and prove either that the notice to cure is not required or that the lessor has given the required notice, but the failure to so plead does not invalidate any action taken by the lessor that is lawful and if the lessor has rightfully repossessed any property the repossession is not conversion.

8. A repossession of rented property in violation of this section is void.

87 Acts, ch 80, §19
Referred to in §537.3610

537.3620 Willful and intentional violations.

A person who willfully and intentionally violates a provision of this part is guilty of a serious misdemeanor.

87 Acts, ch 80, §20
Referred to in §537.3622

537.3621 Damages.

In case of a violation of a provision of this part with respect to a consumer rental purchase agreement, or a violation of the Iowa debt collection practices Act, article 7 of this chapter, where a debt arises in connection with a consumer rental purchase agreement, the lessee in the agreement may recover from the person committing the violation, or may set off or counterclaim in an action by that person, actual damages, with a minimum recovery of

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three hundred dollars or twenty-five percent of the total cost to acquire ownership under the consumer rental purchase agreement, whichever is greater; attorney fees; and court costs.

87 Acts, ch 80, §21; 89 Acts, ch 128, §3

Referred to in §537.3622

537.3622 Effect of correction.

Notwithstanding sections 537.3620 and 537.3621, a failure to comply with a provision of this part which is due to a bona fide error may be corrected within thirty days after the date of execution of the consumer rental purchase agreement by the lessee. If so corrected, neither the lessor nor any holder is subject to penalty under this section if, where appropriate, a new written agreement and disclosures are provided to the lessee and any excess charges are refunded to the lessee.

87 Acts, ch 80, §22

537.3623 Statute of limitations.

An action shall not be brought under this part more than two years after the occurrence of the alleged violation.

87 Acts, ch 80, §23

537.3624 Enforcement.

1. The provisions of this part are subject to the powers and functions of the administrator as provided in article 6 of this chapter and to the debt collection practices as provided in article 7 of this chapter. However, section 537.6113, subsection 2, does not apply to violations of this part.

2. If a court finds in an action brought by the administrator pursuant to section 537.6113 that it is proven that a lessor has intentionally acted in bad faith in its performance under this part, the lessor is subject to a civil penalty of not less than one hundred dollars nor more than one thousand dollars for each violation. However, no more than one penalty may be imposed in any one action against a lessor for repeated violations of the same provision. A civil penalty pursuant to this subsection shall not be imposed for a violation of this part occurring more than two years before the action is brought, or for making unconscionable agreements or engaging in a course of fraudulent or unconscionable conduct.

87 Acts, ch 80, §24

ARTICLE 4
INSURANCE

Referred to in §537.1101, 537.1202

537.4101 Scope — excess charges.

1. This article applies to insurance provided in relation to a consumer credit transaction.

2. A charge for insurance in excess of the rates promulgated by the commissioner of insurance, or otherwise made in violation of the law, including this chapter, or the rules promulgated by the commissioner of insurance, is an excess charge for purposes of determining rights of parties under section 537.5201, and authority of the administrator to bring civil action under section 537.6113.

[C75, 77, 79, 81, §537.4101]

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ARTICLE 5
REMEDIES AND PENALTIES

Referred to in §537.1101, 537.1201

PART 1
LIMITATIONS ON CREDITORS' REMEDIES

Referred to in §537.1201

537.5101 Short title.

This article shall be known and may be cited as the *"Iowa Consumer Credit Code — Remedies and Penalties"*.

[C75, 77, 79, 81, §537.5101]

537.5102 Scope.

This part applies to actions or other proceedings to enforce rights arising from consumer credit transactions, to extortionate or unlawful extensions of credit, and to unconscionability.

[C75, 77, 79, 81, §537.5102]

537.5103 Creditor's obligations on repossession — restriction on deficiency judgments.

1. This section applies to a consumer credit sale of goods or services and a consumer loan. A consumer is not liable for a deficiency unless the creditor has disposed of repossessed or surrendered goods in good faith and in a commercially reasonable manner.

2. If the seller repossesses or voluntarily accepts surrender either of goods which were the subject of the sale and in which the seller has a security interest, or of goods which were not the subject of the sale but in which the seller has a security interest to secure a debt arising from a sale of goods or services or a combined sale of goods and services, the seller's duty to dispose of the collateral is governed by the provisions on disposition of collateral in chapter 554, article 9, part 6.

3. If a lender takes possession or voluntarily accepts surrender of goods in which the lender has a security interest to secure a debt arising from a consumer loan, the lender's duty to dispose of the collateral is governed by the provisions on disposition of collateral in chapter 554, article 9, part 6.

[C75, 77, 79, 81, §537.5103]

2000 Acts, ch 1149, §171, 187

537.5104 No garnishment before judgment.

Prior to entry of judgment in an action against the consumer arising from a consumer credit transaction, the creditor may not attach unpaid earnings of the consumer, or earnings deposited in a financial institution by the consumer, by garnishment, attachment, or proceedings under chapter 630.

[C75, 77, 79, 81, §537.5104]

537.5105 Limitation on garnishment.

1. For the purposes of this part:

a. "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of amounts required by law to be withheld or assigned.

b. "Garnishment" means any legal or equitable procedure through which the earnings of an individual are required to be withheld for payment of a debt.

2. *a.* In addition to the provisions of section 642.21, the maximum part of the aggregate disposable earnings of an individual for any workweek which is subjected to garnishment to enforce payment of a judgment arising from a consumer credit transaction may not exceed the lesser of twenty-five percent of the individual's disposable earnings for that week, or the amount by which the individual's disposable earnings for that week exceed forty times the

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federal minimum hourly wage prescribed by the Fair Labor Standards Act of 1938, 29 U.S.C. §206(a)(1), in effect at the time the earnings are payable.

b. In the case of earnings for a pay period other than a week, the administrator shall prescribe by rule a multiple of the federal minimum hourly wage equivalent in effect to that set forth for a pay period of a week.

3. No court may make, execute, or enforce an order or process in violation of this section.

4. At any time after the entry of a judgment in favor of a creditor in an action against a consumer for debt arising from a consumer credit transaction, the consumer may file with the court a verified application for an order exempting from garnishment pursuant to that judgment for an appropriate period of time a greater portion or all of the consumer's aggregate disposable earnings for a workweek or other applicable pay period than is provided for in subsection 2. The application shall designate the portion of the consumer's earnings which are not exempt from garnishment under this section and other law, shall specify the period of time for which the additional exemption is sought, shall describe the judgment with respect to which the application is made, and shall state that the designated portion in addition to earnings that are exempt by law is necessary for the maintenance of the consumer or a family supported wholly or partly by the earnings. Upon the filing of a sufficient application under this subsection, the court may issue any temporary order staying enforcement of the judgment by garnishment that may be necessary under the circumstances, shall set a hearing on the application not less than five nor more than ten days from the date of the filing of the application, and shall cause notice of the application and the hearing date to be served on the judgment creditor or the judgment creditor's attorney of record. At the hearing, if it appears to the court that all or any portion of the earnings sought to be additionally exempted are necessary for the maintenance of the consumer or a family supported wholly or partly by the earnings of the consumer for all or any part of the time requested in the application, the court shall issue an order granting the application to that extent, otherwise it shall deny the application. The order is subject to modification or vacation upon the further application of any party to it upon a showing of changed circumstances after a hearing upon notice to all interested parties.

[C75, 77, 79, 81, §537.5105]
2010 Acts, ch 1061, §70
Referred to in §537.1303, 627.6, 642.2

537.5106 Garnishment.

The administrator has all powers granted under article 6, part 1, to enforce the provisions of section 642.21, in relation to a garnishment arising from a consumer credit transaction.

[C75, 77, 79, 81, §537.5106]

537.5107 Extortionate or unlawful extensions of credit.

If it is the understanding of the creditor and the debtor at the time an extension of credit is made that delay in making repayment or failure to make repayment could result in the use of violence or other criminal means to cause harm to the person, reputation or property of any person, the repayment of the extension of credit is unenforceable through civil judicial processes against the consumer.

[C75, 77, 79, 81, §537.5107]

537.5108 Unconscionability — inducement by unconscionable conduct — unconscionable debt collection.

1. With respect to a transaction that is, gives rise to, or leads the debtor to believe it will give rise to a consumer credit transaction, in an action other than a class action, if the court as a matter of law finds the agreement or transaction to have been unconscionable at the time it was made, or to have been induced by unconscionable conduct, the court may refuse to enforce the agreement, or if the court finds any term or part of the agreement or transaction to have been unconscionable at the time it was made, the court may refuse to enforce the agreement, or may enforce the remainder of the agreement without the unconscionable term

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or part, or may so limit the application of any unconscionable term or part as to avoid any unconscionable result.

2. With respect to a consumer credit transaction, or a transaction which would have been a consumer credit transaction if a finance charge was made or the obligation was payable in installments, if the court as a matter of law finds in an action other than a class action, that a person has engaged in, is engaging in, or is likely to engage in unconscionable conduct in collecting a debt arising from that transaction, the court may grant an injunction and award the consumer any actual damages the consumer sustained.

3. If it is claimed or appears to the court that the agreement or transaction or any term or part of it may be unconscionable, or that a person has engaged in, is engaging in, or is likely to engage in unconscionable conduct in collecting a debt, the parties shall be afforded a reasonable opportunity to present evidence as to the setting, purpose, and effect of the agreement or transaction or term or part thereof, or of the conduct, to aid the court in making the determination.

4. In applying subsection 1, consideration shall be given to each of the following factors, among others, as applicable:

a. Belief by the seller, lessor, or lender at the time a transaction is entered into that there is no reasonable probability of payment in full of the obligation by the consumer or debtor. However, the rental renewals necessary to acquire ownership in a consumer rental purchase agreement shall not be construed to be the obligation contemplated in this subsection if the consumer may terminate the agreement without penalty at any time. As used in this paragraph, "*obligation*" means the initial periodic lease payments and any other additional advance payments required at the consummation of the transaction.

b. In the case of a consumer credit sale, consumer lease, or consumer rental purchase agreement, knowledge by the seller or lessor at the time of the sale or lease of the inability of the consumer to receive substantial benefits from the property or services sold or leased.

c. In the case of a consumer credit sale, consumer lease, or consumer rental purchase agreement, gross disparity between the price of the property or services sold or leased and the value of the property or services measured by the price at which similar property or services are readily obtainable in consumer credit transactions by like consumers.

d. The fact that the creditor contracted for or received separate charges for insurance with respect to a consumer credit sale or consumer loan with the effect of making the sale or loan, considered as a whole, unconscionable.

e. The fact that the seller, lessor or lender has knowingly taken advantage of the inability of the consumer or debtor reasonably to protect the consumer's or debtor's interests by reason of physical or mental infirmities, ignorance, illiteracy or inability to understand the language of the agreement, or similar factors.

f. The fact that the seller, lessor or lender has engaged in conduct with knowledge or reason to know that like conduct has been restrained or enjoined by a court in a civil action by the administrator against any person pursuant to the provisions on injunctions against fraudulent or unconscionable agreements or conduct in section 537.6111.

5. In applying subsection 2, violations of section 537.7103 shall be considered, among other factors, as applicable.

6. If in an action in which unconscionability is claimed the court finds unconscionability pursuant to subsection 1 or 2, the court shall award reasonable fees to the attorney for the consumer or debtor. If the court does not find unconscionability and the consumer or debtor claiming unconscionability has brought or maintained an action the consumer or debtor knew to be groundless, the court shall award reasonable fees to the attorney for the party against whom the claim is made. Reasonable attorney's fees shall be determined by the value of the time reasonably expended by the attorney on the unconscionability issue and not by the amount of the recovery on behalf of the prevailing party.

7. The remedies of this section are in addition to remedies otherwise available for the same conduct under law other than this chapter, but no double recovery of actual damages may be had.

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8. For the purpose of this section, a charge or practice expressly permitted by this chapter is not in itself unconscionable.

[C75, 77, 79, 81, §537.5108]
87 Acts, ch 80, §45 – 47
Referred to in §537.3617, 537.6111

537.5109 Default.

"Default" with respect to a consumer credit transaction and for the purposes of this article, means either of the following, if without justification under any law:

1. Failure to make a payment within ten days of the time required by agreement, or in a consumer rental purchase agreement, failure to renew an agreement and failure to return the rented property or make arrangements for its return as provided by the agreement.

2. Failure to observe any other covenant of the transaction, breach of which materially impairs the condition, value or protection of or the creditor's right in any collateral securing the transaction, or materially impairs the consumer's prospect to pay amounts due under the transaction. The burden of establishing material impairment is on the creditor.

[C75, 77, 79, 81, §537.5109]
87 Acts, ch 80, §48

537.5110 Cure of default.

1. Notwithstanding any term or agreement to the contrary, the obligation of a consumer in a consumer credit transaction is enforceable by a creditor only after compliance with this section, except that in a consumer rental purchase agreement, default is governed by section 537.3618.

2. *a.* A creditor who believes in good faith that a consumer is in default may give the consumer written notice of the alleged default, and, if the consumer has a right to cure the default, shall give the consumer the notice of right to cure provided in section 537.5111 before commencing any legal action in any court on an obligation of the consumer and before repossessing collateral. However, this subsection and subsection 4 do not require a creditor to give notice of right to cure prior to the filing of a petition by a creditor seeking to enforce the consumer's obligation in which attachment under chapter 639 is sought upon any of the grounds specified in section 639.3, subsections 3 through 12.

b. When property is attached without the giving of notice of right to cure as permitted by this subsection, the creditor immediately shall give notice of the attachment to the consumer in the same manner as prescribed by the rules of civil procedure for service of an original notice. The notice shall advise the consumer that the attachment may be discharged by the filing of a bond as provided in sections 639.42 and 639.45, or by the filing of a motion with the court to discharge the attachment pursuant to section 639.63. The notice required by this paragraph is in lieu of the notice requirements of sections 639.31 and 639.33.

c. When a motion is filed to discharge an attachment made without the giving of a prior notice of right to cure, the court shall hear the motion within three days of the filing of the motion to discharge. If the court finds that the attachment should not have been issued or should not have been levied on all or any part of the property held, the attachment shall be discharged in whole or in part and property wrongfully attached shall be returned to the consumer.

d. If the court finds that there was no probable cause to believe the grounds upon which the attachment was issued, the consumer may be awarded damages plus reasonable attorney's fees to be determined by the court.

3. A consumer has a right to cure the default unless, in other than an insurance premium loan transaction, the creditor has given the consumer a proper notice of right to cure with respect to a prior default which occurred within three hundred sixty-five days of the present default, or the consumer has voluntarily surrendered possession of goods that are collateral and the creditor has accepted them in full satisfaction of any debt owing on the transaction in default.

4. If the consumer has a right to cure a default:

a. A creditor shall not accelerate the maturity of the unpaid balance of the obligation,

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demand or take possession of collateral, otherwise than by accepting a voluntary surrender of it, or otherwise attempt to enforce the obligation until twenty days after a proper notice of right to cure is given.

b. With respect to an insurance premium loan, a creditor shall not give notice of cancellation as provided in subsection 6 until thirteen days after a proper notice of right to cure is given.

c. Until the expiration of the minimum applicable period after the notice is given, the consumer may cure the default by tendering either the amount of all unpaid installments due at the time of the tender, without acceleration, plus any unpaid delinquency or deferral charges, or the amount stated in the notice of right to cure, whichever is less, or by tendering any performance necessary to cure any default other than nonpayment of amounts due, which is described in the notice of right to cure. The act of curing a default restores to the consumer the consumer's rights under the agreement as though no default had occurred, except as provided in subsection 3. However, where the obligation in default is a credit card account that has been closed, the act of curing a default does not restore to the consumer the consumer's rights under the agreement as though no default had occurred.

5. This section and the provisions on waiver, agreements to forego rights, and settlement of claims under section 537.1107 do not prohibit a consumer from voluntarily surrendering possession of goods which are collateral and do not prohibit the creditor from thereafter enforcing the creditor's security interest in the goods at any time after default.

6. If a default on an insurance premium loan is not cured, the lender may give notice of cancellation of each insurance policy or contract to be canceled. If given, the notice of cancellation shall be in writing and given to the insurer that issued the policy or contract and to the insured. The insurer, within two business days after receipt of the notice of cancellation together with a copy of the insurance premium loan agreement if not previously given to the insurer, shall give any notice of cancellation required by the policy or contract or by law and, within ten business days after the effective date of the cancellation, pay to the lender any premium unearned on the policy or contracts as of that effective date. Within ten business days after receipt of the unearned premium, the lender shall pay to the consumer indebted upon the insurance premium loan any excess of the unearned premium received over the amount owing by the consumer upon the insurance premium loan.

7. If a creditor in a consumer credit transaction commences an action for money judgment prior to giving the customer notice of right to cure as required by this section and fails to follow the procedures set out in this section, the court shall dismiss the action without prejudice. If the action was commenced as a small claim under chapter 631, the creditor shall not be found to be in violation of this section for purposes of section 537.5201 and the penalties provided in that section shall not apply if the creditor proves by a preponderance of the evidence that the creditor did not at the time of the violation have either knowledge or reason to know of the requirements of this section, and for this purpose the court shall consider all relevant evidence, including but not limited to the education or experience of the creditor with respect to the collection of debts arising from consumer credit transactions and any representation of the creditor by legal counsel and any legal advice rendered to the creditor with respect to the collection of debts arising from consumer credit transactions.

[C75, 77, 79, 81, §537.5110; 82 Acts, ch 1025, §1, 2]

87 Acts, ch 80, §49; 2012 Acts, ch 1023, §157; 2013 Acts, ch 140, §93; 2021 Acts, ch 80, §342

Referred to in §537.5201

537.5111 Notice of right to cure.

1. The notice of right to cure shall be in writing and shall conspicuously state the name, address, and telephone number of the creditor to which payment is to be made, a brief identification of the credit transaction and of the consumer's right to cure the default, a statement of the nature of the right to cure the default, a statement of the nature of the alleged default, a statement of the total payment, including an itemization of any delinquency or deferral charges, or other performance necessary to cure the alleged default, and the exact date by which the amount must be paid or performance tendered.

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2. Except as provided in subsection 4, a notice in substantially the following form complies with this section:

.....
(name, address, and telephone number of creditor)
.....
(account number, if any)
.....
(brief identification of credit transaction)

You are now in default on this credit transaction. You have a right to correct this default until ..... (date). If you do so, you may continue with the contract as though you did not default. Your default consists of

.....
(describe default alleged)
Correction of the default: Before ....., (date)
.....
(describe the acts necessary for cure)

If you do not correct your default by the date stated above, we may exercise rights against you under the law.

If you default again in the next year, we may exercise our rights without sending you another notice like this one. If you have questions, write or telephone promptly.

.....
(the creditor)

3. A creditor gives notice to the consumer under this part when the creditor delivers the notice to the consumer or mails the notice to the consumer at the consumer's residence as defined in section 537.1201, subsection 4.

4. If the consumer credit transaction is an insurance premium loan, the notice shall conform to the requirements of subsection 2, and a notice in substantially the form specified in that subsection complies with this subsection except for the following:

a. In lieu of a brief identification of the credit transaction, the notice shall identify the transaction as an insurance premium loan and each insurance policy or contract that may be canceled.

b. In lieu of the statement in the form of notice specified in subsection 2 that the creditor may exercise the creditor's rights under the law, the statement that each policy or contract, identified in the notice may be canceled.

c. The last paragraph of the form of notice specified in subsection 2 shall be omitted.

5. If the consumer credit transaction is a credit card account that has been closed, the notice shall conform to the requirements of subsection 2, and a notice in substantially the form specified in that subsection complies with this subsection except that the statement relating to continuation of the contract upon correction of the default as though the consumer did not default shall not be contained in the notice.

6. This section does not apply to a consumer rental purchase agreement, which is governed by section 537.3618.

[C75, 77, 79, 81, §537.5111]
87 Acts, ch 80, §50; 2013 Acts, ch 140, §94
Referred to in §537.5110, 537.5201

537.5112 Reserved.

537.5113 Venue.

An action by a creditor against a consumer arising from a consumer credit transaction shall be brought in the county of the consumer's residence as defined in section 537.1201, subsection 4, unless an action is brought to enforce an interest in land securing the consumer's obligation, in which case the action shall be brought in the county in which

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the land or a part of it is located. If the county of the consumer's residence has changed, the consumer upon motion may have the action removed to the county of the consumer's current residence. If the residence of the consumer is not within this state, the action may be brought in the county in which the sale, lease or loan was made. If the initial papers offered for filing in the action on their face show noncompliance with this section, they shall not be accepted by the clerk of the court.

[C75, 77, 79, 81, §537.5113]
Referred to in §602.8102(74)

537.5114 Complaint — proof.

1. In an action brought by a creditor against a consumer arising from a consumer credit transaction, the complaint shall allege the facts of the consumer's default, the amount to which the creditor is entitled, and an indication of how that amount was determined.

2. No default judgment shall be entered in the action in favor of the creditor unless the complaint is verified by the creditor, or unless sworn testimony, by affidavit or otherwise, is adduced showing that the creditor is entitled to the relief demanded.

[C75, 77, 79, 81, §537.5114]

537.5115 Reserved.

PART 2

CONSUMERS' REMEDIES

537.5201 Effect of violations on rights of parties.

1. *a.* The consumer, other than a lessee in a consumer rental purchase agreement, has a cause of action to recover actual damages and in addition a right in an action other than a class action to recover from the person violating this chapter a penalty in an amount determined by the court, but not less than one hundred dollars nor more than one thousand dollars, if a person has violated the provisions of this chapter relating to:

(1) Authority to make supervised loans under section 537.2301.
(2) Restrictions on interests in land as security under section 537.2307.
(3) Limitations on the schedule of payments or loan terms for supervised loans under section 537.2308.
(4) Attorney fees under section 537.2507.
(5) Charges for other credit transactions under section 537.2601.
(6) Disclosure with respect to consumer leases under section 537.3202.
(7) Notice to consumers under section 537.3203.
(8) Receipts, statements of account and evidences of payment under section 537.3206.
(9) Form of insurance premium loan agreement under section 537.3207.
(10) Notice to cosigners and similar parties under section 537.3208.
(11) Restrictions on rates stated to the consumer under section 537.3210.
(12) Security in consumer credit transactions under section 537.3301.
(13) Prohibition against assignments of earnings under section 537.3305.
(14) Authorizations to confess judgment under section 537.3306.
(15) Certain negotiable instruments prohibited under section 537.3307.
(16) Referral sales and leases under section 537.3309.
(17) Limitations on executory transactions under section 537.3310.
(18) Prohibition against discrimination under section 537.3311.
(19) Limitations on default charges under section 537.3402.
(20) Card issuer subject to claims and defenses under section 537.3403.
(21) Assignees subject to claims and defenses under section 537.3404.
(22) Lenders subject to claims and defenses arising from sales and leases, under section 537.3405.
(23) Door-to-door sales under section 537.3501.
(24) Assurance of discontinuance under section 537.6109.

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(25) Prohibitions against unfair debt collection practices under section 537.7103.

(26) Failure to provide a proper notice of cure or right to cure under sections 537.5110 and 537.5111.

(27) Failure to provide a notice of consumer paper under section 537.3211.

b. With respect to violations arising from sales or loans made pursuant to open-end credit, no action pursuant to this subsection may be brought more than two years after the violations occurred. With respect to violations arising from other consumer credit transactions, no action pursuant to this subsection may be brought more than one year after the due date of the last scheduled payment of the agreement.

2. A consumer is not obligated to pay a charge in excess of that allowed by this chapter, and has a right of refund of any excess charge paid. A refund may not be made by reducing the consumer's obligation by the amount of the excess charge unless the creditor has notified the consumer that the consumer may request a refund and the consumer has not so requested within thirty days thereafter. If the consumer has paid an amount in excess of the lawful obligation under the agreement, the consumer may recover the excess amount either from the person who made the excess charge or from an assignee of that person's rights who undertakes direct collection of payments from or enforcement of rights against consumers arising from the debt.

3. If a creditor has contracted for or received a charge in excess of that allowed by this chapter, or if a consumer is entitled to a refund and a person liable to the consumer refuses to make a refund within a reasonable time after demand, the consumer may recover from the creditor or the person liable, in an action other than a class action, the excess charge or refund and a penalty in an amount determined by the court not less than two hundred dollars or more than two thousand dollars. With respect to excess charges arising from sales or loans made pursuant to open-end credit, no action pursuant to this subsection may be brought more than two years after the time the excess charge was made. With respect to excess charges arising from other consumer credit transactions no action pursuant to this subsection may be brought more than one year after the due date of the last scheduled payment of the agreement pursuant to which the charge was made. For purposes of this subsection, a reasonable time is presumed to be thirty days.

4. Except as otherwise provided in this chapter, no violation of this chapter impairs rights on a debt.

5. If an employer discharges an employee in violation of the provisions prohibiting discharge in section 642.21, subsection 2, paragraph "*c*", the employee may within two years bring a civil action for recovery of wages lost as a result of the violation and for an order requiring the reinstatement of the employee. Damages recoverable shall not exceed lost wages for six weeks.

6. A person is not liable for a penalty under subsection 1 or 3 if the person notifies the consumer of an error before the person receives from the consumer written notice of the error or before the consumer has brought an action under this section, and the person corrects the error within forty-five days after notifying the consumer. If the violation consists of a prohibited agreement, giving the consumer a corrected copy of the writing containing the error is sufficient notification and correction. If the violation consists of an excess charge, correction shall be made by an adjustment or refund as provided in subsection 2. The administrator, and any official or agency of this state having supervisory authority over a person, shall give prompt notice to a person of any errors discovered pursuant to an examination or investigation of the transactions, business, records and acts of the person.

7. A person may not be held liable in any action brought under this section for a violation of this chapter if the person shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error.

8. In an action in which it is found that a person has violated this chapter, the court shall award to the consumer the costs of the action and to the consumer's attorneys their reasonable fees. Reasonable attorney's fees shall be determined by the value of the time

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reasonably expended by the attorney and not by the amount of the recovery on behalf of the consumer.

[C75, 77, 79, 81, §537.5201]

87 Acts, ch 80, §51; 2012 Acts, ch 1023, §157; 2017 Acts, ch 138, §20

Referred to in §85.27, 537.3205, 537.3304, 537.3309, 537.3501, 537.4101, 537.5110

537.5202 Damages or penalties as setoff to obligation.

Damages or penalties to which a consumer is entitled pursuant to this part may be setoff against the consumer's obligation, and may be raised as a defense to a suit on the obligation without regard to the time limitations prescribed by this part.

[C75, 77, 79, 81, §537.5202]

537.5203 Civil liability for violation of disclosure provisions.

1. Except as otherwise provided in this section, a creditor who, in violation of the provisions of the Truth in Lending Act other than its provisions concerning advertising of credit terms, fails to disclose information to a person entitled to the information under this chapter is liable to that person, in other than a class action, in an amount equal to the sum of the following:

a. Twice the amount of the finance charge in connection with the transaction, but the liability pursuant to this paragraph shall be not less than two hundred dollars or more than two thousand dollars.

b. In the case of a successful action to enforce the liability under paragraph *"a"*, the costs of the action together with reasonable attorney's fees as determined by the court.

2. A creditor has no liability under this section if within fifteen days after discovering an error, and prior to the institution of an action under this section or the receipt of written notice of the error, the creditor notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to assure that the person will not be required to pay a finance charge in excess of the amount or percentage rate actually disclosed. The administrator, and any official or agency of this state having supervisory authority over a creditor, shall give prompt notice to a creditor of any errors discovered pursuant to an examination or investigation of the transactions, business, records and acts of the creditor.

3. A creditor may not be held liable in any action brought under this section for a violation of this chapter if the creditor shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error.

4. Any action which may be brought under this section against the original creditor in any credit transaction involving a security interest in land may be maintained against any subsequent assignee of the original creditor where the assignee, its subsidiaries, or affiliates were in a continuing business relationship with the original creditor either at the time the credit was extended or at the time of the assignment, unless the assignment was involuntary, or the assignee shows by a preponderance of evidence that it did not have reasonable grounds to believe that the original creditor was engaged in violations of this chapter and that it maintained procedures reasonably adapted to apprise it of the existence of the violations.

5. An obligor or consumer has all rights under this chapter that the obligor or consumer has under the provisions of the Truth in Lending Act concerning a right of rescission as to certain transactions, and a creditor or other person has all liabilities and defenses under this section that the obligor or consumer has under the Truth in Lending Act.

6. No action pursuant to this section may be brought more than one year after the date of the occurrence of the violation.

7. In this section, creditor includes a person who in the ordinary course of business regularly extends or arranges for the extension of credit, or offers to arrange for the extension of credit, and includes the seller of an interest in land and the lender who makes a loan secured by an interest in land if, but for the rate of the finance charge made in the transaction, the sale or loan would be a consumer credit sale or consumer loan.

8. The liability of a creditor under this section is in lieu of and not in addition to the

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creditor's liability under the Truth in Lending Act. An action by a person with respect to a violation may not be maintained pursuant to this section if a final judgment has been rendered for or against that person with respect to the same violation pursuant to the Truth in Lending Act, and if a final judgment has been rendered in favor of a person pursuant to this section and thereafter a final judgment with respect to the same violation is rendered in favor of the same person pursuant to the Truth in Lending Act, a creditor liable under both judgments has a cause of action against that person for appropriate relief to the extent necessary to avoid double liability with respect to the same violation.

9. The administrator shall adopt rules to keep this section in harmony with the Truth in Lending Act. These rules supersede any provisions of this section which are inconsistent with the Truth in Lending Act as adopted by section 537.1302.

[C75, 77, 79, 81, §537.5203]
2017 Acts, ch 138, §21
Referred to in §537.1202

PART 3

CRIMINAL PENALTIES

Referred to in §536.19, 537.1201

537.5301 Willful violations.

1. A person who willfully and knowingly makes charges in excess of those permitted by the provisions of article 2, part 4, applying to supervised loans, is guilty of a serious misdemeanor.

2. A person who, in violation of the provisions of this chapter applying to authority to make supervised loans under section 537.2301, willfully and knowingly engages without a license in the business of making supervised loans, or of taking assignments of and undertaking direct collection of payments from and enforcement of rights against consumers arising from supervised loans, is guilty of a serious misdemeanor.

3. A person, other than a lessor in a consumer rental purchase agreement, who willfully and knowingly engages in the business of entering into consumer credit transactions, or of taking assignments of rights against consumers arising therefrom and undertaking direct collection of payments or enforcement of these rights, without complying with the provisions of this chapter concerning notification under section 537.6202 or payment of fees under section 537.6203, is guilty of a simple misdemeanor.

4. A person who willfully and knowingly violates the provisions of section 537.7103 is guilty of a serious misdemeanor. However, this subsection is not applicable to a violation of section 537.7103, subsection 7.

[C75, 77, 79, 81, §537.5301]
87 Acts, ch 80, §52; 2007 Acts, ch 128, §3; 2022 Acts, ch 1021, §157

537.5302 Disclosure violations.

A person is guilty of a serious misdemeanor, if the person willfully and knowingly does any of the following:

1. Gives false or inaccurate information or fails to provide information which the person is required to disclose under the provisions of the Truth in Lending Act.

2. Uses any rate table or chart, the use of which is authorized by the provisions of the Truth in Lending Act, in a manner which consistently understates the annual percentage rate determined according to those provisions.

3. Otherwise fails to comply with any requirement of the provisions on disclosure of the Truth in Lending Act.

4. The criminal liability of a person under this section is in lieu of and not in addition to the person's criminal liability under the Truth in Lending Act. No prosecution of a person

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with respect to the same violation may be maintained pursuant to both this section and the Truth in Lending Act.

[C75, 77, 79, 81, §537.5302]

Referred to in §537.1202

ARTICLE 6

ADMINISTRATION

Referred to in §537.1101, 537.3624

PART 1

POWERS AND FUNCTIONS OF ADMINISTRATOR

Referred to in §537.1201, 537.3309, 537.3501, 537.5106

537.6101 Short title.

This article shall be known and may be cited as the "*Iowa Consumer Credit Code — Administration*".

[C75, 77, 79, 81, §537.6101]

537.6102 Applicability.

This part applies to persons who:

1. Participate in transactions, acts, practices or conduct to which this chapter applies pursuant to section 537.1201.

2. Participate in this state in transactions, acts, practices or conduct to which this chapter would apply pursuant to section 537.1201, but for the residence of the consumer.

3. Enter into or modify a sale of an interest in land or a loan secured by an interest in land, if, but for the rate of the finance charge, the sale, loan or modification would involve a consumer credit sale or consumer loan, but applies only for the purpose of authorizing the administrator to enforce the provisions on compliance with the Truth in Lending Act.

[C75, 77, 79, 81, §537.6102]

Referred to in §537.1201

537.6103 Administrator.

Except as expressly provided in sections 537.6106 and 537.6108, *"administrator"* means the attorney general or the attorney general's designee.

[C75, 77, 79, 81, §537.6103]

Referred to in §524.103, 533.116, 536.28, 536A.2, 537.1301, 537.3604, 537.7102

537.6104 Powers of administrator — reliance on rules — duty to report.

1. The administrator, within the limitations provided by law, may:

a. Receive and act on complaints.

b. Take action designed to obtain voluntary compliance with this chapter.

c. Commence proceedings on the administrator's own initiative.

d. Counsel persons and groups on their rights and duties under this chapter.

e. Establish programs for the education of consumers with respect to credit practices and problems.

f. Make studies appropriate to effectuate the purposes and policies of this chapter and make the results available to the public.

g. Maintain offices within this state.

2. The administrator may enforce the Truth in Lending Act to the fullest extent provided by law.

3. To keep the administrator's rules in harmony with the rules of administrators in other jurisdictions which enact the uniform consumer credit code, the administrator, so far as is consistent with the purposes, policies and provisions of this chapter, shall do both of the following:

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a. Before adopting, amending and repealing rules, advise and consult with administrators in other jurisdictions which enact the uniform consumer credit code.

b. In adopting, amending, and repealing rules, take into consideration the rules of administrators in other jurisdictions which enact the uniform consumer credit code.

4. Except for refund of an excess charge, no liability is imposed under this chapter for an act done or omitted in conformity with a rule or declaratory ruling of the administrator, notwithstanding that after the act or omission the rule or declaratory ruling is amended or repealed or determined by judicial or other authority to be invalid for any reason.

5. The administrator shall report annually on or before January 1 to the general assembly on the operation of the consumer credit protection bureau and the other agencies of this state charged with administering this chapter, and on the problems of persons of small means obtaining credit from persons regularly engaged in extending sales or loan credit. For the purpose of making the report, the administrator may conduct research and make appropriate studies. The report shall include, for the consumer credit protection bureau and for other state agencies enforcing this chapter, a description of the examination and investigation procedures and policies, a statement of policies followed in deciding whether to investigate or examine the offices of credit suppliers subject to this chapter, a statement of the number and percentages of offices which are periodically investigated or examined, a statement of the types of consumer credit problems of both creditors and consumers which have come to the administrator's attention through the administrator's examinations and investigations and the disposition of them under existing law, and recommendations, if any, for legislation to deal with those problems within the administrator's general jurisdiction, a statement of the extent to which the rules of the administrator pursuant to this chapter are not in harmony with the rules of administrators in other jurisdictions which enact the uniform consumer credit code and the reasons for the variations, and a general statement of the activities of the administrator's office and of others to promote the purposes of this chapter. The report shall not identify the creditors against whom action is taken.

[C75, 77, 79, 81, §537.6104]

91 Acts, ch 118, §4; 92 Acts, ch 1035, §1

537.6105 Administrative powers with respect to supervised financial organizations and supervised loan licensees.

1. With respect to supervised financial organizations subject to regulation under chapter 524 or 533, and persons licensed under chapters 536 and 536A, the powers of examination and investigation as provided in sections 537.2305 and 537.6106, and administrative enforcement as provided in sections 537.2303 and 537.6108, shall be exercised by the official or agency to whose supervision the person is subject. All other powers of the administrator under this chapter may be exercised by the administrator with respect to such persons. In all actions or other court proceedings brought to enforce this chapter, the attorney general or the attorney general's designee shall participate.

2. If the administrator receives a complaint or other information concerning noncompliance with this chapter by a person specified in subsection 1, the administrator shall inform the official or agency having supervisory authority over that person. The administrator may obtain information about any such person from the officials or agencies supervising them.

3. The administrator and any official or agency of this state having supervisory authority over a supervised financial organization or a chapter 536 or 536A licensee are authorized and directed to consult and assist one another in maintaining compliance with this chapter. They may jointly pursue investigations, prosecute suits, and take other official action against violations of this chapter, as they deem appropriate, if either of them otherwise is empowered to take the action.

[C75, 77, 79, 81, §537.6105]

2012 Acts, ch 1017, §147

Referred to in §524.227, 533.116, 536.29, 536A.29, 537.6106, 537.6108

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537.6106 Investigatory powers.

1. For purposes of this section, *"administrator"* means either the attorney general or the attorney general's designee, or the official or agency charged with enforcing this chapter against the person under investigation, as provided in section 537.6105, subsection 1. If the administrator has reasonable cause to believe that a person has engaged in conduct or committed an act which is in violation of this chapter, the administrator may make an investigation to determine whether the person has engaged in the conduct or committed the act, and, to the extent necessary for this purpose, may administer oaths or affirmations, and, upon the administrator's own motion or upon request of any party, may subpoena witnesses, compel their attendance, adduce evidence, and require the production of, or testimony as to, any matter which is relevant to the investigation, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of relevant facts, or any other matter reasonably calculated to lead to the discovery of admissible evidence. In any civil action brought by the administrator as a result of such an investigation, the administrator shall be awarded the reasonable costs of making the investigation if the administrator prevails in the action.

2. If the person's records are located outside this state, the person at the person's option shall either make them available to the administrator at a convenient location within this state or pay the reasonable and necessary expenses for the administrator or the administrator's representative to examine them at the place where they are maintained. The administrator may designate representatives, including comparable officials of the state in which the records are located, to inspect them on the administrator's behalf.

3. Upon application by the administrator showing failure without lawful excuse to obey a subpoena or to give testimony and upon reasonable notice to all persons affected thereby, the district court shall grant an order compelling compliance.

4. The administrator shall not make public the name or identity of a person whose acts or conduct the administrator investigates pursuant to this section or the facts disclosed in the investigation, but this subsection does not prohibit disclosures in actions or enforcement proceedings pursuant to this chapter.

[C75, 77, 79, 81, §537.6106]
Referred to in §537.6103, 537.6105

537.6107 Reserved.

537.6108 Administrative enforcement orders.

1. For purposes of this section, *"administrator"* means either the attorney general or the attorney general's designee, or the official or agency charged with enforcing this chapter against the person under investigation, as provided in section 537.6105, subsection 1. Except as provided in subsection 6, after notice and hearing the administrator may order a person to cease and desist from engaging in violations of this chapter. A person aggrieved by an order of the administrator may obtain judicial review of the order and the administrator may obtain an order of the district court for enforcement of the cease and desist order if the person prevails in the proceeding for review, or as provided in subsection 5. The proceeding for review or enforcement is initiated by filing a petition in the district court. Copies of the petition shall be served upon all parties of record.

2. Within thirty days after service of the petition for review upon the administrator, or within any further time the court may allow, the administrator shall transmit to the court the original or a certified copy of the entire record upon which the order is based, including any transcript of testimony, which need not be printed. By stipulation of all parties to the review proceeding, the record may be shortened. After hearing, the court may reverse or modify the order if the findings of fact of the administrator are clearly erroneous in view of the reliable, probative and substantial evidence on the whole record, or grant any temporary relief or restraining order it deems just, and enter an order enforcing, modifying and enforcing as modified, or setting aside in whole or in part the order of the administrator, or remanding the case to the administrator for further proceedings.

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3. An objection not urged at the hearing shall not be considered by the court unless the failure to urge the objection is excused for good cause shown. A party may move the court to remand the case to the administrator in the interest of justice for the purpose of adducing additional specified and material evidence and seeking findings thereon upon good cause shown for the failure to adduce this evidence before the administrator.

4. The jurisdiction of the court shall be exclusive and its final judgment or decree shall be subject to review by the supreme court in the same manner and form and with the same effect as in appeals from a final judgment or decree in an equitable proceeding. The administrator's copy of the testimony shall be available at reasonable times to all parties for examination without cost.

5. A proceeding for review under this section must be initiated within thirty days after a copy of the order of the administrator is received. If no proceeding is so initiated, the administrator may obtain a decree of the district court for enforcement of the cease and desist order upon a showing that the order was issued in compliance with this section, that no proceeding for review was initiated within thirty days after copy of the order was received, and that the person against whom the order was directed is subject to the jurisdiction of the court.

6. With respect to unconscionable agreements or fraudulent or unconscionable conduct by the respondent, the administrator may not issue an order pursuant to this section but may bring a civil action for an injunction under section 537.6111.

[C75, 77, 79, 81, §537.6108]
Referred to in §537.6103, 537.6105

537.6109 Assurance of discontinuance.

If it is claimed that a person has engaged in conduct which could be subject to an order by the administrator or by a court, the administrator may accept an assurance in writing that the person will not engage in the same or in similar conduct in the future. The assurance may include stipulations that the creditor will voluntarily pay the costs of investigation, or that an amount will be held in escrow as restitution to debtors aggrieved by future conduct of the creditor or as a reserve to cover costs of future investigation, or may include admissions of past specific acts by the creditor or admissions that those acts violated this chapter or other statutes. A violation of an assurance of discontinuance is a violation of this chapter.

[C75, 77, 79, 81, §537.6109]
Referred to in §537.2303, 537.5201

537.6110 Injunctions and other proceedings in equity.

The administrator may bring a civil action to restrain a person from violating this chapter and for other appropriate relief, including but not limited to the following:

1. To prevent the use or employment by a person of practices prohibited by this chapter.

2. To reform contracts to conform to this chapter and to rescind contracts into which a creditor has induced a consumer to enter by conduct violating this chapter, even though the consumers are not parties to the action. An action under this section may be joined with an action under the provisions on civil actions by the administrator under section 537.6113.

[C75, 77, 79, 81, §537.6110]
Referred to in §537.6112

537.6111 Injunctions against unconscionable agreements and fraudulent or unconscionable conduct.

1. The administrator may bring a civil action to restrain a person to whom this part applies from engaging in any of the following courses of action:

a. Making or enforcing unconscionable terms or provisions of consumer credit transactions.

b. Fraudulent or unconscionable conduct in inducing consumers to enter into consumer credit transactions.

c. Conduct of any of the types specified in paragraph *"a"* or *"b"* with respect to transactions that give rise to or that lead persons to believe they will give rise to consumer credit transactions.

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d. Fraudulent or unconscionable conduct in the collection of debts arising from consumer credit transactions or from transactions which would have been consumer credit transactions if a finance charge was made or the obligation was payable in installments.

2. In an action brought pursuant to this section the court may grant relief only if it finds all of the following:

a. That the defendant has made unconscionable agreements or has engaged in or is likely to engage in a course of fraudulent or unconscionable conduct.

b. That the defendant's agreements have caused or are likely to cause, or the conduct of the defendant has caused or is likely to cause, injury to consumers or debtors.

c. That the defendant has been able to cause or will be able to cause the injury primarily because the transactions involved are credit transactions.

3. In applying subsection 1, paragraph *"a"*, *"b"*, or *"c"*, consideration shall be given to the factors specified in the provisions on unconscionability with respect to a transaction that is or gives rise to or that a person leads the debtor to believe will give rise to a consumer credit transaction, as provided in section 537.5108, subsection 3, among others.

4. In applying subsection 1, paragraph *"d"*, violations of section 537.7103 shall be considered, among other factors, as applicable.

5. In an action brought pursuant to this section, a charge or practice expressly permitted by this chapter is not in itself unconscionable.

[C75, 77, 79, 81, §537.6111]
Referred to in §537.5108, 537.6108, 537.6112

537.6112 Temporary relief.

With respect to an action brought to enjoin violations of this chapter under section 537.6110 or unconscionable agreements or fraudulent or unconscionable conduct under section 537.6111, the administrator may apply to the court for appropriate temporary relief against a defendant, pending final determination of the action. The court may grant appropriate temporary relief.

[C75, 77, 79, 81, §537.6112]

537.6113 Civil actions by administrator.

1. After demand, the administrator may bring a civil action against a person for all amounts of money, other than penalties, which a consumer or class of consumers has a right to recover explicitly granted by this chapter. The court shall order amounts recovered or recoverable under this subsection to be paid to each consumer or set off against the consumer's obligation. A consumer's action, other than a class action, takes precedence over a prior or subsequent action by the administrator with respect to the claim of that consumer. A consumer's class action takes precedence over a subsequent action by the administrator with respect to claims common to both actions but intervention by the administrator is authorized. An administrator's action on behalf of a class of consumers takes precedence over a consumer's subsequent class action with respect to claims common to both actions. Whenever an action takes precedence over another action under this subsection, the latter action may be stayed to the extent appropriate while the precedent action is pending and dismissed if the precedent action is dismissed with prejudice or results in a final judgment granting or denying the claim asserted in the precedent action. A defense available to a person in a civil action brought by a consumer is available to the person in a civil action brought under this subsection.

2. The administrator may bring a civil action against a person to recover a civil penalty of no more than ten thousand dollars for repeatedly and intentionally violating this chapter. No civil penalty pursuant to this subsection may be imposed for violations of this chapter occurring more than two years before the action is brought or for making unconscionable agreements or engaging in a course of fraudulent or unconscionable conduct.

3. The administrator may bring a civil action against a person for failure to file notification in accordance with the provisions on notification in section 537.6202, or to pay fees in accordance with the provisions on fees in section 537.6203, to recover the fees the defendant has failed to pay plus interest at the rate of seven percent per annum and the administrator's

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reasonable costs in bringing the action, and a civil penalty in an amount determined by the court not exceeding the greater of three times the amount of fees the person has failed to pay or one thousand dollars.

[C75, 77, 79, 81, §537.6113]

2017 Acts, ch 138, §22

Referred to in §537.3205, 537.3304, 537.3624, 537.4101, 537.6110, 537.6115, 537.6203, 714.16

537.6114 Reserved.

537.6115 Consumer's remedies not affected.

The grant of powers to the administrator in this article does not affect remedies available to consumers under this chapter or under other principles of law or equity, except as provided in section 537.6113.

[C75, 77, 79, 81, §537.6115]

537.6116 Venue.

The administrator may bring actions or proceedings in the district court in a county in which an act on which the action or proceeding is based occurred, or in a county in which the defendant resides or transacts business.

[C75, 77, 79, 81, §537.6116]

537.6117 Administrative rules.

1. The attorney general or the attorney general's designee pursuant to chapter 17A may adopt, amend and repeal rules which the attorney general deems reasonably necessary for the enforcement of this chapter. Each rule so adopted shall be applicable to and binding upon every person subject to the provisions of this chapter.

2. An official or agency of this state charged with the enforcement of provisions of this chapter may adopt, amend or repeal rules pursuant to chapter 17A, subject to the following limitations:

a. A rule adopted pursuant to this subsection which conflicts with a rule adopted by the administrator is void.

b. An official or agency shall not adopt a rule which interprets or prescribes law or policy which has not been approved in advance of adoption by the administrator. If, in the opinion of the administrator, the proposed rule interprets the provisions of this chapter, or otherwise should be a rule of general applicability, the administrator may disapprove the proposed rule, in which case the official or agency shall not adopt that rule. The administrator may adopt that rule or a different rule relating to the same subject, or may determine that no rule relating to that subject shall be adopted.

[C75, §537.6204; C77, 79, 81, §537.6117]

PART 2

NOTIFICATION AND FEES

Referred to in §537.1201

537.6201 Applicability.

This part applies to all of the following:

1. Creditors engaged in consumer credit transactions and acts, practices or conduct involving consumer credit transactions to which this chapter applies pursuant to section 537.1201, but not to those licensed, certificated, or otherwise authorized to engage in business by chapter 524, 533, 536 or 536A.

2. Debt collectors, as defined in section 537.7102, subsection 5, to whose acts, practices, or conduct this chapter applies pursuant to section 537.1201 if the total debt collected by a debt collector in the preceding calendar year exceeds the threshold amount, or if not, if the total debt collected during the current calendar year exceeds twenty-five thousand dollars,

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but this part does not apply to those licensed, certified, or otherwise authorized to engage in business under chapter 524, 533, 536, or 536A.

[C75, 77, 79, 81, §537.6201]

89 Acts, ch 68, §5; 2012 Acts, ch 1017, §148; 2014 Acts, ch 1037, §21

Referred to in §537.1201

537.6202 Notification.

1. Persons subject to this part shall file notification with the administrator within thirty days after commencing business in this state and, thereafter, on or before January 31 of each year. The notification must state all of the following:

a. Name of the person.

b. Every name in which business is transacted if different from the name of the person.

c. Address of principal office, whether or not within this state.

d. Address of all offices or retail stores, if any, in this state at which consumer credit transactions are entered into or acts, practices or conduct involving consumer credit transactions are engaged in, or in the case of a person taking assignments of obligations, any offices or places of business within this state at which business is transacted or, in the case of debt collectors, any offices in this state from or at which debt collection is engaged in.

e. If consumer credit transactions or acts, practices or conduct involving consumer credit transactions or debt collection, are engaged in otherwise than at an office or retail store in this state and this chapter applies to such transactions, acts, practices or conduct, pursuant to section 537.1201, a brief description of the manner in which they are engaged in.

f. Address of designated agent upon whom service of process may be made in this state.

g. Whether or not supervised loans are made.

2. If information in a notification becomes inaccurate after filing, no further notification is required until the following January 31.

[C75, 77, 79, 81, §537.6202]

89 Acts, ch 68, §6; 90 Acts, ch 1168, §56

Referred to in §537.5301, 537.6113

537.6203 Fees.

1. A person required to file notification shall pay to the administrator an annual fee of fifty dollars. The fee shall be paid with the filing of the first notification and on or before January 31 of each succeeding year.

2. A person required to file notification who is a seller, lessor, or lender and who is not an assignee shall pay an additional fee at the time and in the manner stated in subsection 1 of ten dollars for each one hundred thousand dollars, or part thereof exceeding ten thousand dollars, of the average unpaid balances, including unpaid scheduled periodic payments under consumer leases, of obligations arising from consumer credit transactions entered into or modified by the person in this state and held on the last day of each calendar month during the preceding calendar year and held either by the seller, lessor, or lender, or by an immediate or remote assignee who has not filed notification. The unpaid balances of assigned obligations held by an assignee who has not filed notifications are presumed to be the unpaid balances of the assigned obligations at the time of their assignment by the seller, lessor, or lender.

3. A person required to file notification who is an assignee shall pay an additional fee at the time and in the manner stated in subsection 1 of ten dollars for each one hundred thousand dollars, or part thereof exceeding ten thousand dollars, of the average unpaid balances including unpaid scheduled periodic payments payable by lessees, of obligations arising from consumer credit transactions entered into or modified in this state, taken by the person by assignment and held by the person on the last day of each calendar month during the preceding calendar year.

4. In addition to the penalties provided by section 537.6113, subsection 3, the administrator may collect a charge, established by rule, not exceeding seventy-five dollars from each person required to pay fees under this section who fails to pay the fees in full within thirty days after they are due.

5. Moneys collected under this section shall be deposited in a consumer credit

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administration fund in the state treasury and shall be used for the administration of this chapter. The moneys are subject to warrant upon certification of the administrator and are appropriated for these purposes. Notwithstanding section 8.33, the moneys in the fund do not revert at the end of a fiscal period.

[C75, 77, 79, 81, §537.6203]

89 Acts, ch 68, §7; 2007 Acts, ch 22, §98; 2017 Acts, ch 138, §23

Referred to in §537.5301, 537.6113

537.6204 Reserved.

ARTICLE 7

DEBT COLLECTION PRACTICES

Referred to in §537.1101, 537.1201, 537.3621, 537.3624, 631.17

537.7101 Short title.

This article shall be known and may be cited as the *"Iowa Debt Collection Practices Act"*.

[C75, 77, 79, 81, §537.7101]

537.7102 Definitions.

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

1. *"Administrator"* means the person designated in section 537.6103.
2. *"Creditor"*, for the purposes of this article, means the person to whom a debtor is obligated, either directly or indirectly, on a debt.
3. *"Debt"* means an actual or alleged obligation arising out of a consumer credit transaction, consumer rental purchase agreement, or a transaction which would have been a consumer credit transaction either if a finance charge was made, if the obligation was not payable in installments, if a lease was for a term of four months or less, or if a lease was of an interest in land. A debt includes a check as defined in section 554.3104 given in a transaction in connection with a consumer rental purchase agreement, in a transaction which was a consumer credit sale or in a transaction which would have been a consumer credit sale if credit was granted and if a finance charge was made, or in a transaction regulated under chapter 533D.
4. *"Debt collection"* means an action, conduct or practice in soliciting debts for collection or in the collection or attempted collection of a debt.
5. *"Debt collector"* means a person engaging, directly or indirectly, in debt collection, whether for the person, the person's employer, or others, and includes a person who sells, or offers to sell, forms represented to be a collection system, device, or scheme, intended to be used to collect debts.
6. *"Debtor"*, for the purposes of this article, means the person obligated.

[C75, 77, 79, 81, §537.7102]

87 Acts, ch 137, §3; 89 Acts, ch 128, §4; 95 Acts, ch 139, §17

Referred to in §80A.1, 85.27, 537.1303, 537.6201, 715C.1

537.7103 Prohibited practices.

1. A debt collector shall not collect or attempt to collect a debt by means of an illegal threat, coercion or attempt to coerce. The conduct described in each of the following paragraphs is an illegal threat, coercion or attempt to coerce within the meaning of this subsection:

a. The use, or express or implicit threat of use, of force, violence or other criminal means, to cause harm to a person or to property of a person.

b. The false accusation or threat to falsely accuse a person of fraud or any other crime.

c. False accusations made to a person, including a credit reporting agency, or the threat to falsely accuse, that a debtor is willfully refusing to pay a just debt. However, a failure to reply to requests for payment and a failure to negotiate disputes in good faith are deemed willful refusal.

d. The threat to sell or assign to another an obligation of the debtor with an attending

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representation or implication that the result of the sale or assignment will be to subject the debtor to harsh, vindictive or abusive collection attempts.

e. The false threat that nonpayment of a debt may result in the arrest of a person or the seizure, garnishment, attachment or sale of property or wages of that person.

f. An action or threat to take an action prohibited by this chapter or any other law.

2. A debt collector shall not oppress, harass or abuse a person in connection with the collection or attempted collection of a debt of that person or another person. The following conduct is oppressive, harassing or abusive within the meaning of this subsection:

a. The use of profane or obscene language or language that is intended to abuse the hearer or reader and which by its utterance would tend to incite an immediate breach of the peace.

b. The placement of telephone calls to the debtor without disclosure of the name of the business or company the debt collector represents.

c. Causing expense to a person in the form of long distance telephone tolls, telegram fees or other charges incurred by a medium of communication by attempting to deceive or mislead persons as to the true purpose of the notice, letter, message or communication.

d. Causing a telephone to ring or engaging a person in telephone conversation repeatedly or continuously or at unusual hours or times known to be inconvenient, with intent to annoy, harass or threaten a person.

3. A debt collector shall not disseminate information relating to a debt or debtor as follows:

a. The communication or threat to communicate or imply the fact of a debt to a person other than the debtor or a person who might reasonably be expected to be liable for the debt, except with the written permission of the debtor given after default. For the purposes of this paragraph, the use of language on envelopes indicating that the communication relates to the collection of a debt is a communication of the debt. However, this paragraph does not prohibit a debt collector from any of the following:

(1) Notifying a debtor of the fact that the debt collector may report a debt to a credit bureau or engage an agent or an attorney for the purpose of collecting the debt.

(2) Reporting a debt to a credit reporting agency or any other person reasonably believed to have a legitimate business need for the information.

(3) Engaging an agent or attorney for the purpose of collecting a debt.

(4) Attempting to locate a debtor whom the debt collector has reasonable grounds to believe has moved from the debtor's residence, where the purpose of the communication is to trace the debtor, and the content of the communication is restricted to requesting information on the debtor's location.

(5) Communicating with the debtor's employer or credit union not more than once during any three-month period when the purpose of the communication is to obtain an employer's or credit union's debt counseling services for the debtor. In the event no response is received by the debt collector from a communication to the debtor's employer or credit union the debt collector may make one inquiry as to whether the communication was received. In addition a debt collector may respond to any communications by a debtor's employer or credit union.

(6) Communicating with the debtor's employer once during any one-month period, if the purpose of the communication is to verify with an employer the fact of the debtor's employment and if the debt collector does not disclose, except as permitted in subparagraph (5), information other than the fact that a debt exists. This subparagraph does not authorize a debt collector to disclose to an employer the fact that a debt is in default.

(7) Communicating the fact of the debt not more than once in any three-month period, with the parents of a minor debtor, or with any trustee of any property of the debtor, conservator of the debtor or the debtor's property, or guardian of the debtor. In addition, a debt collector may respond to inquiry from a parent, trustee, conservator or guardian.

(8) Communicating with the debtor's spouse with the consent of the debtor, or responding to inquiry from the debtor's spouse.

b. The disclosure, publication, or communication of information relating to a person's indebtedness to another person, by publishing or posting a list of indebted persons, commonly known as "deadbeat lists", or by advertising for sale a claim to enforce payment of a debt when the advertisement names the debtor.

c. The use of a form of communication to the debtor, except a telegram, an original

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notice or other court process, or an envelope displaying only the name and address of a debtor and the return address of the debt collector, intended or so designed as to display or convey information about the debt to another person other than the name, address, and phone number of the debt collector.

4. A debt collector shall not use a fraudulent, deceptive, or misleading representation or means to collect or attempt to collect a debt or to obtain information concerning debtors. The following conduct is fraudulent, deceptive, or misleading within the meaning of this subsection:

a. The use of a business, company or organization name while engaged in the collection of debts, other than the true name of the debt collector's business, company, or organization or the name of the business or company the debt collector represents.

b. The failure to disclose in the initial written communication with the debtor and, in addition, if the initial communication with the debtor is oral, in that initial oral communication, that the debt collector is attempting to collect a debt and that information obtained will be used for that purpose, and the failure to disclose in subsequent communications that the communication is from a debt collector, except that this paragraph does not apply to either of the following:

(1) A formal pleading made in connection with a legal action.

(2) Communications issued directly by a state bank as defined in section 524.103 or its affiliate, a state bank chartered under the laws of any other state or its affiliate, a national banking association or its affiliate, a trust company, a federally chartered savings and loan association or savings bank or its affiliate, an out-of-state chartered savings and loan association or savings bank or its affiliate, a financial institution chartered by the federal home loan bank board, a state or federally chartered credit union, a credit union service organization, or a company or association organized or authorized to do business under chapter 515, 518, 518A, or 520, or an officer, employee, or agent of such company or association, provided the communication does not deceptively conceal its origin or its purpose.

c. A false representation that the debt collector has information in the debt collector's possession or something of value for the debtor, which is made to solicit or discover information about the debtor.

d. The failure to clearly disclose the name and full business address of the person to whom the claim has been assigned at the time of making a demand for money.

e. An intentional misrepresentation, or a representation which tends to create a false impression of the character, extent or amount of a debt, or of its status in a legal proceeding.

f. A false representation, or a representation which tends to create a false impression, that a debt collector is vouched for, bonded by, affiliated with, or an instrumentality, agency or official of the state or an agency of federal, state or local government.

g. The use or distribution or sale of a written communication which simulates or is falsely represented to be a document authorized, issued or approved by a court, an official or other legally constituted or authorized authority, or which tends to create a false impression about its source, authorization or approval.

h. A representation that an existing obligation of the debtor may be increased by the addition of attorney's fees, investigation fees, service fees or other fees or charges, when in fact such fees or charges may not legally be added to the existing obligation.

i. A false representation, or a representation which tends to create a false impression, about the status or true nature of, or services rendered by, the debt collector or the debt collector's business.

5. A debt collector shall not engage in the following conduct to collect or attempt to collect a debt:

a. The seeking or obtaining of a written statement or acknowledgment in any form that specifies that a debtor's obligation is one chargeable upon the property of either husband or wife or both, under section 597.14, when the original obligation was not in fact so chargeable.

b. The seeking or obtaining of a written statement or acknowledgment in any form containing an affirmation of an obligation which has been discharged in bankruptcy, without clearly disclosing the nature and consequences of the affirmation and the fact that the debtor

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is not legally obligated to make the affirmation. However, this subsection does not prohibit the accepting of promises to pay that are voluntarily written and offered by a bankrupt debtor.

c. The collection of or the attempt to collect from the debtor a part or all of the debt collector's fee for services rendered, unless both of the following are applicable:

(1) The fee is reasonably related to the actions taken by the debt collector.

(2) The debt collector is legally entitled to collect the fee from the debtor.

d. The collection of or the attempt to collect interest or other charge, fee or expense incidental to the principal obligation unless the interest or incidental charge, fee, or expense is expressly authorized by the agreement creating the obligation and is legally chargeable to the debtor, or is otherwise legally chargeable.

e. A communication with a debtor when the debt collector knows that the debtor is represented by an attorney and the attorney's name and address are known, or could be easily ascertained, unless the attorney fails to answer correspondence, return phone calls or discuss the obligation in question, within a reasonable time, or prior approval is obtained from the debtor's attorney or when the communication is a response in the ordinary course of business to the debtor's inquiry.

6. A debt collector shall not use or distribute, sell or prepare for use, a written communication that violates or fails to conform to United States postal laws and regulations.

7. A debt collector shall not collect or attempt to collect charges from an employee or an employee's dependents for treatment rendered the employee by any health service provider, after receiving actual notice that a contested case proceeding for determination of liability of workers' compensation benefits is pending as provided in section 85.27, subsection 6.

[C75, 77, 79, 81, §537.7103]

83 Acts, ch 101, §115; 87 Acts, ch 137, §4; 89 Acts, ch 296, §76; 97 Acts, ch 120, §1; 98 Acts, ch 1146, §1; 2005 Acts, ch 44, §2; 2007 Acts, ch 128, §4; 2012 Acts, ch 1017, §149

Referred to in §85.27, 537.5108, 537.5201, 537.5301, 537.6111

Penalties, see §537.5301

ARTICLE 8
CHECK CASHING PRACTICES

537.8101 Provision of credit card number as condition of check cashing or acceptance prohibited.

1. *Provision of credit card number or expiration date not required.* A person shall not require as a condition of acceptance of a check or share draft, or as a means of identification, that the person presenting the check provide a credit card number or expiration date, or both.

2. *Recording of credit card number or expiration date, simple misdemeanor.* Recording a credit card number or expiration date, or both, in connection with a sale of goods or services in which the purchaser pays by check or share draft, or in connection with the acceptance of a check or share draft, is a simple misdemeanor.

3. *Display without recordation permissible condition.* This section does not prohibit a person from requesting a purchaser to display a credit card as indicia of credit worthiness and financial responsibility or as additional identification, but the only information concerning a credit card which may be recorded is the type of credit card so displayed and the issuer of the credit card. This section does not require acceptance of a check or share draft whether or not a credit card is presented.

4. *Provision of credit card number or expiration date in lieu of deposit.* This section does not prohibit a person from requesting or receiving a credit card number or expiration date and recording the number or date, or both in lieu of a deposit to secure payment in event of default, loss, damage, or other occurrence.

88 Acts, ch 1059, §1, 2

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CHAPTER 537A

CONTRACTS

Referred to in §669.14

537A.1 Seals abolished.
537A.2 Consideration implied.
537A.3 Failure of consideration.
537A.4 Gaming contracts void — exceptions.
537A.5 Indemnity agreements — construction contracts.
537A.6 In-state construction contracts — Iowa law to govern.
537A.7 through 537A.9 Reserved.
537A.10 Franchise agreements.

537A.1 Seals abolished.

The use of private seals in written contracts, or other instruments in writing, by individuals, firms, or corporations that have not adopted a corporate seal, is hereby abolished; but the addition of a seal to any such instrument shall not affect its character or validity in any respect.

[C51, §974; R60, §1823; C73, §2112; C97, §3068; S13, §3068; C24, 27, 31, 35, 39, §**9439;** C46, 50, 54, 58, 62, 66, 71, 73, §537.1; C75, 77, 79, 81, §537A.1]

Corporate seals, §490.302, 504.302, 558.2 et seq.

537A.2 Consideration implied.

All contracts in writing, signed by the party to be bound or by the party's authorized agent or attorney, shall import a consideration.

[C51, §975; R60, §1824; C73, §2113; C97, §3069; C24, 27, 31, 35, 39, §**9440;** C46, 50, 54, 58, 62, 66, 71, 73, §537.2; C75, 77, 79, 81, §537A.2]

537A.3 Failure of consideration.

The want or failure, in whole or in part, of the consideration of a written contract may be shown as a defense, total or partial, except as provided in the uniform commercial code, chapter 554.

[C51, §976; R60, §1825; C73, §2114; C97, §3070; C24, 27, 31, 35, 39, §**9441;** C46, 50, 54, 58, 62, 66, 71, 73, §537.3; C75, 77, 79, 81, §537A.3]

537A.4 Gaming contracts void — exceptions.

1. All promises, agreements, notes, bills, bonds, or other contracts, mortgages or other securities, when the whole or any part of the consideration thereof is for money or other valuable thing won or lost, laid, staked, or bet, at or upon any game of any kind or on any wager, are absolutely void and of no effect.

2. This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase, or redemption of a ticket or share in the state lottery in compliance with chapter 99G. This section does not apply to wagering authorized by chapter 99F. This section does not apply to the sale, purchase, or redemption of any ticket or similar gambling device legally purchased in Indian lands within this state.

[C51, §2724; R60, §4366; C73, §4029; C97, §4965; C24, 27, 31, 35, 39, §**9442;** C46, 50, 54, 58, 62, 66, 71, 73, §537.4; C75, 77, 79, 81, §537A.4]

83 Acts, ch 187, §32; 85 Acts, ch 33, §123; 86 Acts, ch 1125, §4; 88 Acts, ch 1136, §1; 89 Acts, ch 231, §34; 92 Acts, ch 1203, §19; 2003 Acts, ch 178, §115, 121; 2003 Acts, ch 179, §142; 2008 Acts, ch 1031, §58

537A.5 Indemnity agreements — construction contracts.

1. As used in this section, "*construction contract*" means an agreement relating to the construction, alteration, improvement, development, demolition, excavation, rehabilitation, maintenance, or repair of buildings, water or sewage treatment plants, power plants, or any other improvements to real property in this state, including shafts, wells, and

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structures, whether on ground, above ground, or underground, and includes agreements for architectural services, design services, engineering services, construction services, construction management services, development services, maintenance services, material purchases, equipment rental, and labor. *"Construction contract"* includes all public, private, foreign, or domestic agreements as described in this subsection other than such public agreements relating to highways, roads, and streets.

2. Except as excluded under subsection 3, a provision in a construction contract that requires one party to the construction contract to indemnify, hold harmless, or defend any other party to the construction contract, including the indemnitee's employees, consultants, agents, or others for whom the indemnitee is responsible, against liability, claims, damages, losses, or expenses, including attorney fees, to the extent caused by or resulting from the negligent act or omission of the indemnitee or of the indemnitee's employees, consultants, agents, or others for whom the indemnitee is responsible, is void and unenforceable as contrary to public policy.

3. This section does not apply to the indemnification of a surety by a principal on any surety bond, an insurer's obligation to its insureds under any insurance policy or agreement, a borrower's obligations to its lender, or any obligation of strict liability otherwise imposed by law.

2011 Acts, ch 33, §1; 2011 Acts, ch 131, §99, 158

537A.6 In-state construction contracts — Iowa law to govern.

1. As used in this section, *"in-state construction contract"* means a public, private, foreign, or domestic agreement relating to construction, alteration, repair, or maintenance of any real property in this state and includes agreements for architectural services, demolition, design services, development, engineering services, excavation, or any other improvement to real property in this state, including buildings, shafts, wells, and structures, whether on, above, or under real property in this state. *"In-state construction contract"* does not include any agreement between this state and any other state.

2. A provision of an in-state construction contract is void and unenforceable as contrary to public policy if the provision does any of the following:

a. Makes the in-state construction contract subject to the laws of another state.

b. Requires any litigation, mediation, arbitration, or other dispute resolution proceeding arising from the in-state construction contract to be conducted in another state.

3. The laws of this state shall apply to every in-state construction contract.

4. Any litigation, mediation, arbitration, or other dispute resolution proceeding arising from or relating to an in-state construction contract shall be conducted in this state.

2013 Acts, ch 87, §1, 2

537A.7 through 537A.9 Reserved.

537A.10 Franchise agreements.

1. *Definitions.* When used in this section, unless the context otherwise requires:

a. "Affiliate" means a person controlling, controlled by, or under common control with another person, every officer or director of such a person, and every person occupying a similar status or performing similar functions.

b. "Business day" means a day other than a Saturday, Sunday, or federal holiday.

c. (1) *"Franchise"* means either of the following:

(a) An oral or written agreement, either express or implied, which provides all of the following:

(i) Grants the right to distribute goods or provide services under a marketing plan prescribed or suggested in substantial part by the franchisor.

(ii) Requires payment of a franchise fee to a franchisor or its affiliate.

(iii) Allows the franchise business to be substantially associated with a trademark, service mark, trade name, logotype, advertisement, or other commercial symbol of or designating the franchisor or its affiliate.

(b) A master franchise.

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(2) *"Franchise"* does not include any business that is operated under a lease or license on the premises of the lessor or licensor as long as such business is incidental to the business conducted by the lessor or licensor on such premises, including, without limitation, leased departments, licensed departments, and concessions and the leased or licensed department operates only under the trademark, trade name, service mark, or other commercial symbol designating the lessor or licensor.

(3) *"Franchise"* also does not include any contract under which a petroleum retailer or petroleum distributor is authorized or permitted to occupy leased marketing premises, which premises are to be employed in connection with the sale, consignment, or distribution of motor fuel under a trademark which is owned or controlled by a refiner which is regulated by the federal Petroleum Marketing Practices Act, 15 U.S.C. §2801 et seq. The term *"refiner"* means any person engaged in the refining of crude oil to produce motor fuel, and includes any affiliate of such person. *"Franchise"* also does not include a contract entered into by any person regulated under chapter 103A, subchapter IV, or chapter 123, 322, 322A, 322C, 322D, 322F, 522B, or 543B, or a contract establishing a franchise relationship with respect to the sale of construction equipment, lawn or garden equipment, or real estate.

d. *"Franchise fee"* means a direct or indirect payment to purchase or operate a franchise. Franchise fee does not include any of the following:

(1) Payment of a reasonable service charge to the issuer of a credit card by an establishment accepting the credit card.

(2) Payment to a trading stamp company by a person issuing trading stamps in connection with a retail sale.

(3) An agreement to purchase at a bona fide wholesale price a reasonable quantity of tangible goods for resale.

(4) The purchase or agreement to purchase, at a fair market value, any fixtures, equipment, leasehold improvements, real property, supplies, or other materials reasonably necessary to enter into or continue a business.

(5) Payments by a purchaser pursuant to a bona fide loan from a seller to the purchaser.

(6) Payment of rent which reflects payment for the economic value of leased real or personal property.

(7) The purchase or agreement to purchase promotional or demonstration supplies, materials, or equipment furnished at fair market value and not intended for resale.

e. *"Franchisee"* means a person to whom a franchise is granted. Franchisee includes the following:

(1) A subfranchisor with regard to its relationship with a franchisor.

(2) A subfranchisee with regard to its relationship with a subfranchisor.

f. *"Franchisor"* means a person who grants a franchise or master franchise, or an affiliate of such a person. Franchisor includes a subfranchisor with regard to its relationship with a franchisee, unless stated otherwise in this section.

g. *"Marketing plan"* means a plan or system concerning a material aspect of conducting business. Indicia of a marketing plan include any of the following:

(1) Price specification, special pricing systems, or discount plans.

(2) Sales or display equipment or merchandising devices.

(3) Sales techniques.

(4) Promotional or advertising materials or cooperative advertising.

(5) Training regarding the promotion, operation, or management of the business.

(6) Operational, managerial, technical, or financial guidelines or assistance.

h. *"Master franchise"* means an agreement by which a person pays a franchisor for the right to sell or negotiate the sale of franchises.

i. *"Offer"* or *"offer to sell"* means every attempt to offer or to dispose of, or solicitation of an offer to buy, a franchise or interest in a franchise for value.

j. *"Person"* means a person as defined in section 4.1, subsection 20.

k. *"Sale"* or *"sell"* means every contract or agreement of sale of, contract to sell or disposition of, a franchise or interest in a franchise for value.

l. *"Subfranchise"* means an agreement by which a person pays a franchisor for the right to sell or negotiate the sale of franchises.

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m. *"Subfranchisee"* means a person who is granted a franchise from a subfranchisor.

n. *"Subfranchisor"* means a person who is granted a master franchise.

2. *Applicability.* Notwithstanding section 523H.2, this section applies to a new or existing franchise that is operated in this state and that is subject to an agreement entered into on or after July 1, 2000. For purposes of this section, the franchise is operated in this state only if the premises from which the franchise is operated are physically located in this state. For purposes of this section, a franchise including marketing rights in or to this state, is deemed to be operated in this state only if the franchisee's principal business office is physically located in this state. This section does not apply to a franchise solely because an agreement relating to the franchise provides that the agreement is subject to or governed by the laws of this state. The provisions of this section do not apply to any existing or future contracts between Iowa franchisors and franchisees who operate franchises located out-of-state.

3. *Jurisdiction and venue of disputes.*

a. A provision in a franchise agreement restricting jurisdiction to a forum outside this state is void with respect to a claim otherwise enforceable under this section.

b. A civil action or proceeding arising out of a franchise may be commenced wherever jurisdiction over the parties or subject matter exists, even if the agreement limits actions or proceedings to a designated jurisdiction.

c. Venue for a civil action commenced under this chapter shall be determined in accordance with chapter 616.

4. *Waivers void.* A condition, stipulation, or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this section or a rule or order under this section is void. This subsection shall not affect the settlement of disputes, claims, or civil lawsuits arising or brought pursuant to this section.

5. *Transfer of franchise.*

a. A franchisee may transfer the franchised business and franchise to a transferee, provided that the transferee satisfies the reasonable current qualifications of the franchisor for new franchisees. For the purposes of this subsection, a reasonable current qualification for a new franchisee is a qualification based upon a legitimate business reason. If the proposed transferee does not meet the reasonable current qualifications of the franchisor, the franchisor may refuse to permit the transfer, provided that the refusal of the franchisor to consent to the transfer is not arbitrary or capricious.

b. (1) A franchisee may transfer less than a controlling interest in the franchise to an employee stock ownership plan, or employee incentive plan provided that more than fifty percent of the entire franchise is held by those who meet the franchisor's reasonable current qualifications for franchisees, and such transfer is approved by the franchisor. Approval of such transfer shall not be unreasonably withheld.

(2) If pursuant to such a transfer fifty percent or less of the entire franchise would be owned by persons who meet the franchisor's reasonable current qualifications, the franchisor may refuse to authorize the transfer, provided that enforcement of the reasonable current qualifications is not arbitrary or capricious.

(3) Participation by an employee in an employee stock ownership plan or employee incentive plan established pursuant to this subsection does not confer upon such employee any right to access trade secrets protected under the franchise agreement, which access the employee would not otherwise have if the employee did not participate in such plan.

c. A franchisor may require as a condition of a transfer any of the following:

(1) That the transferee successfully complete a training program.

(2) That a transfer fee be paid to reimburse the franchisor for the franchisor's actual expenses directly attributable to the transfer.

(3) That the franchisee pay or make provision acceptable to the franchisor to pay any amount due the franchisor or the franchisor's affiliate.

(4) That the financial terms of the transfer comply at the time of the transfer with the franchisor's current financial requirements for franchisees.

d. A franchisee shall give the franchisor no less than sixty days' written notice of a transfer which is subject to this subsection, and on request from the franchisor shall provide in writing the ownership interests of all persons holding or claiming an equitable or beneficial interest

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in the franchise subsequent to the transfer or the franchisee, as appropriate. A franchisee shall not circumvent the intended effect of a contractual provision governing the transfer of the franchise or an interest in the franchise by means of a management agreement, lease, profit-sharing agreement, conditional assignment, or other similar device.

e. A transfer by a franchisee is deemed to be approved sixty days after the franchisee submits the request for consent to the transfer unless the franchisor withholds consent to the transfer as evidenced in writing, specifying the reason or reasons for withholding the consent. The written notice must be delivered to the franchisee prior to the expiration of the sixty-day period. Any such notice is privileged and is not actionable based upon a claim of defamation.

f. A franchisor shall not discriminate against a proposed transferee of a franchise on the basis of race, color, national origin, religion, sex, or disability.

g. A transfer of less than a controlling interest in the franchise to the franchisee's spouse or child or children shall be permitted if following the transfer more than fifty percent of the interest in the entire franchise is held by those who meet the franchisor's reasonable current qualifications. If following such a transfer fifty percent or less of the interest in the franchise would be owned by persons who meet the franchisor's reasonable current qualifications, the franchisor may refuse to authorize the transfer, provided that enforcement of the reasonable current qualifications is not arbitrary or capricious.

h. A franchisor shall not deny the surviving spouse or a child or children of a deceased or permanently disabled franchisee the opportunity to participate in the ownership of a franchise under a valid franchise agreement for a reasonable period, which need not exceed one year, after the death or disability of the franchisee. During such reasonable period, the surviving spouse or the child or children of the franchisee shall either meet all of the qualifications which the franchisee was subject to at the time of the death or disability of the franchisee, or sell, transfer, or assign the franchise to a person who meets the franchisor's current qualifications for a new franchisee. The rights granted pursuant to this subsection are subject to the surviving spouse or the child or children of the franchisee maintaining all standards and obligations of the franchise.

i. Incorporation of a proprietorship franchise shall be permitted upon sixty days' prior written notice to the franchisor. Such incorporation does not prohibit a franchisor from requiring a personal guaranty by the franchisee of obligations related to the franchise, and the owners of the corporation must meet the franchisor's reasonable current qualifications for franchisees.

j. A transfer within an existing ownership group of a franchise shall be permitted provided that the transferee meets the franchisor's reasonable current qualifications for franchisees, and written notice is submitted to the franchisor sixty days prior to such a transfer. If less than fifty percent of the franchise would be owned by persons who meet the franchisor's reasonable current qualifications, the franchisor may refuse to authorize the transfer, provided that enforcement of the reasonable current qualifications is not arbitrary or capricious.

6. *Encroachment.*

a. If a franchisor develops, or grants to a franchisee the right to develop, a new outlet or location which sells essentially the same goods or services under the same trademark, service mark, trade name, logotype, or other commercial symbol as an existing franchisee and the new outlet or location is in unreasonable proximity to the existing franchisee's outlet or location and has an adverse effect on the gross sales of the existing franchisee's outlet or location, the existing adversely affected franchisee has a cause of action for monetary damages in an amount calculated pursuant to paragraph "*d*", unless any of the following apply:

(1) The franchisor has first offered the new outlet or location to the existing franchisee on the same basic terms and conditions available to the other potential franchisee and such existing franchisee meets the reasonable current qualifications of the franchisor including any financial requirements, or, if the new outlet or location is to be owned by the franchisor, on the terms and conditions that would ordinarily be offered to a franchisee for a similarly situated outlet or location.

(2) The adverse impact on the existing franchisee's annual gross sales, based on a

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comparison to the annual gross sales from the existing outlet or location during the twelve-month period immediately preceding the opening of the new outlet or location, is determined to have been less than six percent during the first twelve months of operation of the new outlet or location.

(3) The existing franchisee, at the time the franchisor develops, or grants to a franchisee the right to develop, a new outlet or location, is not in compliance with the franchisor's then current reasonable criteria for eligibility for a new franchise, not including any financial requirements.

(4) The existing franchisee has been granted reasonable territorial rights and the new outlet or location does not violate those territorial rights.

b. (1) The franchisor, with respect to claims made under paragraph *"a"*, shall establish both of the following:

(a) A formal procedure for hearing and acting upon claims by an existing franchisee with regard to a decision by the franchisor to develop, or grant to a franchisee the right to develop, a new outlet or location, prior to the opening of the new outlet or location.

(b) A reasonable formal procedure for mediating a dispute resulting in an award of compensation or other form of consideration to a franchisee to offset all or a portion of the franchisee's lost profits caused by the establishment of the new outlet or location. The procedure shall involve a neutral third-party mediator. The procedure shall be deemed reasonable if approved by a majority of the franchisor's franchisees in the United States.

(2) A dispute submitted to a formal procedure under subparagraph (1) does not diminish the rights of a franchisor or franchisee to bring a cause of action for a violation of this subsection if no settlement results from such procedure.

c. A franchisor shall establish and make available to its franchisees a written policy setting forth its reasonable criteria to be used by the franchisor to determine whether an existing franchisee is eligible for a franchise for an additional outlet or location.

d. (1) In establishing damages under a cause of action brought pursuant to this subsection, the franchisee has the burden of proving the amount of lost profits attributable to the compensable sales. In any action brought under this subsection, the damages payable shall be limited to no more than three years of the proven lost profits. For purposes of this paragraph, *"compensable sales"* means the annual gross sales from the existing outlet or location during the twelve-month period immediately preceding the opening of the new outlet or location less both of the following:

(a) Six percent of the annual gross sales for that twelve-month period immediately preceding the opening of the new outlet or location.

(b) The actual gross sales from the operation of the existing outlet or location for the twelve-month period immediately following the opening of the new outlet or location.

(2) Compensable sales shall exclude any amount attributable to factors other than the opening and operation of the new outlet or location.

e. Any cause of action brought under this subsection must be filed within eighteen months of the opening of the new outlet or location or within thirty days after the completion of the procedure under paragraph *"b"*, subparagraph (1), whichever is later.

7. *Termination.*

a. Except as otherwise provided by this section, a franchisor shall not terminate a franchise prior to the expiration of its term except for good cause. For purposes of this subsection, *"good cause"* is cause based upon a legitimate business reason. *"Good cause"* includes the failure of the franchisee to comply with any material lawful requirement of the franchise agreement, provided that the termination by the franchisor is not arbitrary or capricious. The burden of proof of showing that the action of the franchisor is arbitrary or capricious shall rest with the franchisee.

b. Prior to termination of a franchise for good cause, a franchisor shall provide a franchisee with written notice stating the basis for the proposed termination. After service of written notice, the franchisee shall have a reasonable period of time to cure the default, which in no event shall be less than thirty days or more than ninety days. In the event of nonpayment of moneys due under the franchise agreement, the period to cure need not exceed thirty days.

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c. Notwithstanding paragraph *"b"*, a franchisor may terminate a franchise upon written notice and without an opportunity to cure if any of the following apply:

(1) The franchisee or the business to which the franchise relates is declared bankrupt or judicially determined to be insolvent.

(2) All or a substantial part of the assets of the franchise or the business to which the franchisee relates are assigned to or for the benefit of any creditor which is subject to chapter 681A. An assignment for the benefit of any creditor pursuant to this subparagraph does not include the granting of a security interest in the normal course of business.

(3) The franchisee voluntarily abandons the franchise by failing to operate the business for five consecutive business days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless the failure to operate is due to circumstances beyond the control of the franchisee.

(4) The franchisor and franchisee agree in writing to terminate the franchise.

(5) The franchisee knowingly makes any material misrepresentations or knowingly omits to state any material facts relating to the acquisition or ownership or operation of the franchise business.

(6) The franchisee repeatedly fails to comply with one or more material provisions of the franchise agreement, when the enforcement of such material provisions is not arbitrary or capricious, whether or not the franchisee complies after receiving notice of the failure to comply.

(7) The franchised business or business premises of the franchisee are lawfully seized, taken over, or foreclosed by a government authority or official.

(8) The franchisee is convicted of a felony or any other criminal misconduct which materially and adversely affects the operation, maintenance, or goodwill of the franchise in the relevant market.

(9) The franchisee operates the franchised business in a manner that imminently endangers the public health and safety.

8. *Nonrenewal of a franchise.*

a. A franchisor shall not refuse to renew a franchise unless both of the following apply:

(1) The franchisee has been notified of the franchisor's intent not to renew at least six months prior to the expiration date or any extension of the franchise agreement.

(2) Any of the following circumstances exist:

(a) Good cause exists, provided that the refusal of the franchisor to renew is not arbitrary or capricious. For purposes of this subsection, *"good cause"* means cause based on a legitimate business reason.

(b) The franchisor and franchisee agree not to renew the franchise.

(c) The franchisor completely withdraws from directly or indirectly distributing its products or services in the geographic market served by the franchisee, provided that upon expiration of the franchise, the franchisor agrees not to seek to enforce any covenant of the nonrenewed franchisee not to compete with the franchisor or franchisees of the franchisor.

b. As a condition of renewal of the franchise, a franchise agreement may require that the franchisee meet the then current requirements for franchises and that the franchisee execute a new agreement incorporating the then current terms and fees for new franchises.

9. *Sources of goods or services.*

a. A franchisor shall not require that a franchisee purchase goods, supplies, inventories, or services exclusively from the franchisor or from a source or sources of supply specifically designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor.

b. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services, or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor, does not constitute designation of a source. Additionally, the reasonable right of a franchisor to disapprove a supplier does not constitute a designation of source. This subsection does not apply to the principal goods, supplies, inventories, or services manufactured by the

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franchisor, or such goods, supplies, inventories, or services entitled to protection as a trade secret.

10. *Franchisee's right to associate.* A franchisor shall not restrict a franchisee from associating with other franchisees or from participating in a trade association, and shall not retaliate against a franchisee for engaging in these activities.

11. *Duty of good faith.*

a. A franchise imposes on the parties a duty of good faith in performance and enforcement of the franchise agreement. *"Good faith"* means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

b. The duty of good faith is imposed in situations including, but not limited to, where the franchisor opens a new outlet or location that has an adverse impact on an existing franchisee. A determination of whether the duty of good faith with respect to a new outlet or location has been met shall be made pursuant to the provisions, standards, and procedures in subsection 6.

12. *Exclusion.* For purposes of this section, *"franchise"* does not include a contract under which a franchise relationship is established with respect to retreaded tires and related equipment used for commercial vehicles.

13. *Private civil action.* A person who violates a provision of this section or order issued under this section is liable for damages caused by the violation, including, but not limited to, costs and reasonable attorneys' and experts' fees, and subject to other appropriate relief including injunctive and other equitable relief.

14. *Choice of law.* A condition, stipulation, or provision requiring the application of the law of another state in lieu of this section is void.

15. *Construction with other law.* This section does not limit any liability that may exist under another statute or at common law.

16. *Construction.* This section shall be liberally construed to effectuate its purposes.

17. *Severability.* If any provision or clause of this section or any application of this section to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

2000 Acts, ch 1093, §1; 2001 Acts, ch 118, §55; 2002 Acts, ch 1119, §186; 2006 Acts, ch 1090, §22, 26; 2012 Acts, ch 1023, §157; 2026 Acts, ch 1165, §29, 32

Referred to in §523H.2A
2026 amendment to subsection 7, paragraph c, subparagraph (2) effective January 1, 2027; 2026 Acts, ch 1165, §32
Subsection 7, paragraph c, subparagraph (2) amended

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CHAPTER 537B

MOTOR VEHICLE SERVICE TRADE PRACTICES

Referred to in §669.14, 714.16

537B.1	Title.	537B.4	Aftermarket parts.
537B.2	Definitions.	537B.5	Reserved.
537B.3	Required trade practices.	537B.6	Deceptive act or practice.

537B.1 Title.

This chapter is entitled the *"Motor Vehicle Service Trade Practices Act"*.

90 Acts, ch 1010, §1

537B.2 Definitions.

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

1. *"Consumer"* means a person contracting for, or intending to contract for, repairs or service upon a motor vehicle used primarily for farm or personal use.

2. *"Motor vehicle"* means a motor vehicle as defined in section 321.1 which is subject to

registration. However, *"motor vehicle"* does not include a motor vehicle, as defined in section 321.1, with a gross vehicle weight rating of more than twelve thousand pounds.

3. *"Supplier"* means a person offering to contract for repairs or service upon a motor vehicle. Supplier includes an employee or other representative of the supplier.

90 Acts, ch 1010, §2; 90 Acts, ch 1145, §13; 98 Acts, ch 1100, §75
Referred to in §577.3

537B.3 Required trade practices.

1. If a consumer authorizes, in writing, repairs or service upon a motor vehicle prior to the commencement of the repairs or service, a conspicuous disclosure in substantially the following language shall appear on the authorization form or on a separate form provided to the consumer at the time of the authorization.

ESTIMATE

You have the right to a written or oral estimate if the expected cost of repairs or service will be more than fifty dollars. Your bill will not be higher than the estimate by more than ten percent unless you approve a higher amount before repairs are finished. Initial your choice:

..... Written estimate.
..... Oral estimate.
..... No estimate.
..... Call me if repairs and service will be more than $.....

2. *a.* The form described in subsection 1, shall at minimum contain the following information:

(1) The date.
(2) The supplier's name.
(3) The consumer's name and telephone number.
(4) The reasonably anticipated completion date.

b. If a written estimate is requested, the supplier may write the written estimate on the authorization form or on another form. If the nature of repairs or service is unknown at the time that the estimate is given, the supplier may state an hourly labor charge for the work. If the consumer so requests, a copy of the written estimate shall be provided to the consumer prior to the commencement of any repairs or service.

3. If a consumer orally authorizes repairs or service upon a motor vehicle prior to the commencement of the repairs or service, the supplier shall inform the consumer of the right to receive a written or oral estimate. The supplier shall note the consumer's response on the form described in subsections 1 and 2. If the consumer requests an estimate, the supplier shall provide the estimate to the consumer prior to commencing the repairs or service.

90 Acts, ch 1010, §3; 2012 Acts, ch 1023, §157
Referred to in §537B.6

537B.4 Aftermarket parts.

1. As used in this section:

a. "Aftermarket crash part" means a replacement for any of the nonmechanical sheet metal or plastic parts which generally constitute the exterior of a motor vehicle, including inner and outer panels, which replacement is not manufactured or marketed by the original equipment manufacturer of the motor vehicle. Aftermarket crash part does not include replacement glass for the windows, windshield, or backlight of the motor vehicle.

b. "Motor vehicle" means a motor vehicle as defined in section 321.1 which is subject to registration.

c. "Repair facility" means a motor vehicle dealer, garage, body shop, or other person, which undertakes the repair or replacement of those parts of a motor vehicle that generally constitute the exterior of a motor vehicle for a fee.

2. A repair facility shall not use aftermarket crash parts in the repair of a customer's motor vehicle without disclosing the proposed use of such parts in the estimate of repairs given to

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the customer prior to the repair of the motor vehicle. The estimate shall be in writing and shall clearly identify each part proposed to be used which is an aftermarket crash part. The following information shall appear in ten point type, or larger, on or attached to the estimate:

> This estimate has been prepared based on the use of aftermarket crash parts supplied by a source other than the manufacturer of your motor vehicle. Any warranties applicable to these replacement parts are provided by the manufacturer or distributor of these parts rather than the manufacturer of your vehicle.

3. An aftermarket crash part supplied for use in this state after January 1, 1991, shall have affixed or inscribed upon the part the logo or name of its manufacturer. A repair facility installing an aftermarket crash part on a motor vehicle shall install the part so that the manufacturer's logo or name is visible upon inspection after installation whenever practicable.

4. It is a deceptive act or practice for a repair facility or manufacturer or distributor of aftermarket crash parts to fail to comply with the requirements of this section.

90 Acts, ch 1010, §4; 90 Acts, ch 1145, §14
Referred to in §714.16

537B.5 Reserved.

537B.6 Deceptive act or practice.

It is a deceptive act or practice for a supplier to:

1. Fail to comply with the requirements of section 537B.3.
2. Make the performance of any repair or service contingent upon a consumer's waiver of any rights provided for in this chapter.
3. Fail to obtain oral or written authorization from the consumer for the anticipated cost of any additional, unforeseen, but necessary repairs or services when the cost of those repairs or services amount to more than ten percent, excluding tax, of the original estimate requested by a consumer.
4. Fail, if the anticipated cost of a repair or service is less than fifty dollars and an estimate has not been given to the consumer, to obtain oral or written authorization from the consumer for the anticipated cost of any additional unforeseen, but necessary repairs or services if the total cost of the repairs or services, if performed, will exceed fifty dollars.
5. Fail to disclose prior to the commencement of any repairs or service, that a charge will be made for disassembly, reassembly, partially completed work, or any other work not directly related to the actual performance of the repairs or service. A charge so imposed must be directly related to the actual amount of labor or parts involved in the inspection, repair, or service.
6. Charge for any repair or service which has not been authorized by the consumer.
7. Fail to disclose upon the first contact with the consumer that any charge not directly related to the actual performance of the repair or service will be imposed by the supplier whether or not repairs or services are performed.
8. Fail to disclose upon the first contact with a consumer the basis upon which a charge will be imposed for towing the motor vehicle if that service will be performed.
9. Represent that repairs or services are necessary when that is not the fact.
10. Represent that repairs have been made or services have been performed when that is not the fact.
11. Represent that a motor vehicle or any part of a motor vehicle which is being inspected or diagnosed for a repair or service is in a dangerous condition, or that the consumer's continued use of it may be harmful, when that is not the fact.
12. Materially and intentionally understate or misstate the estimated cost of the repairs or service.
13. Fail to provide the consumer with an itemized list of repairs performed or services rendered, including a list of parts or materials and a statement of whether they are used,

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remanufactured or rebuilt, if not new, and their cost to the consumer, the amount charged for labor, and the identity of the individual performing the repair or service.

14. Fail to tender to the consumer any replaced parts, unless the parts are to be rebuilt or sold by the supplier, or returned to the manufacturer in connection with warranted repairs or services, and such intended reuse or return is made known to the consumer prior to commencing any repair or service. However, this subsection does not prohibit the supplier from retaining the replaced parts if the consumer so requests.

15. Fail to provide to the consumer upon the consumer's request a written, itemized receipt for any motor vehicle or part of a motor vehicle that is left with, or turned over to, the supplier for repair or service. The receipt shall include:

a. The identity of the supplier which will perform the repair or service.

b. The name and signature of the supplier or a representative who actually accepts the motor vehicle or any part of the motor vehicle.

c. A description including make and model number or other features as will reasonably identify the motor vehicle or any part of the motor vehicle to be repaired or serviced.

d. The date on which the motor vehicle or any part of the motor vehicle was left with or turned over to the supplier.

16. Fail to disclose to the consumer prior to the commencement of any repair or service, that any part of the repair or service will be performed by a person other than the supplier or the supplier's employees, if the consumer requests that information.

90 Acts, ch 1010, §5
Referred to in §577.3

CHAPTER 537C
CAR SHARING PROGRAMS

Referred to in §669.14

537C.1 Short title.
537C.2 Definitions.
537C.3 Program — assumption of liability.
537C.4 Motor vehicle liability insurance requirements — claims.
537C.5 Liability policy — exclusions.
537C.6 Contribution against indemnification.
537C.7 Responsibility for physical equipment.
537C.8 Program agreements.
537C.9 Program agreement — approved parties.
537C.10 Shared vehicles — safety recalls.
537C.11 Shared vehicles — liens.
537C.12 Recordkeeping.

537C.1 Short title.

This chapter shall be known and may be cited as the "*Peer-to-Peer Car Sharing Program Act*".

2026 Acts, ch 1020, §1
NEW section

537C.2 Definitions.

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

1. *"Car sharing"* means the authorized use of a vehicle by an individual other than the vehicle's owner through a peer-to-peer car sharing program.

2. *"Car sharing delivery period"* means the time period in which a shared vehicle is being delivered to the location of a car sharing start time pursuant to a program agreement.

3. *"Car sharing period"* means the period of time commencing with either the car sharing delivery period, or, if there is no car sharing delivery period, the car sharing start time, and ending at the car sharing termination time as established in a program agreement.

4. *"Car sharing start time"* means the time at which a shared vehicle becomes subject to the control of the shared vehicle driver at or after a reservation of a shared vehicle is scheduled to begin pursuant to a program agreement.

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5. *"Car sharing termination time"* means the earliest of any of the following events:

a. The expiration of the period of time established by the program agreement for the use of a shared vehicle by a shared vehicle driver, if the shared vehicle driver delivers the shared vehicle at the time and to the location agreed upon in the program agreement.

b. The time when the shared vehicle owner retakes possession or control of the shared vehicle from a shared vehicle driver.

c. The time when the shared vehicle is returned to an alternate location as agreed upon by the shared vehicle owner and shared vehicle driver and incorporated into the program agreement.

6. *"Peer-to-peer car sharing program"* or *"program"* means a business platform that connects shared vehicle owners with shared vehicle drivers for financial consideration pursuant to a program agreement. *"Peer-to-peer car sharing program"* or *"program"* does not include a rental car company as defined by section 516D.3.

7. *"Program agreement"* means a contract executed by a shared vehicle owner and a shared vehicle driver that contains the terms and conditions for the use of a shared vehicle through a peer-to-peer car sharing program. *"Program agreement"* does not include a rental agreement as defined by section 516D.3.

8. *"Shared vehicle"* means a vehicle that is available for sharing through a peer-to-peer car sharing program. *"Shared vehicle"* does not include a rental vehicle as that term is defined in section 516D.3.

9. *"Shared vehicle driver"* means an individual authorized to drive a shared vehicle pursuant to a program agreement.

10. *"Shared vehicle owner"* means a registered owner, or the registered owner's designee, of a vehicle made available for car sharing.

11. *"Vehicle"* means any self-propelled motor vehicle subject to registration under chapter 321, or under the laws of another state, that is designed primarily for carrying no more than nine passengers at any one time. *"Vehicle"* does not include a motorcycle or motorized bicycle.

2026 Acts, ch 1020, §2
Referred to in §537C.3, 537C.4
NEW section

537C.3 Program — assumption of liability.

1. Except as provided in subsection 2, a program shall assume liability for a shared vehicle owner for all bodily injuries or property damage to a third party during a car sharing period involving the shared vehicle owner's vehicle in the liability amount stated in the applicable program agreement, but not less than the liability amounts under section 321A.21. Notwithstanding the definition of car sharing termination time in section 537C.2, the assumption of liability shall apply to bodily injury and property damage losses by a damaged third party as required under section 321A.21.

2. The assumption of liability by a program pursuant to subsection 1 shall not apply to a shared vehicle owner if, prior to or during a car sharing period described in subsection 1, the shared vehicle owner does any of the following:

a. Makes an intentional or fraudulent material misrepresentation or omission to the program.

b. Acts in concert with the shared vehicle driver to have the shared vehicle driver fail to return the shared vehicle according to the terms of the program agreement.

3. Notwithstanding any other provision of law to the contrary, a program and a shared vehicle owner shall not be liable under any state or local law that imposes liability based on vehicle ownership consistent with the provisions of 49 U.S.C. §30106.

2026 Acts, ch 1020, §3
Referred to in §537C.4
NEW section

537C.4 Motor vehicle liability insurance requirements — claims.

1. *a.* A program shall ensure that, during a car sharing period, a shared vehicle owner and a shared vehicle driver are insured under a motor vehicle liability insurance policy that

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provides insurance coverage in an amount not less than the minimum amounts set forth in section 321A.21.

b. The liability policy under paragraph *"a"* must meet either of the following requirements:

(1) The liability policy recognizes that the vehicle covered by the liability policy is made available and used through a peer-to-peer car sharing program.

(2) The liability policy does not expressly prohibit the use of the vehicle covered by the liability policy as a shared vehicle.

2. The liability insurance coverage requirements under this section may be satisfied by any of the following, or a combination of any of the following:

a. A liability policy maintained by the shared vehicle owner.

b. A liability policy maintained by the shared vehicle driver.

c. A liability policy maintained by the program.

3. The motor vehicle liability insurance policy under subsection 1, paragraph *"a"*, shall be primary during each car sharing period and if during the car sharing period a claim occurs in another state that requires minimum financial responsibility limits higher than the minimum limits required by subsection 1, paragraph *"a"*, the coverage maintained under this section shall satisfy the difference in the required minimum coverage amounts, up to the applicable policy limit.

4. An insurer or program providing coverage under subsection 2 shall assume primary liability for a claim under the liability policy in all of the following circumstances:

a. There is a dispute as to the individual in control of the shared vehicle at the time of an event giving rise to a claim and the program is unable to comply with section 537C.12, subsection 2.

b. There is a dispute as to whether the shared vehicle was returned to the agreed location at the car sharing termination time pursuant to section 537C.2, subsection 5, paragraph *"c"*.

5. If, at the time of a claim, the liability policy maintained by a shared vehicle owner or a shared vehicle driver has lapsed or does not provide the required coverage, the liability policy maintained by the program shall provide the required coverage beginning with the first dollar of the claim and the program shall defend such claim under the program's liability policy, not including a claim under section 537C.3, subsection 2.

6. Notwithstanding any other provision of law to the contrary, a program shall have an insurable interest in a shared vehicle during the car sharing period.

7. A program may own and maintain, as the named insured, one or more motor vehicle liability policies that provide coverage for any of the following:

a. Liabilities assumed by the program under a car sharing agreement.

b. Liability of a shared vehicle owner or a shared vehicle driver.

c. Any damage to, or loss of, a shared vehicle.

8. Coverage under a liability insurance policy maintained by a program shall not be dependent on another insurer or another liability insurance policy first denying a claim.

9. This section shall not be construed to create liability on a program to maintain a liability insurance policy.

10. This section shall not be construed to limit the liability of a program for an act or omission of the program that results in injury to a person as a result of the use of a shared vehicle through a program.

11. This section shall not be construed to limit the ability of a program to contractually seek indemnification from a shared vehicle owner or a shared vehicle driver for economic loss sustained by the program resulting from a breach of the terms and conditions of the program agreement.

2026 Acts, ch 1020, §4
NEW section

537C.5 Liability policy — exclusions.

1. A motor vehicle liability policy may exclude coverage for, and the duty to defend or indemnify, a shared vehicle owner for any claims arising out of the shared vehicle owner's participation in a program, including but not limited to the following:

a. Liability coverage for bodily injury and property damage.

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b. Personal accident coverage.
c. Uninsured and underinsured motorist coverage.
d. Medical payments coverage.
e. Comprehensive physical damage coverage.
f. Collision physical damage coverage.

2. This chapter shall not be construed to invalidate, limit, or restrict an exclusion in a liability policy, including an exclusion of coverage for vehicles made available for rent, sharing, hire, or any business use.

3. This chapter shall not be construed to invalidate, limit, or restrict an insurance carrier's ability to underwrite an insurance policy, or to cancel or to not renew an insurance policy.

2026 Acts, ch 1020, §5
NEW section

537C.6 Contribution against indemnification.

If an insurance carrier that issued a liability policy defends or indemnifies a claim against a shared vehicle owner or a shared vehicle driver for a loss or injury that occurs during a car sharing period, and the claim is excluded under the terms of the liability policy, the insurance carrier may seek recovery against the program's liability policy.

2026 Acts, ch 1020, §6
NEW section

537C.7 Responsibility for physical equipment.

A program shall be exclusively responsible for any equipment, including a global positioning system or other special equipment, used to monitor or facilitate a car sharing transaction. A program shall agree to indemnify, and shall not hold responsible, a shared vehicle owner for any damage to, or theft of, any equipment placed in or on a shared vehicle during the car sharing period unless the damage to, or theft of, the equipment is the fault of the shared vehicle owner. The program may seek indemnity from the shared vehicle driver for loss or damage to such equipment that occurs during the car sharing period.

2026 Acts, ch 1020, §7
NEW section

537C.8 Program agreements.

A program agreement shall disclose to a shared vehicle owner and shared vehicle driver all of the following:

1. That a shared vehicle owner's or the shared vehicle driver's motor vehicle liability insurance policy does not provide a defense or indemnification for a claim asserted by the program.

2. Any right the program has to seek indemnification from the shared vehicle owner or the shared vehicle driver for any economic losses incurred by the program as a result of a breach of the terms and conditions of the program agreement by the shared vehicle owner or the shared vehicle driver.

3. That the program's liability policy coverage for the shared vehicle owner and the shared vehicle driver is only in effect for the car sharing period and that the program's liability policy coverage does not cover the shared vehicle driver and the shared vehicle owner for any use of the shared vehicle by the shared vehicle driver outside of the car sharing period.

4. That the shared vehicle owner's motor vehicle liability insurance policy may not provide coverage for a shared vehicle.

5. An emergency telephone number for personnel capable of fielding roadside assistance, and a telephone number for customer service inquiries.

6. The daily rate, fees, and, if applicable, any costs for insurance or a protection package that is charged to the shared vehicle owner or the shared vehicle driver.

2026 Acts, ch 1020, §8
NEW section

537C.9 Program agreement — approved parties.

1. A program shall only enter into a program agreement with the following persons:

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a. A resident of this state who holds a driver's license issued in this state that authorizes the person to operate a vehicle of the class of the shared vehicle that is the subject of the program agreement.

b. A nonresident of this state who holds a driver's license issued by the state or country of the person's residence that authorizes the person to operate a vehicle of the class of the shared vehicle that is the subject of the program agreement, and is at least the minimum age required by this state to operate a vehicle of that class.

c. A person who is specifically authorized by this state to operate a vehicle of the class of the shared vehicle that is the subject of the program agreement.

2. A program shall keep permanent records of all of the following:

a. The names and address of each shared vehicle driver.

b. The driver's license number and place of issuance of each shared vehicle driver, and any other person who may operate a shared vehicle under a program agreement.

2026 Acts, ch 1020, §9; 2026 Acts, ch 1200, §28
NEW section

537C.10 Shared vehicles — safety recalls.

1. On the date a person registers as a shared vehicle owner, and prior to the time a shared vehicle owner makes a shared vehicle available for car sharing, the program shall do all of the following:

a. Verify that a safety recall has not been issued for the shared vehicle for which repairs have not been made.

b. Notify the shared vehicle owner of the requirements under subsection 2.

2. *a.* If a shared vehicle owner receives actual notice of a safety recall before the vehicle is made available as a shared vehicle, the person shall not make the vehicle available for car sharing until the safety repair has been made.

b. If a shared vehicle owner receives actual notice of a safety recall while the shared vehicle is available for car sharing, the shared vehicle owner shall remove the shared vehicle from the program as soon as practicably possible, and shall not make the vehicle available for car sharing until after the safety recall repair has been made.

c. If a shared vehicle owner receives actual notice of a safety recall on a shared vehicle while the shared vehicle is being used by, or is in the possession of, a shared vehicle driver, the shared vehicle owner shall, as soon as practicable, notify the program about the safety recall and the shared vehicle owner shall address the safety recall repair.

2026 Acts, ch 1020, §10
NEW section

537C.11 Shared vehicles — liens.

If there is a lien on a shared vehicle, the program shall notify the shared vehicle owner when the vehicle owner registers as a shared vehicle owner, and again immediately prior to the time the vehicle is made available for car sharing, that the vehicle's use as a shared vehicle may violate the terms of the contract with the lienholder.

2026 Acts, ch 1020, §11
NEW section

537C.12 Recordkeeping.

1. A program shall collect and verify records relating to the use of each shared vehicle, including all of the following:

a. All dates and times that the shared vehicle is the subject of a program agreement.

b. The location of each car sharing start time and each car sharing termination time.

c. All fees paid by each shared vehicle driver.

d. All revenue received by the shared vehicle owner.

2. Upon request, a program shall provide the information collected pursuant to subsection 1 to the shared vehicle owner, the insurance carrier for the shared vehicle owner's liability policy, or the insurance carrier for the shared vehicle driver's liability policy, for purposes of a claim coverage investigation, settlement, negotiation, or litigation related to a claim incurred during a car sharing period.

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3. A program shall retain the records under subsection 1 for the period required under section 614.1, subsection 2.

2026 Acts, ch 1020, §12
Referred to in §537C.4
NEW section

CHAPTER 538

TENDER OF PAYMENT AND PERFORMANCE

Referred to in §669.14

Tender under offer to confess judgment, chapter 677

538.1 Demand required.
538.2 Tender of labor or property.
538.3 Tender when contract assigned.
538.4 Effect of tender.
538.5 Tender when holder absent from state.
538.6 Offer in writing — effect.
538.7 Nonacceptance of tender.
538.8 Receipt — objection.

538.1 Demand required.

No cause of action shall accrue upon a contract for labor or the payment or delivery of property other than money, where the time of performance is not fixed, until a demand of performance has been made upon the maker and refused, or a reasonable time for performance thereafter allowed.

[C51, §959; R60, §1806; C73, §2097; C97, §3056; C24, 27, 31, 35, 39, §**9443;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.1]

538.2 Tender of labor or property.

When a contract for labor, or for the payment or delivery of property other than money, does not fix a place of payment, the maker may tender the labor or property at the place where the payee resided at the time of making the contract, or at the residence of the payee at the time of performance of the contract, or where any assignee of the contract resides when it becomes due, but if the property in such case is too ponderous to be conveniently transported, or if the payee had no known place of residence within the state at the time of making the contract, or if the assignee of a written contract has no known place of residence within the state at the time of performance, the maker may tender the property at the place where the maker resided at the time of making the contract.

[C51, §960, 961; R60, §1807, 1808; C73, §2098, 2099; C97, §3057; C24, 27, 31, 35, 39, §**9444;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.2]

538.3 Tender when contract assigned.

When the contract is contained in a written instrument which is assigned before due, and the maker has notice thereof, the maker shall make the tender at the residence of the holder if the holder resides in the state and no farther from the maker than the payee did at the making thereof.

[C51, §962; R60, §1809; C73, §2100; C97, §3058; C24, 27, 31, 35, 39, §**9445;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.3]

538.4 Effect of tender.

A tender of the property, as above provided, discharges the maker from the contract, and the property becomes vested in the payee or the payee's assignee, and the payee or assignee may maintain an action therefor as in other cases. But if the property tendered be perishable, or requires feeding, or other care, and no person is found to receive it when tendered, the

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person making the tender shall preserve, feed, or otherwise take care of the same, and shall have a lien thereon for the person's reasonable expenses and trouble in so doing.

[C51, §963, 964; R60, §1810, 1811; C73, §2101, 2102; C97, §3059; C24, 27, 31, 35, 39, §**9446;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.4]

538.5 Tender when holder absent from state.

1. When an instrument for the payment of money is due and the holder is absent from the state or the holder's identity or whereabouts are unknown and the instrument does not provide for a place of payment, the maker may tender payment at the last known residence or place of business of the last known holder, and if there be no person there authorized to receive payment and give proper credit therefor, the maker shall be deemed to have tendered payment and interest shall cease on the date of deposit if:

a. The maker deposits the amount due with the clerk of the district court in the county where the maker resided at the time of the making of the instrument, if the maker was then a resident of the state of Iowa, or if the maker was a nonresident of the state of Iowa at the time of making, with the clerk of the district court of Polk county, and

b. (1) The maker files an affidavit with the clerk of the court that the identity or address of the holder is unknown and that the maker has made diligent inquiry to ascertain it, or

(2) The maker within three days gives notice of such deposit by ordinary mail to the holder, if the holder's identity and address are known.

2. Upon presentment of the instrument by the holder to the clerk, the clerk shall pay the holder of such instrument the funds in the clerk's hands. If such deposit is in full payment of the instrument the clerk shall deliver the instrument to the maker. If such deposit is a partial payment thereof the clerk shall endorse such payment thereon and return the instrument to the holder.

[C51, §958; R60, §1805; C73, §2103; C97, §3060; C24, 27, 31, 35, 39, §**9447;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.5]

2012 Acts, ch 1023, §157

Referred to in §602.8102(75)

538.6 Offer in writing — effect.

An offer in writing to pay a particular sum of money, or to deliver a written instrument or specific personal property, if not accepted, is equivalent to the actual tender of the money, instrument, or property, subject, however, to the condition contained in section 538.7; but if the party to whom the tender is made desires an inspection of the instrument or property tendered, other than money, before making the party's determination, it shall be allowed the party on request.

[C51, §967; R60, §1816; C73, §2105; C97, §3061; C24, 27, 31, 35, 39, §**9448;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.6]

538.7 Nonacceptance of tender.

When a tender of money or property is not accepted by the party to whom it is made, the party making it may, if that party sees fit, retain it in possession; but if afterwards the party to whom the tender was made concludes to accept it and gives notice thereof to the other party, and the subject of the tender is not delivered to the accepting party within a reasonable time, the tender shall be of no effect.

[C51, §966; R60, §1815; C73, §2104; C97, §3062; C24, 27, 31, 35, 39, §**9449;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.7]

Referred to in §538.6

538.8 Receipt — objection.

The person making a tender may demand a receipt in writing for the money or article tendered, as a condition precedent to the delivery thereof. The person to whom a tender is made must, at the time, make any objection which the person may have to the money, instrument, or property tendered, or the person will be deemed to have waived it.

[C51, §968, 969; R60, §1817, 1818; C73, §2106, 2107; C97, §3063; C24, 27, 31, 35, 39, §**9450;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §538.8]

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CHAPTER 538A

CREDIT SERVICES ORGANIZATIONS

Referred to in §669.14

538A.1 Definitions.
538A.2 Credit services organization defined — exemptions.
538A.3 Prohibited conduct.
538A.4 Bond — surety account.
538A.5 Registration.
538A.6 Disclosure statement.
538A.7 Form in terms of contract.
538A.8 Waiver.
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538A.10 Injunction.
538A.11 Statute of limitations.
538A.12 Criminal penalty.
538A.13 Burden of proving exemption.
538A.14 Remedies cumulative.

538A.1 Definitions.

In this chapter, unless the context otherwise requires:

1. *"Buyer"* means an individual who is solicited to purchase or who purchases the services of a credit services organization.

2. *"Consumer reporting agency"* has the meaning assigned by section 603(f), Fair Credit Reporting Act, 15 U.S.C. §1681a(f) as amended through January 1, 1989.

3. *"Extension of credit"* means the right to defer payment of debt or to incur debt and defer its payment offered or granted primarily for personal, family, or household purposes.

89 Acts, ch 183, §1
CS89, §533C.1
C93, §538A.1

538A.2 Credit services organization defined — exemptions.

1. A credit services organization is a person who, with respect to the extension of credit by others and in return for the payment of money or other valuable consideration, provides, or represents that the person can or will provide, any of the following services:

a. Improving a buyer's credit record, history, or rating.

b. Providing advice or assistance to a buyer with regard to paragraph *"a"*.

2. The following are exempt from this chapter:

a. A person authorized to make loans or extensions of credit under the laws of this state or the United States who is subject to regulation and supervision of this state or the United States, or a lender approved by the United States secretary of housing and urban development for participation in a mortgage insurance program under the National Housing Act, 12 U.S.C. §1701 et seq.

b. A bank or savings and loan association whose deposits or accounts are eligible for insurance by the federal deposit insurance corporation or the federal savings and loan insurance corporation, or successor deposit insurance entities, or a subsidiary of a bank or savings and loan association.

c. A credit union doing business in this state.

d. A nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, as defined in section 422.3.

e. A person licensed as a real estate broker or salesperson, under section 543B.20, acting within the course and scope of that license.

f. A person licensed to practice as an attorney in this state acting within the course and scope of the person's practice as an attorney.

g. A broker-dealer registered with the securities and exchange commission or the commodity futures trading commission acting within the course and scope of the regulations of the commission that person is registered with.

h. A consumer reporting agency.

89 Acts, ch 183, §2
CS89, §533C.2
C93, §538A.2
93 Acts, ch 60, §23
Referred to in §538A.13

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538A.3 Prohibited conduct.

A credit services organization, a salesperson, agent, or representative of a credit services organization, or an independent contractor who sells or attempts to sell the services of a credit services organization shall not:

1. Charge a buyer or receive from a buyer money or other valuable consideration before completing performance of all services the credit services organization has agreed to perform for the buyer, unless the credit services organization has obtained a bond in accordance with section 538A.4 or established and maintained a surety account at a federally insured bank or savings and loan association located in this state in the amount required by section 538A.4, subsection 5.

2. Charge a buyer or receive from a buyer money or other valuable consideration solely for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit that is or will be extended to the buyer is substantially the same as that available to the general public.

3. Make or use a false or misleading representation in the offer or sale of the services of a credit services organization.

4. Engage, directly or indirectly, in a fraudulent or deceptive act, practice, or course of business in connection with the offer or sale of the services of a credit services organization.

89 Acts, ch 183, §3
CS89, §533C.3
C93, §538A.3
Referred to in §538A.4

538A.4 Bond — surety account.

1. This section applies to a credit services organization required by section 538A.3, subsection 1, to obtain a surety bond or establish a surety account.

2. If a bond is obtained, a copy of it shall be filed with the secretary of state. If a surety account is established, notification of the depository, the trustee, and the account number shall be filed with the secretary of state.

3. If a bond is obtained, the bond shall be executed by a surety company authorized to do business in this state, and the bond shall be continuous in nature until canceled by the surety with not less than thirty days' written notice to both the credit services organization and to the secretary of state. The notice shall indicate the surety's intent to cancel the bond effective on a date at least thirty days after the date of the notice.

4. The bond or surety account required must be in favor of the state for the benefit of any person who is damaged by a violation of this chapter.

5. A person claiming against the bond or surety account for a violation of this chapter may maintain an action at law against the credit services organization and against the surety or trustee. The surety or trustee is liable only for damages awarded under section 538A.9, subsection 1, and not the punitive damages permitted under that section. The aggregate liability of the surety or trustee to all persons damaged by a credit services organization's violation of this chapter shall not exceed the amount of the surety account or bond.

6. The bond or the surety account shall be in an amount of at least ten thousand dollars.

7. A depository holding money in a surety account under this chapter shall not convey money in the account to the credit services organization that established the account or a representative of the credit services organization unless the credit services organization or representative presents a statement issued by the secretary of state indicating that section 538A.5, subsection 6, has been satisfied in relation to the account. The secretary of state may conduct investigations and require submission of information as necessary to enforce this subsection.

89 Acts, ch 183, §4
CS89, §533C.4
C93, §538A.4
Referred to in §538A.3, 538A.6

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538A.5 Registration.

1. A credit services organization shall file a registration statement with the secretary of state before conducting business in this state. The registration statement must contain both of the following:

a. The name and address of the credit services organization.

b. The name and address of any person who directly or indirectly owns or controls ten percent or more of the outstanding shares of stock in the credit services organization.

2. The registration statement must also contain one of the following:

a. A full and complete disclosure of any litigation or unresolved complaint filed with a governmental authority of this state relating to the operation of the credit services organization.

b. A notarized statement that there has been no litigation or unresolved complaint filed with a governmental authority of this state relating to the operation of the credit services organization.

3. The credit services organization shall update the statement not later than the ninetieth day after the date on which a change in the information required in the statement occurs.

4. A credit services organization registering under this section shall maintain a copy of the registration statement in the files of the credit services organization. The credit services organization shall allow a buyer to inspect the registration statement on request.

5. The secretary of state may charge each credit services organization that files a registration statement with the secretary of state a reasonable fee not to exceed one hundred dollars to cover the cost of filing. The secretary of state shall not require a credit services organization to provide information other than that provided in the registration statement.

6. The bond or surety account shall be maintained until two years after the date that the credit services organization ceases to operate.

89 Acts, ch 183, §5
CS89, §533C.5
C93, §538A.5
Referred to in §538A.4

538A.6 Disclosure statement.

1. Before executing a contract or agreement with a buyer, or receiving money or other valuable consideration, a credit services organization shall provide the buyer with a statement in writing, containing all of the following:

a. A complete and detailed description of the services to be performed by the credit services organization for the buyer and the total cost of the services.

b. A statement explaining the buyer's rights to proceed against the bond or surety account required by section 538A.4.

c. The name and address of the surety company which issued the bond, or the name and address of the depository and the trustee, and the account number of the surety account.

2. The credit services organization shall maintain on file for a period of two years after the date the statement is provided, an exact copy of the statement, signed by the buyer, acknowledging receipt of the statement.

89 Acts, ch 183, §6
CS89, §533C.6
C93, §538A.6

538A.7 Form in terms of contract.

1. A contract between the buyer and a credit services organization for the purchase of the services of the credit services organization must be in writing, dated, signed by the buyer, and must include all of the following:

a. A conspicuous statement in boldface type, in immediate proximity to the space reserved for the signature of the buyer, as follows:

> You, the buyer, may cancel this contract at any time before midnight of the third day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right.

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b. The terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to another person.

c. A full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed or estimated length of time for performing the services.

d. The address of the credit services organization's principal place of business and the name and address of its agent in the state authorized to receive service of process.

2. The contract must have attached two easily detachable copies of the notice of cancellation. The notice must be in boldface type and in the following form:

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligations, within three days after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within ten days after the date of receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed, dated copy of this cancellation notice or other written notice to: (name of seller) at (address of seller) (place of business) not later than midnight (date).

(Date) .....

(Purchaser's signature) .....

3. The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time they are signed.

89 Acts, ch 183, §7
CS89, §533C.7
C93, §538A.7

538A.8 Waiver.

1. A credit services organization shall not attempt to cause a buyer to waive a right under this chapter.

2. A waiver by a buyer of any part of this chapter is void.

89 Acts, ch 183, §8
CS89, §533C.8
C93, §538A.8

538A.9 Action for damages.

1. A buyer injured by a violation of this chapter may bring an action for recovery of damages. The damages awarded shall not be less than the amount paid by the buyer to the credit services organization, plus reasonable attorney's fees and court costs.

2. The buyer may also be awarded punitive damages.

89 Acts, ch 183, §9
CS89, §533C.9
C93, §538A.9
Referred to in §538A.4, 538A.11

538A.10 Injunction.

The attorney general or a buyer may bring an action in a district court to enjoin a violation of this chapter.

89 Acts, ch 183, §10
CS89, §533C.10
C93, §538A.10

538A.11 Statute of limitations.

1. An action shall not be brought under section 538A.9 after ten years after the date of the execution of the contract for services to which the action relates.

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2. An action shall not be brought under section 538A.12 after four years after the date of the execution of the contract for services to which the action relates.

89 Acts, ch 183, §11
CS89, §533C.11
C93, §538A.11
2021 Acts, ch 76, §150

538A.12 Criminal penalty.

A person who violates a provision of this chapter commits a serious misdemeanor.

89 Acts, ch 183, §12
CS89, §533C.12
C93, §538A.12
Referred to in §538A.11

538A.13 Burden of proving exemption.

In an action under this chapter, the burden of proving an exemption under section 538A.2, subsection 2, is upon the person claiming the exemption.

89 Acts, ch 183, §13
CS89, §533C.13
C93, §538A.13

538A.14 Remedies cumulative.

The remedies provided by this chapter are in addition to other remedies provided by law.

89 Acts, ch 183, §14
CS89, §533C.14
C93, §538A.14

CHAPTER 539

ASSIGNMENT OF ACCOUNTS AND NONNEGOTIABLE INSTRUMENTS

Referred to in §625.22, 631.14, 669.14

Assignment of thing in action, R.C.P. 1.205

539.1	Assignment of nonnegotiable instruments.	539.4	Assignment of wages.
539.2	Assignment prohibited by instrument.	539.5	Priority.
539.3	Assignment of open account.	539.6	Assignor liable.
		539.7 through 539.15	Repealed by 65 Acts, ch 413, §10102.

539.1 Assignment of nonnegotiable instruments.

Bonds, due bills, and all instruments by which the maker promises to pay another, without words of negotiability, a sum of money, or by which the maker promises to pay a sum of money in property or labor, or to pay or deliver any property or labor, or acknowledges any money, labor, or property to be due, are assignable by endorsement on the instrument, or by other writing. The assignee, including a person who takes assignment for collection in the regular course of business, has a right of action on them in the assignee's own name, subject to any defense or counterclaim which the maker or debtor had against an assignor of the instrument before notice of the assignment. In case of conflict between this section and section 554.5112, 554.5113, 554.5114, 554.9404, or 554.9405, section 554.5112, 554.5113, 554.5114, 554.9404, or 554.9405 controls.

[C51, §949; R60, §1796; C73, §2084; C97, §3044; C24, 27, 31, 35, 39, §**9451;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.1; 82 Acts, ch 1235, §1]

94 Acts, ch 1167, §4; 96 Acts, ch 1026, §17; 2000 Acts, ch 1149, §172, 187
Related provision, R.C.P. 1.205

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539.2 Assignment prohibited by instrument.

When by the terms of an instrument its assignment is prohibited, an assignment thereof shall nevertheless be valid, but the maker may make use of any defense or counterclaim against the assignee which the maker may have against any assignor thereof before notice of such assignment is given to the maker in writing. In case of conflict between this section and section 554.5112, 554.5113, 554.5114, 554.9404, or 554.9405, section 554.5112, 554.5113, 554.5114, 554.9404, or 554.9405 controls.

[C51, §951; R60, §1798; C73, §2086; C97, §3046; C24, 27, 31, 35, 39, §**9452;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.2]

94 Acts, ch 1167, §5, 122; 96 Acts, ch 1026, §18; 2000 Acts, ch 1149, §173, 187

Referred to in §539.3

Related provision, R.C.P. 1.205

539.3 Assignment of open account.

An open account of sums of money due on contract may be assigned. The assignee, including a person who takes assignment for collection in the regular course of business, has a right of action on the account in the assignee's own name, subject to the defenses and counterclaims allowed against the instruments mentioned in section 539.2, before notice of the assignment is given to the debtor in writing by the assignee. In case of conflict, uniform commercial code, section 554.9404 or 554.9405, controls.

[C51, §952; R60, §1799; C73, §2087; C97, §3047; S13, §3047; C24, 27, 31, 35, 39, §**9453;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.3; 82 Acts, ch 1235, §2]

2000 Acts, ch 1149, §174, 187

Related provision, R.C.P. 1.205

539.4 Assignment of wages.

No sale or assignment, by the head of a family, of wages, whether the same be exempt from execution or not, shall be of any validity whatever unless the same be evidenced by a written instrument, and if married, unless the husband and wife sign and acknowledge the same joint instrument before an officer authorized to take acknowledgments. Provided, however, that no such assignment or order shall be effective or binding upon the employer unless the employer has in writing agreed to accept and pay said assignment or order. This section shall not apply to a wage assignment by an employee to an organization which represents the employee in labor relations with the employee's employer.

[S13, §3047; C24, 27, 31, 35, 39, §**9454;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.4]

Referred to in §91A.3, 533.326

539.5 Priority.

Assignments of wages shall have priority and precedence in the order in which notice in writing of such assignments shall be given to the employer, and not otherwise.

[S13, §3047; C24, 27, 31, 35, 39, §**9455;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.5]

539.6 Assignor liable.

The assignor of any of the above instruments not negotiable shall be liable to the action of the assignee without notice.

[C51, §956; R60, §1803; C73, §2088; C97, §3048; C24, 27, 31, 35, 39, §**9456;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §539.6]

539.7 through 539.15 Repealed by 65 Acts, ch 413, §10102.

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CHAPTER 540

SURETIES

Referred to in §669.14

540.1	Requiring creditor to sue.	540.3	Suit by surety.
540.2	Refusal or neglect of creditor.	540.4	Executor — official bonds.

540.1 Requiring creditor to sue.

When any person bound as surety for another for the payment of money, or the performance of any other contract in writing, apprehends that the principal is about to become insolvent or remove permanently from the state without discharging the contract, the surety may, if a cause of action has accrued thereon, by writing, require the creditor to sue upon the same, or permit the surety to commence an action in such creditor's name and at the surety's cost.

[C51, §970; R60, §1819; C73, §2108; C97, §3064; C24, 27, 31, 35, 39, §**9457;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §540.1]

Order of liability, R.C.P. 1.956
Right of subrogation, §626.19

540.2 Refusal or neglect of creditor.

If the creditor refuses or neglects to bring an action for ten days after request, and does not permit the surety to do so, and to furnish the surety with a true copy of the contract or other writing therefor, and enable the surety to have the use of the original when requisite in such action, the surety shall be discharged.

[C51, §971; R60, §1820; C73, §2109; C97, §3065; C24, 27, 31, 35, 39, §**9458;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §540.2]

540.3 Suit by surety.

When the surety commences such action, the surety shall give a bond to pay such costs as may be adjudged against the creditor, and the action shall be brought against all the obligors, but those joining in the request to the creditor shall make no defense thereto, but may be heard on the assessment of the damages.

[C51, §972; R60, §1821; C73, §2110; C97, §3066; C24, 27, 31, 35, 39, §**9459;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §540.3]

540.4 Executor — official bonds.

The provisions of this chapter extend to the executor of a deceased surety and holder of the contract, but not to the official bonds of public officers, executors, or guardians.

[C51, §973; R60, §1822; C73, §2111; C97, §3067; C24, 27, 31, 35, 39, §**9460;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §540.4]

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CHAPTER 540A

INSTITUTIONAL FUNDS MANAGEMENT

Referred to in §173.22A, 347.13, 669.14

540A.1 through 540A.9 Repealed by 2008 Acts, ch 1066, §10, 11; 2008 Acts, ch 1191, §138.
540A.101 Short title.
540A.102 Definitions.
540A.103 Standard of conduct — managing and investing institutional fund.
540A.104 Appropriation for expenditure or accumulation of endowment fund — rules of construction.
540A.105 Delegation of management and investment functions.
540A.106 Release or modification of restrictions on management, investment, or purpose.
540A.107 Reviewing compliance.
540A.108 Electronic signatures.
540A.109 Uniformity of application and construction.

540A.1 through 540A.9 Repealed by 2008 Acts, ch 1066, §10, 11; 2008 Acts, ch 1191, §138.

540A.101 Short title.

This chapter may be cited as the *"Uniform Prudent Management of Institutional Funds Act"*.

2008 Acts, ch 1066, §1, 11

540A.102 Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. *"Charitable purpose"* means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose the achievement of which is beneficial to the community.

2. *"Endowment fund"* means an institutional fund or any part of an institutional fund, not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument. *"Endowment fund"* does not include assets that an institution designates as an endowment fund for its own use.

3. *"Gift instrument"* means a record or records, including an institutional solicitation, under which property is granted to, transferred to, or held by an institution as an institutional fund.

4. *"Institution"* means any of the following:

a. A person, other than an individual, organized and operated exclusively for charitable purposes.

b. A government or governmental subdivision, agency, or instrumentality, to the extent that it holds funds exclusively for a charitable purpose.

c. A trust that had both charitable and noncharitable interests, after all noncharitable interests have terminated.

5. *"Institutional fund"* means a fund held by an institution exclusively for charitable purposes. *"Institutional fund"* does not include any of the following:

a. Program-related assets.

b. A fund held for an institution by a trustee that is not an institution.

c. A fund in which a beneficiary that is not an institution has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund.

6. *"Person"* means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

7. *"Program-related asset"* means an asset held by an institution primarily to accomplish a charitable purpose of the institution and not primarily for investment.

8. *"Record"* means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

2008 Acts, ch 1066, §2, 11

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540A.103 Standard of conduct — managing and investing institutional fund.

1. Subject to the intent of a donor expressed in a gift instrument, an institution shall consider the charitable purposes of the institution and the purposes of the institutional fund in managing and investing an institutional fund.

2. In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

3. All of the following shall apply to an institution managing and investing an institutional fund:

a. An institution may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution.

b. An institution shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

4. Subject to the intent of a donor expressed in a gift instrument, an institution may pool two or more institutional funds for purposes of management and investment.

5. Except as otherwise provided by a gift instrument, all of the following rules shall apply:

a. In managing and investing an institutional fund, the following factors, if relevant, shall be considered:

(1) General economic conditions.

(2) The possible effect of inflation or deflation.

(3) The expected tax consequences, if any, of investment decisions or strategies.

(4) The role that each investment or course of action plays within the overall investment portfolio of the fund.

(5) The expected total return from income and the appreciation of investments.

(6) Other resources of the institution.

(7) The needs of the institution and the fund to make distributions and to preserve capital.

(8) An asset's special relationship or special value, if any, to the charitable purposes of the institution.

b. Management and investment decisions about an individual asset shall be made in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.

c. Except as otherwise provided by law, an institution may invest in any kind of property or type of investment consistent with this section.

d. An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.

e. Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this chapter.

f. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

2008 Acts, ch 1066, §3, 11

540A.104 Appropriation for expenditure or accumulation of endowment fund — rules of construction.

1. Subject to the intent of a donor expressed in the gift instrument and to subsection 4, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act

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in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, all of the following factors:

a. The duration and preservation of the endowment fund.

b. The purposes of the institution and the endowment fund.

c. General economic conditions.

d. The possible effect of inflation or deflation.

e. The expected total return from income and the appreciation of investments.

f. Other resources of the institution.

g. The investment policy of the institution.

2. In order to limit the authority to appropriate for expenditure or accumulate under subsection 1, a gift instrument must specifically state the limitation.

3. Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income", "interest", "dividends", or "rents, issues, or profits", or "to preserve the principal intact", or words of similar import do all of the following:

a. Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund.

b. Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection 1.

4. *a.* If a gift instrument uses the terms or phrases described in subsection 3, the gift instrument may also contain language substantially similar to the following:

> A direction or authorization herein to use only "income", "interest", "dividends", or "rents, issues, or profits", or to "preserve the principal intact" or words of similar import, does not limit the expenditures from the endowment fund only to income, interest, dividends, or rents, issues, or profits. Expenditures may also come from other assets in the endowment fund. All expenditures from the endowment fund created hereunder shall be prudent in light of the uses, benefits, purposes, and duration of the endowment fund. In determining the amounts to be expended annually or to be accumulated, account shall be taken of the following factors: the duration and preservation of the endowment fund, the purposes of the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other recourses available to carry out the charitable purposes of this gift; and the governing investment policies. Because these factors govern expenditures and accumulations from the endowment fund created hereunder, terms such as those in the first sentence of this subsection shall be interpreted, absent other express language to the contrary, as creating an endowment fund of permanent duration, and such words do not limit the authority to expend or accumulate funds in accordance with the factors listed above.

b. The absence of the foregoing language or words of similar import in a gift instrument does not invalidate the gift instrument or any gift, or portion of a gift, thereunder.

2008 Acts, ch 1066, §4, 11

540A.105 Delegation of management and investment functions.

1. Subject to any specific limitation set forth in a gift instrument or in law, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in doing all of the following:

a. Selecting an agent.

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b. Establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund.

c. Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

2. In performing a delegated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

3. An institution that complies with subsection 1 is not liable for the decisions or actions of an agent to which the function was delegated.

4. By accepting delegation of a management or investment function from an institution that is subject to the laws of this state, an agent submits to the jurisdiction of the courts of this state in all proceedings arising from or related to the delegation or the performance of the delegated function.

5. An institution may delegate management and investment functions to its committees, officers, or employees as authorized by the laws of this state.

2008 Acts, ch 1066, §5, 11

540A.106 Release or modification of restrictions on management, investment, or purpose.

1. If the donor consents in a record, an institution may release or modify, in whole or in part, a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund. A release or modification shall not allow a fund to be used for a purpose other than a charitable purpose of the institution.

2. The court, upon application of an institution, may modify a restriction contained in a gift instrument regarding the management or investment of an institutional fund if the restriction has become impracticable or if, because of circumstances not anticipated by the donor, the restriction will defeat or substantially impair the accomplishment of the purposes of the institutional fund. The institution shall notify the attorney general of the application, and the attorney general shall be given an opportunity to be heard. Any modification must be made in accordance with the donor's probable intention.

3. If a particular charitable purpose or a restriction contained in a gift instrument on the use of an institutional fund becomes unlawful, impracticable, or impossible to fulfill, the court, upon application of an institution, may modify the purpose of the fund or the restriction on the use of the fund in a manner consistent with the charitable purposes expressed in the gift instrument. The institution shall notify the attorney general of the application and the attorney general shall be given the opportunity to be heard. If the donor or the donor's designee having the right to enforce the restrictions under subsection 5 provides the institution with an address, then the institution shall also notify the donor or such designee of the application by United States mail addressed to the last address so provided and the donor or such designee shall have an opportunity to be heard.

4. If an institution determines that a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund is unlawful, impracticable, or impossible to fulfill, the institution may release or modify the restriction, in whole or part, sixty days after notifying the attorney general, if all of the following conditions are met:

a. The institutional fund subject to the restriction has a total value of less than fifty thousand dollars.

b. More than twenty years have elapsed since the fund was established.

c. The institution uses the property in a manner consistent with the charitable purposes expressed in the gift instrument.

5. *a.* A donor whose aggregate gifts to an endowment fund exceeds one hundred thousand dollars may maintain an action in the district court of the county in which the institution's principal office is located to enforce restrictions respecting the purposes of the fund established by the donor in a gift instrument. A gift made in property shall be valued at fair market value on the date of the gift.

b. A donor may designate in a gift instrument or other record signed by the donor and delivered to the institution one or more persons, by name or by description, whether or not

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born at the time of such designation, to enforce the restrictions respecting the purposes of the fund during the donor's lifetime if the donor is judicially declared incompetent.

c. A donor may designate in a gift instrument or other record signed by the donor and delivered to the institution one or more persons, by name or by description, whether or not born at the time of such designation, to enforce the restrictions respecting the purposes of the fund for fifty years beginning on the date of the donor's death. If the donor prevails in any action in district court to enforce restrictions respecting the purposes of the fund in a gift instrument, the district court may order the institution to reimburse the donor's costs, including reasonable counsel fees, incurred in connection with the action, if the court finds that the institution acted in bad faith or with gross negligence.

d. The provisions in this subsection 5 may be altered by contrary provisions in a gift instrument.

6. Nothing in subsection 5 affects the authority of the attorney general to enforce any restriction in a gift instrument.

7. This section does not limit the application of the judicial power of cy pres or the right of an institution to modify a restriction on the management, investment, purpose, or use of a fund as may be permitted under the gift instrument or by law.

2008 Acts, ch 1066, §6, 11

540A.107 Reviewing compliance.

Compliance with this chapter is determined in light of the facts and circumstances existing at the time a decision is made or action is taken and not by hindsight.

2008 Acts, ch 1066, §7, 11

540A.108 Electronic signatures.

This chapter modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7001 et seq., but does not modify, limit, or supersede section 101 of that Act, 15 U.S.C. §7001(a), or authorize electronic delivery of any of the notices described in section 103 of that Act, 15 U.S.C. §7003(b).

2008 Acts, ch 1066, §8, 11

540A.109 Uniformity of application and construction.

This chapter shall be applied and construed with consideration given to the need to promote uniformity of the law with respect to the uniform prudent management of institutional funds Act among states which enact this law.

2008 Acts, ch 1066, §9, 11

CHAPTER 541

NEGOTIATING INSTRUMENTS ON HOLIDAY

Referred to in §669.14

541.1 through 541.201 Repealed by 65 Acts, ch 413, §10102.
541.202 Negotiating instrument on holiday.

541.1 through 541.201 Repealed by 65 Acts, ch 413, §10102.

541.202 Negotiating instrument on holiday.

Nothing in any law of this state shall in any manner whatsoever affect the validity of, or render void or voidable, the payment, certification, or acceptance of a check or other negotiable instrument or any other transaction by a bank or trust company in this state because done or performed on any legal holiday or during any time other than regular banking hours, if such payment, certification, acceptance or other transaction could have been validly done or performed on any other day; provided that nothing herein shall be

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construed to compel any bank or trust company in this state, which by law or custom is entitled to close for the whole or any part of any legal holiday, to keep open for the transaction of business or to perform any of the acts or transactions aforesaid on any legal holiday except at its own option.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §541.202]

CHAPTER 541A

INDIVIDUAL DEVELOPMENT ACCOUNTS

Referred to in §239B.7, 422.7(17), 422.7(17)(a), 450.4, 669.14

541A.1 Definitions.
541A.2 Individual development accounts.
541A.3 Individual development accounts — state savings match and tax provisions.
541A.4 Individual development account — pilot phase. Repealed by 2006 Acts, ch 1016, §7, 8.
541A.5 Rules.
541A.6 Compliance with federal requirements.
541A.7 Individual development account state match fund.

541A.1 Definitions.

For the purposes of this chapter, unless the context otherwise requires:

1. *"Account holder"* means an individual who is the owner of an individual development account.

2. *"Charitable contributor"* means a nonprofit association described in section 501(c)(3) of the Internal Revenue Code which makes a deposit to an individual development account and which is exempt from taxation under section 501(a) of the Internal Revenue Code.

3. *"Department"* means the department of health and human services.

4. *"Director"* means the director of health and human services.

5. *"Federal poverty level"* means the first poverty income guidelines published in the calendar year by the United States department of health and human services.

6. *"Financial institution"* means a financial institution approved by the director as an investment mechanism for individual development accounts.

7. *"Household income"* means the annual household income of an account holder or prospective account holder, as determined in accordance with rules adopted by the director.

8. *"Individual contributor"* means an individual who makes a deposit to an individual development account and is not the account holder or a charitable contributor.

9. *"Individual development account"* means either of the following:

a. A financial instrument that is certified to have the characteristics described in section 541A.2 by the operating organization.

b. A financial instrument that is certified by the operating organization to have the characteristics described in and funded by a federal individual development account program under which federal and state funding contributed to match account holder deposits is deposited by an operating organization in accordance with federal law and regulations, and which includes but is not limited to any of the programs implemented under the following federal laws:

(1) The federal Personal Responsibility and Work Opportunity Act of 1996, 42 U.S.C. §604(h).

(2) The federal Assets for Independence Act, Pub. L. No. 105-285, Tit. IV.

10. *"Operating organization"* means an agency selected by the department for involvement in operating individual development accounts directed to a specific target population.

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11. *"Source of principal"* means any of the sources of a deposit to an individual development account under section 541A.2, subsection 2.

93 Acts, ch 97, §16; 94 Acts, ch 1114, §23; 2002 Acts, ch 1175, §38; 2006 Acts, ch 1016, §2, 8; 2008 Acts, ch 1178, §9, 10, 17; 2010 Acts, ch 1061, §180; 2023 Acts, ch 19, §1224; 2024 Acts, ch 1170, §467

541A.2 Individual development accounts.

A financial instrument known as an individual development account is established. An individual development account shall have all of the following characteristics:

1. *a.* To be eligible to open an account, a prospective account holder must have a household income that is equal to or less than two hundred percent of the federal poverty level.

b. The account shall be kept in the name of an individual account holder.

2. Deposits made to an individual development account shall be made in any of the following manners and are subject to the indicated conditions:

a. Deposits made by the account holder.

b. Deposits of individual development account moneys which are transferred from another individual account holder.

c. A deposit made on behalf of the account holder by an individual or a charitable contributor. This type of deposit may include but is not limited to moneys to match the account holder's deposits.

3. The account earns income.

4. During a calendar year, with the approval of the operating organization, an account holder may make withdrawals from the account holder's account for any of the following authorized purposes:

a. Educational costs at an accredited institution of higher education.

b. Training costs for an accredited or licensed training program.

c. Purchase of a primary residence.

d. Capitalization of a small business start-up.

e. An improvement to a primary residence which increases the tax basis of the property.

f. Emergency medical costs for the account holder or for a member of the account holder's family. However, a withdrawal for this purpose is limited to once during the life of the account and the amount of the withdrawal shall not exceed ten percent of the account balance at the time of the withdrawal.

g. A purpose authorized in accordance with rule for a refugee individual development account.

h. Purchase of an automobile.

i. Purchase of assistive technology, home or vehicle modification, or other device or physical improvement to assist an account holder or family member with a disability.

j. Other purpose authorized in accordance with rule that is intended to move the account holder or a family member toward a higher degree of self-sufficiency.

5. An adult account holder may transfer all or part of the assets in the account to any other account holder's account. An account holder who is less than eighteen years of age is prohibited from transferring account assets to any other account holder.

6. An individual development account closed in accordance with this subsection is not subject to the limitations and benefits provided by this chapter but is subject to state tax in accordance with the provisions of section 422.7, subsection 17, and in accordance with the provisions of section 450.4, subsection 6, for a death occurring before January 1, 2025. An individual development account may be closed for any of the following reasons:

a. The account's operating organization determines that the account holder has withdrawn moneys from the account for a purpose other than authorized under subsection 4.

b. The account's operating organization determines there has been no activity in the account during the preceding twelve months.

c. The account holder changes the account holder's place of primary residence to a new location outside the general geographic area served by the operating organization and an operating organization is not available in the new location.

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d. The account's operating organization withdraws from involvement with the individual development account project and another operating organization is not available to operate the account.

7. Subject to obtaining any necessary federal waivers, the department shall not consider moneys in an individual development account and any earnings on the moneys in determining the eligibility or need of an individual for benefits or assistance or the amount of benefits or assistance under the family investment program under chapter 239B, the promoting independence and self-sufficiency through employment job opportunities and basic skills program, or any other program administered by the department.

8. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder.

9. The total amount of sources of principal which may be in an individual development account shall be limited to thirty thousand dollars.

93 Acts, ch 97, §17; 96 Acts, ch 1106, §9, 10; 97 Acts, ch 41, §32; 2006 Acts, ch 1016, §3, 4, 8; 2008 Acts, ch 1178, §11, 12, 17; 2009 Acts, ch 70, §1, 2, 5; 2023 Acts, ch 19, §1225; 2025 Acts, ch 148, §36, 53, 54

Referred to in §541A.1

2025 amendment to subsection 6, unnumbered paragraph 1 applies retroactively to January 1, 2025, to the estates of decedents dying on or after January 1, 2025; 2025 Acts, ch 148, §54

541A.3 Individual development accounts — state savings match and tax provisions.

All of the following state savings match and tax provisions shall apply to an individual development account:

1. *a.* Payment by the state of a state savings match on amounts of up to two thousand dollars that an account holder deposits in the account holder's account.

b. Moneys transferred to an individual development account from another individual development account and a state savings match received by the account holder in accordance with this section shall not be considered an account holder deposit for purposes of determining a state savings match.

c. Payment of a state savings match either shall be made directly to the account holder or to an operating organization's central reserve account for later distribution to the account holder in the most appropriate manner as determined by the department.

d. Subject to the limitation in paragraph "*a*", the state savings match shall be equal to one hundred percent of the amount deposited by the account holder. However, the department may limit, reduce, delay, or otherwise revise state savings match payment provisions as necessary to restrict the payments to the funding available.

2. Income earned by an individual development account is not subject to state tax, in accordance with the provisions of section 422.7, subsection 17.

3. Amounts transferred between individual development accounts are not subject to state tax.

4. The department shall coordinate the filing of claims for a state savings match authorized under subsection 1, between account holders and operating organizations. Claims approved by the department may be paid to each account holder, for an aggregate amount for distribution to the holders of the accounts in a particular financial institution, or to an operating organization's central reserve account for later distribution to the account holders depending on the efficiency for issuing the state savings match payments. Claims shall be initially filed with the department on or before a date established by the department. Claims approved by the department shall be paid from the individual development account state savings match fund.

93 Acts, ch 97, §18; 96 Acts, ch 1106, §11; 98 Acts, ch 1218, §78, 84; 2002 Acts, ch 1175, §39, 40; 2003 Acts, ch 145, §286; 2006 Acts, ch 1016, §5, 6, 8; 2006 Acts, ch 1185, §123; 2008 Acts, ch 1178, §13, 17; 2009 Acts, ch 70, §3, 5; 2009 Acts, ch 133, §170; 2023 Acts, ch 19, §1226

Referred to in §422.7(17)(b), 541A.5, 541A.7

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541A.4 Individual development account — pilot phase. Repealed by 2006 Acts, ch 1016, §7, 8.

541A.5 Rules.

1. The department, in consultation with the department of administrative services, shall adopt administrative rules to administer this chapter.

2. *a.* The rules adopted by the department shall include but are not limited to provision for transfer of an individual development account to a different financial institution than originally approved by the department, if the different financial institution has an agreement with the account's operating organization.

b. The rules for determining household income may provide categorical eligibility for prospective account holders who are enrolled in programs with income eligibility restrictions that are equal to or less than the maximum household income allowed for payment of a state match under section 541A.3.

c. Subject to the availability of funding, the department may adopt rules implementing an individual development account program for refugees. Rules shall identify purposes authorized for withdrawals to meet the special needs of refugee families.

3. The department shall utilize a request for proposals process for selection of operating organizations and approval of financial institutions.

94 Acts, ch 1114, §25; 96 Acts, ch 1106, §14; 2003 Acts, ch 145, §286; 2008 Acts, ch 1178, §14, 17; 2009 Acts, ch 70, §4, 5; 2023 Acts, ch 19, §1227; 2024 Acts, ch 1170, §468

541A.6 Compliance with federal requirements.

The department shall adopt rules for compliance with federal individual development account requirements under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, §103, as codified in 42 U.S.C. §604(h), under the federal Assets for Independence Act, Pub. L. No. 105-285, Tit. IV, or with any other federal individual development account program requirements for drawing federal funding. Any rules adopted under this section shall not apply the federal individual development account program requirements to an operating organization which does not utilize federal funding for the accounts with which it is connected or to an account holder who does not receive temporary assistance for needy families block grant or other federal funding.

99 Acts, ch 100, §4; 2008 Acts, ch 1178, §15, 17; 2010 Acts, ch 1061, §180; 2023 Acts, ch 19, §1228; 2024 Acts, ch 1170, §469

541A.7 Individual development account state match fund.

1. An individual development account state match fund is created in the state treasury under the authority of the department. Notwithstanding section 8.33, moneys appropriated to the fund shall not revert to any other fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund.

2. Moneys available in the fund for a fiscal year are appropriated to the department to be used to provide the state match for account holder deposits in accordance with section 541A.3. At least eighty-five percent of the amount appropriated shall be used for state match payments and the remainder may be used for the administrative costs of the operating organization. Administrative costs include but are not limited to accounting services, curriculum costs for financial education or asset-specific training, and costs for technical assistance contractors.

2008 Acts, ch 1178, §16, 17; 2023 Acts, ch 19, §1229

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CHAPTER 541B

IOWA FIRST-TIME HOMEBUYER SAVINGS ACCOUNT ACT

Referred to in §669.14

541B.1 Short title.
541B.2 Definitions.
541B.3 First-time homebuyer savings account.
541B.4 Account administration — account holder responsibilities — new accounts prohibited.
541B.5 Financial institution protections.
541B.6 Tax considerations.
541B.7 Rules and forms.

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541B.1 Short title.

This chapter may be cited as the *"Iowa First-Time Homebuyer Savings Account Act"*.

2017 Acts, ch 116, §3

541B.2 Definitions.

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

1. *"Account holder"* means an individual who establishes, either individually or jointly with the individual's spouse, a first-time homebuyer savings account pursuant to section 541B.3.

2. *"Department"* means the department of revenue.

3. *"Designated beneficiary"* means an individual meeting the requirements of section 541B.3, subsection 2, and designated by an account holder as beneficiary of the account holder's first-time homebuyer savings account pursuant to section 541B.3, subsection 2.

4. *a. "Eligible home costs"* means the following:

(1) The down payment for the purchase of a single-family residence in Iowa by a designated beneficiary.

(2) A cost, fee, tax, or payment incurred by, or charged or assigned to, a designated beneficiary for the purchase of a single-family residence in Iowa, and listed on the statement of receipts and disbursements for the sale, including any statement prescribed by 12 C.F.R. §1026.38, as amended.

b. "Eligible home costs" includes any United States veterans administration funding fee incurred by, or charged or assigned to, a designated beneficiary in connection with a veterans administration home loan guaranty program.

5. *"Financial institution"* means a state or federally chartered bank, savings and loan association, credit union, or trust company in this state.

6. *"First-time homebuyer"* means an individual who is a resident of Iowa and who does not own, either individually or jointly, a single-family or multifamily residence, and who has not owned or purchased, either individually or jointly, a single-family or multifamily residence for a period of three years prior to all of the following:

a. The date on which the individual is named as a designated beneficiary of a first-time homebuyer savings account.

b. The date of the qualified home purchase for which the eligible home costs are paid or reimbursed from a first-time homebuyer savings account.

7. *"First-time homebuyer savings account"* means an account that meets the requirements of sections 541B.3 and 541B.4 and that was established for the purpose of paying or reimbursing a designated beneficiary's eligible home costs in connection with a qualified home purchase.

8. *"Individual"* means a natural person.

9. *"Qualified home purchase"* means, with respect to a first-time homebuyer savings account, the purchase of a single-family residence in Iowa by the account's designated beneficiary ninety or more days after the date the account holder first opened a first-time homebuyer savings account.

10. *"Resident"* means the same as defined in section 422.4.

11. *"Single-family residence"* means a single-family residence owned and occupied by a

designated beneficiary as the designated beneficiary's principal residence, including but not limited to a manufactured home, mobile home, condominium unit, or cooperative.

2017 Acts, ch 116, §4
Referred to in §422.7(27)(f)

541B.3 First-time homebuyer savings account.

1. *Establishment of account.*

a. An individual may open an interest-bearing savings account with a financial institution and designate the entire account as a first-time homebuyer savings account for the purpose of paying or reimbursing a designated beneficiary's eligible home costs in connection with a qualified home purchase. The first-time homebuyer savings account designation shall be made on forms provided by the department and shall be submitted on or before the date prescribed in section 422.21 for making and filing an individual income tax return, excluding extensions, or the date for making and filing an individual income tax return determined by the director pursuant to an order issued under section 421.17, subsection 30, applicable to the tax year in which the account is opened.

b. A married couple electing to file a joint Iowa individual income tax return may establish a joint first-time homebuyer savings account. Married taxpayers electing to file separate tax returns for Iowa tax purposes shall not establish or maintain a joint first-time homebuyer savings account.

c. An individual may establish more than one first-time homebuyer savings account, provided each account has a different designated beneficiary.

2. *Designation of beneficiary.*

a. The account holder shall designate one individual as beneficiary of the first-time homebuyer savings account. The designation shall be made on forms provided by the department and shall be submitted on or before the date prescribed in section 422.21 for making and filing an individual income tax return, excluding extensions, or the date for making and filing an individual income tax return determined by the director pursuant to an order issued under section 421.17, subsection 30, applicable to the tax year in which the designation is made. The account holder may change the designated beneficiary of the first-time homebuyer savings account at any time.

b. The account holder and designated beneficiary of a first-time homebuyer savings account may be the same individual.

c. An individual may be the designated beneficiary of more than one first-time homebuyer savings account.

d. The designated beneficiary of a first-time homebuyer savings account must be a first-time homebuyer.

2017 Acts, ch 116, §5; 2018 Acts, ch 1161, §131, 133, 134; 2021 Acts, ch 177, §1; 2023 Acts, ch 115, §2, 3
Referred to in §541B.2, 541B.7
2018 amendment to subsection 1, paragraph b is effective January 1, 2023, and applies to tax years beginning on or after that date; 2018 Acts, ch 1161, §133, 134; 2021 Acts, ch 177, §1

541B.4 Account administration — account holder responsibilities — new accounts prohibited.

1. *Account contributions.* Contributions to a first-time homebuyer savings account may be made by any person in the form of cash. There is no limitation on the amount of contributions that may be made to or retained in a first-time homebuyer savings account.

2. *Account expenses.* The account holder shall not use funds held in a first-time homebuyer savings account to pay expenses, if any, of administering the account, except that all fees and charges assessed by the financial institution may be deducted from the account by the financial institution where the account is held.

3. *Required reports.* The account holder shall submit the following information to the department:

a. An annual report for the first-time homebuyer savings account on forms furnished by the department. The report shall be included with the Iowa income tax return of the account holder.

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b. A copy of the federal internal revenue service form 1099, or other similar federal internal revenue service income reporting form, if any, issued for the first-time homebuyer savings account to the account holder by the financial institution where the account is held. The form shall be included with the Iowa income tax return of the account holder.

c. Upon a withdrawal of funds from a first-time homebuyer savings account, a transaction report on forms furnished by the department.

4. *Withdrawal of funds.* The account holder may withdraw funds from a first-time homebuyer savings account at any time.

5. *Withdrawal for deposit into FirstHome Iowa program trust account.* First-time homebuyer account balances under this chapter may be withdrawn without penalty or taxation in this state if such withdrawal is deposited in an account within the FirstHome Iowa program trust under chapter 12L within thirty days of the withdrawal. The treasurer of state may by rule provide for the direct transfer of moneys within an account under this chapter to a FirstHome Iowa program trust account and such transfer shall not be subject to penalty or taxation in this state.

6. *No new accounts.* New accounts shall not be established under this chapter on or after July 1, 2026.

2017 Acts, ch 116, §6; 2026 Acts, ch 1115, §37
Referred to in §541B.2, 541B.7
NEW subsections 5 and 6

541B.5 Financial institution protections.

Nothing in this chapter shall be construed to require a financial institution to do any of the following, or to be responsible or liable for any of the following:

1. Designate or label within the financial institution's account contracts, systems, or in any other manner, an account as a first-time homebuyer savings account.

2. Ascertain or verify the purpose of a withdrawal of funds from a first-time homebuyer savings account, or track the destination or use of the withdrawn funds.

3. Allocate funds in a first-time homebuyer savings account to a designated beneficiary or among joint account holders.

4. Report any information to the department or any other governmental agency.

5. Determine or ensure that an account satisfies the requirements to be a first-time homebuyer savings account.

6. Determine or ensure that funds withdrawn from a first-time homebuyer savings account are used for the payment or reimbursement of a designated beneficiary's eligible home costs in connection with a qualified home purchase.

7. Report or remit taxes or penalties related to the ownership or use of a first-time homebuyer savings account.

8. Include the name of a beneficiary in the title of a first-time homebuyer savings account, or document the change of any beneficiary to a first-time homebuyer savings account.

2017 Acts, ch 116, §7

541B.6 Tax considerations.

The state income tax treatment of a first-time homebuyer savings account shall be as provided in section 422.7, subsection 27.

2017 Acts, ch 116, §8; 2018 Acts, ch 1161, §132 – 134; 2021 Acts, ch 177, §1
2018 amendment to this section is effective January 1, 2023, and applies to tax years beginning on or after that date; 2018 Acts, ch 1161, §133, 134; 2021 Acts, ch 177, §1

541B.7 Rules and forms.

1. The department shall adopt rules to implement and administer this chapter.

2. The department shall create and make available forms to be used in complying with this chapter, including but not limited to the following:

a. A form for designating an account as a first-time homebuyer savings account pursuant to section 541B.3, subsection 1, paragraph "*a*".

b. A form for designating an individual as beneficiary of a first-time homebuyer savings account pursuant to section 541B.3, subsection 2, paragraph "*a*".

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c. A first-time homebuyer savings account annual report as required in section 541B.4, subsection 3, paragraph "*a*". The report shall require, at a minimum, a list of transactions occurring on the account during the tax year, and shall identify any supporting documentation to be included with the report or maintained by the taxpayer.

d. A transaction report as required in section 541B.4, subsection 3, paragraph "*c*", which report shall require, at a minimum, information regarding the eligible home costs to which any withdrawn funds were applied in connection with a qualified home purchase, and information regarding the amount of funds remaining, if any, in a first-time homebuyer savings account.

2017 Acts, ch 116, §9

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SUBTITLE 4

PROFESSIONAL REGULATION, COMMERCE-RELATED

Referred to in §524.802

CHAPTER 542

PUBLIC ACCOUNTANTS

Referred to in §10A.506, 11.31A, 15E.208, 80A.2, 99D.20, 99E.9, 99F.13, 203.16, 203C.24, 272C.1, 272C.6, 272C.9, 421.62, 669.14, 714E.1, 714H.4

542.1 Title.
542.2 Legislative intent.
542.3 Definitions.
542.4 Iowa accountancy examining board.
542.5 Qualifications for a certificate as a certified public accountant.
542.6 Issuance and renewal of certificates — maintenance of competency.
542.7 Firm permits to practice — attest experience and peer review.
542.7A Office of auditor of state.
542.8 Qualifications for and issuance of a license as a licensed public accountant — renewal of license — firm registration — peer review.
542.9 Appointment of secretary of state as agent.
542.10 Enforcement against a holder of a certificate, permit, or license.
542.11 Investigations and hearings.
542.12 Reinstatement.
542.13 Unlawful acts.
542.14 Injunction against unlawful acts, civil penalties, and consent agreements.
542.15 Criminal penalties.
542.16 Single act evidence of practice.
542.17 Confidential communications.
542.18 Licensees' working papers — clients' records.
542.19 Substantial equivalency.
542.20 Practice privilege.

542.1 Title.

This chapter shall be known and may be cited as the *"Iowa Accountancy Act of 2001"*.

2001 Acts, ch 55, §1, 38

542.2 Legislative intent.

It is the policy of this state, and the purpose of this chapter, to promote the reliability of information that is used for guidance in financial transactions or for accounting for or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises. The reliance of the public in general and of the business community in particular on sound financial reporting imposes on persons engaged in such practice certain obligations both to their clients and to the public. These obligations, which this chapter is intended to enforce, include the obligation to maintain independence in thought and action, to strive continuously to improve one's professional skills, to observe where applicable generally accepted accounting principles and generally accepted auditing standards, to promote sound and informative financial reporting, to hold the affairs of clients in confidence, and to maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy. The public interest requires that persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information shall have demonstrated their qualifications to do so, and that persons who have not demonstrated and maintained such qualifications not be permitted to represent themselves as having such special competence or to offer such assurance; that the conduct of persons licensed as having special competence in accountancy be regulated in all aspects of their professional work; that a public authority competent to prescribe and assess the qualifications and to regulate the conduct of licensees be established; and that the use of titles that have a capacity or tendency to deceive the public as to the status or competence of the persons using such titles be prohibited.

2001 Acts, ch 55, §2, 38

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542.3 Definitions.

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

1. *a. "Attest"* or *"attest service"* means providing any of the following services:

(1) An audit or other engagement to be performed in accordance with the statements on auditing standards.

(2) A review of a financial statement to be performed in accordance with the statements on standards for accounting and review services.

(3) Any engagement to be performed in accordance with the statements on standards for attestation engagements.

(4) Any engagement to be performed in accordance with the standards of the public company accounting oversight board.

b. The standards specified in this subsection are those standards adopted by the board, by rule, by reference to the standards developed for general application by the American institute of certified public accountants, the public company accounting oversight board, or other recognized national accountancy organization.

2. *"Board"* means the Iowa accountancy examining board established under section 542.4 or its predecessor under prior law.

3. *"Certificate"* means a certificate as a certified public accountant issued under section 542.6 or 542.19, or a certificate issued under corresponding prior law.

4. *"Certified public accountant"* means a person licensed by the board who holds a certificate issued under this chapter or corresponding prior law.

5. *"Certified public accounting firm"* means a sole proprietorship, a corporation, a partnership, a limited liability company, or any other form of organization issued a permit to practice as a firm of certified public accountants under section 542.7.

6. *"Client"* means a person or entity that agrees with a licensee or licensee's employer to receive a professional service.

7. *"Commission"* means a brokerage or other participation fee. *"Commission"* does not include a contingent fee.

8. *"Compilation"* means a service performed in accordance with statements on standards for accounting and review services and presented in the form of financial statements, which provides information that is the representation of management without undertaking to express any assurance on the statements.

9. *"Contingent fee"* means a fee established for the performance of a service pursuant to an arrangement under which a fee will not be charged unless a specified finding or result is attained, or under which the amount of the fee is otherwise dependent upon the finding or result of such service. *"Contingent fee"* does not mean a fee fixed by a court or other public authority, or a fee related to any tax matter which is based upon the results of a judicial proceeding or the findings of a governmental agency.

10. *"Home office"* is the location specified by the client as the address to which an attest or compilation service is directed, which may be a subunit or subsidiary or an entity or the principal office of an entity, as the board may further define by rule.

11. *"License"* means a certificate issued under section 542.6 or 542.19, a permit issued under section 542.7, or a license issued under section 542.8; or a certificate, permit, or license issued under corresponding prior law.

12. *a.* *"Licensed public accountant"* means a person licensed by the board who does not hold a certificate as a certified public accountant under this chapter, and who offers to perform or performs for the public any of the following services:

(1) Records financial transactions in books of record.

(2) Makes adjustments of financial transactions in books of record.

(3) Makes trial balances from books of record.

(4) Prepares internal verification and analysis of books or accounts of original entry.

(5) Prepares financial statements, schedules, or reports.

(6) Devises and installs systems or methods of bookkeeping, internal controls of financial data, or the recording of financial data.

(7) Prepares compilations.

b. Nothing contained in this definition or elsewhere in this chapter shall be construed

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to permit a licensed public accountant to give an opinion attesting to the reliability of any representation embracing financial information.

13. *"Licensed public accounting firm"* means a sole proprietorship, a corporation, a partnership, a limited liability company, or any other form of organization issued a permit to practice as a firm of licensed public accountants under section 542.8.

14. *"Licensee"* means the holder of a license.

15. *"Manager"* means a manager of a limited liability company.

16. *"Member"* means a member of a limited liability company.

17. *"NASBA"* means the national association of state boards of accountancy.

18. *"Office"* means any Iowa workplace identified or advertised to the general public as a location where public accounting services are performed.

19. *"Peer review"* means a study, appraisal, or review of one or more aspects of the professional work of a licensee or firm that performs attest or compilation services, by a licensed person or persons who are not affiliated with the licensee or firm being reviewed. *"Peer review"* does not include a peer review conducted pursuant to chapter 272C in connection with a disciplinary investigation.

20. *"Peer review records"* means a file, report, or other information relating to the professional competence of an applicant in the possession of a peer review team, or information concerning the peer review developed by a peer review team in the possession of an applicant. *"Peer review records"* includes peer review reports.

21. *"Peer review reports"* means a study, appraisal, or review of one or more aspects of a certified public accounting firm's compliance with applicable accounting, auditing, and other attestation standards adopted by generally recognized standard-setting bodies.

22. *"Peer review team"* means a person or organization participating in the peer review function, but does not include the board.

23. *"Permit"* means a permit to practice as either a certified public accounting firm issued under section 542.7 or licensed public accounting firm under section 542.8 or under corresponding provisions of prior law.

24. *"Practice of public accounting"* means the performance or the offering to perform, by a person holding oneself out to the public as a certified public accountant or a licensed public accountant, one or more kinds of professional services involving the use of accounting, attest, or auditing skills, including the issuance of reports on financial statements, or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. However, with respect to licensed public accountants, the *"practice of public accounting"* shall not include attest or auditing services or the rendering of an opinion attesting to the reliability of any representation embracing financial information.

25. *"Practice privilege"* means an authorization to practice public accounting in Iowa or for clients with a home office in Iowa without licensure under this chapter, as provided in section 542.20.

26. *"Principal place of business"* means the primary location from which public accounting services are performed, as the board may further define by rule. A person or firm may only have one principal place of business at any one time.

27. *"Report"*, when used with reference to any attest or compilation services, means a report, opinion, or other form of a writing that states or implies assurance as to the reliability of the attested information or compiled financial statements and that includes or is accompanied by a statement or implication that the person or firm issuing the report has special knowledge or competence in accounting or auditing. Such statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. *"Report"* includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply a positive assurance as to the reliability of the attested information or compiled financial statements referred to or special knowledge or competence on the part of the person or firm issuing the language, and any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

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28. *"State"* means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or Guam.

29. *"Substantial equivalency"* is a determination by the board that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination, and experience requirements contained in this chapter or that an individual licensee's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in this chapter.

2001 Acts, ch 55, §3, 38; 2008 Acts, ch 1106, §1 – 4, 15; 2011 Acts, ch 127, §50, 89; 2015 Acts, ch 13, §2; 2017 Acts, ch 78, §1; 2022 Acts, ch 1085, §2, 3, 7, 8

Referred to in §11.31A, 15.517, 542.8

2022 amendment to subsection 20 applies retroactively to July 1, 2002; 2022 Acts, ch 1085, §8

Subsection 21 applies retroactively to July 1, 2002; 2022 Acts, ch 1085, §8

542.4 Iowa accountancy examining board.

1. An Iowa accountancy examining board is created within the department of inspections, appeals, and licensing to administer and enforce this chapter.

a. The board shall consist of five members, appointed by the governor and subject to senate confirmation, all of whom shall be residents of this state. Four of the five members shall be holders of certificates issued under section 542.6 and one shall not be a certified public accountant or licensed public accountant and shall represent the general public. At least three of the holders of certificates issued under section 542.6 shall also be qualified to supervise attest services as provided in section 542.7.

b. A certified or licensed member of the board shall be actively engaged in practice as a certified public accountant or as a licensed public accountant.

c. Professional associations or societies composed of certified public accountants or licensed public accountants may recommend the names of potential board members to the governor. However, the governor is not bound by the recommendations. A board member is not required to be a member of any professional association or society composed of certified public accountants or licensed public accountants.

d. The term of each member of the board shall be three years, as designated by the governor, and appointments to the board are subject to the requirements of sections 4A.12 and 69.19. Vacancies occurring during a term shall be filled by appointment by the governor for the unexpired term. Upon the expiration of the member's term of office, a member shall continue to serve until a successor shall have been appointed and taken office.

e. The public members of the board shall be allowed to participate in administrative, clerical, or ministerial functions incident to giving the examinations, but shall not determine the content or determine the correctness of the answers. The licensed public accountant member shall not determine the content of the certified public accountant examination or determine the correctness of the answers.

f. Any member of the board whose certificate under section 542.6 or license under section 542.8 is revoked or suspended shall automatically cease to be a member of the board, and the governor may, after a hearing, remove any member of the board for neglect of duty or other just cause.

g. A person who has served three successive complete terms shall not be eligible for reappointment, but appointment to fill an unexpired term shall not be considered a complete term for this purpose.

2. The board shall elect annually from among its members a chairperson and such other officers as the board may determine to be appropriate. The board shall meet at such times and places as may be fixed by the board. A majority of the board members in office shall constitute a quorum at any meeting. The board shall maintain a registry of the names and addresses of all licensees and permittees under this chapter.

3. Members of the board are entitled to receive a per diem as specified in section 7E.6 for each day spent on performance of duties as members and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

4. All moneys collected by the board from fees authorized to be charged by this chapter shall be received and accounted for by the board and shall be paid monthly to the treasurer

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of state for deposit in the licensing and regulation fund created in section 10A.507. Expenses of administering this chapter shall be paid from moneys appropriated to the department pursuant to section 10A.507 and from appropriations made by the general assembly, which expenses may include but shall not be limited to the costs of conducting investigations and of taking testimony and procuring the attendance of witnesses before the board or its committees; all legal proceedings taken under this chapter for the enforcement of this chapter; and educational programs for the benefit of the public and licensees and their employees.

5. *a.* The board shall maintain the confidentiality of information relating to the following:

(1) The contents of the examination.

(2) The examination results other than final score except for information about the results of the examination given to the person examined.

b. A member of the board who willfully communicates or seeks to communicate such information in a manner which violates confidentiality requirements, and any person who willfully requests, obtains, or seeks to obtain such information, is guilty of a simple misdemeanor.

6. The director of the department of inspections, appeals, and licensing shall provide staffing assistance to the board for implementing this chapter.

7. The board may join professional organizations and associations to promote the improvement of the standards of the practice of accountancy and for the protection and welfare of the public. The board may provide social security numbers of licensees to NASBA, provided that the numbers are solely used by NASBA for inclusion in a national database of licensees, the numbers are submitted in an encrypted format or through such alternative means as will assure the confidentiality of the numbers, and NASBA maintains the confidentiality of the numbers and agrees not to disseminate the numbers to any other person or entity.

8. The board shall have the power to take all action that is necessary and proper to effectuate the purposes of this chapter, including the power to sue and be sued in its official name as an agency of this state. The board shall also have the power to issue subpoenas to compel the attendance of witnesses and the production of documents; to administer oaths; to take testimony; to cooperate with the appropriate authorities in other states in investigation and enforcement concerning violations of this chapter and comparable statutes of other states; and to receive evidence concerning all matters within the scope of this chapter. In case of disobedience of a subpoena, the board may invoke the aid of any district court in requiring the attendance and testimony of witnesses and the production of documentary evidence.

9. The board shall adopt rules pursuant to chapter 17A governing the administration and enforcement of this chapter and the conduct of licensees and permittees. Rules adopted shall include but not be limited to the following:

a. Rules governing the board's meetings and the conduct of its business.

b. Rules of procedure governing the conduct of investigations and hearings by the board.

c. Rules specifying the educational and experience qualifications required for the issuance of a certificate under section 542.6 and the continuing professional education required for renewal of a certificate under section 542.6.

d. Rules specifying the educational and experience qualifications required for the issuance of a license under section 542.8 and the continuing professional education required for renewal of a license under section 542.8.

e. Rules of professional conduct directed to control the quality and probity of services provided by a licensee, and, among other areas, pertaining to a licensee's independence, integrity, and objectivity; competence and technical standards; responsibilities to the public; and responsibilities to a client.

f. Rules relating to the propriety of opinions on financial statements by a certified public accountant who is not independent.

g. Rules relating to actions discreditable to the practice as a certified public accountant or licensed public accountant.

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h. Rules relating to professional confidences between a certified public accountant or licensed public accountant and a client.

i. Rules governing technical competence and the expression of opinions on financial statements.

j. Rules governing the failure to disclose a material fact known to the certified public accountant or licensed public accountant.

k. Rules relating to a material misstatement known to the certified public accountant or licensed public accountant.

l. Rules governing negligent conduct in an examination or in making a report on an examination.

m. Rules governing failure to direct attention to any material departure from generally accepted accounting principles.

n. Rules governing the professional standards applicable to a licensee.

o. Rules governing the manner and circumstances of use of the titles "certified public accountant" and "CPA".

p. Rules governing the manner and circumstances of use of the titles "accounting practitioner" and "AP", and "licensed public accountant" and "LPA".

q. Rules regarding peer review that may be required to be performed under this chapter.

r. Rules on substantial equivalency under section 542.19.

s. Rules on practice privilege under section 542.20.

t. Such other rules as the board deems necessary or appropriate for administering this chapter, including but not limited to rules establishing fees and rules of professional conduct, pertaining to corporations or limited liability companies practicing accounting, which the board deems consistent with or required by the public welfare. The board may adopt rules governing the style, name, and title of corporations and limited liability companies and governing the affiliation of corporations and limited liability companies with other organizations.

2001 Acts, ch 55, §4, 38; 2002 Acts, ch 1050, §58; 2006 Acts, ch 1177, §35; 2008 Acts, ch 1031, §59; 2008 Acts, ch 1059, §2; 2008 Acts, ch 1106, §5, 6, 15; 2023 Acts, ch 19, §1664, 1665; 2023 Acts, ch 108, §41; 2024 Acts, ch 1004, §47; 2024 Acts, ch 1170, §344

Referred to in §11.31A, 542.3
Confirmation, see §2.32

542.5 Qualifications for a certificate as a certified public accountant.

1. A certificate as a certified public accountant may be granted to a person of good moral character who makes application pursuant to section 542.6 and who satisfies the education, experience, and examination requirements of this section and rules adopted pursuant to this section.

2. An applicant for a certificate who has been convicted of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud, or other similar offense, or of any crime involving moral character or honesty, in a court of competent jurisdiction in this state, or another state, territory, or a district of the United States, or in a foreign jurisdiction, may be denied a certificate by the board on the grounds of the conviction. For purposes of this subsection, "*conviction*" means a conviction for an indictable offense and includes a guilty plea, deferred judgment from the time of entry of the deferred judgment until the time the defendant is discharged by the court without entry of judgment, or other finding of guilt by a court of competent jurisdiction.

3. An applicant for a certificate who has had a professional license of any kind revoked in this or any other jurisdiction may be denied a certificate by the board on the grounds of the revocation.

4. A person who makes a false statement of material fact on an application for a certificate, or who causes to be submitted, or has been a party to preparing or submitting a false application for a certificate, may be denied a certificate by the board on the grounds of the false statement or submission. A certificate holder found to have made such a false statement or who has caused to be submitted, or was a party to preparing or submitting any

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false application for a certificate, may have the holder's certificate suspended or revoked by the board on the grounds of the false statement or submission.

5. A certified public accountant shall notify the board of such accountant's conviction of an offense included in subsection 2, within thirty days of such conviction. Failure of the certified public accountant to notify the board of the conviction within thirty days of the date of the conviction is sufficient grounds for revocation of the certificate.

6. The board, when considering the denial or revocation of a certificate pursuant to subsections 2 through 5, shall consider the nature of the offense; any aggravating or extenuating circumstances which are documented; the time lapsed since the revocation, conduct, or conviction; the rehabilitation, treatment, or restitution performed by the applicant or certificate holder; and any other factors the board deems relevant. Character references may be required, but shall not be obtained from certified public accountants. An applicant shall not be denied a certificate because of age, citizenship, race, religion, marital status, or national origin, although the application may require citizenship information.

7. *a.* An applicant for initial issuance of a certificate shall meet all of the requirements of either subparagraph (1) or subparagraph (2):

(1) The applicant meets all of the following:

(a) The applicant has completed at least one hundred fifty semester hours, or the trimester or quarter equivalent of one hundred fifty semester hours, of college education.

(b) The applicant has a degree.

(c) The applicant has no less than one year of experience.

(2) The applicant meets all of the following:

(a) The applicant has completed at least one hundred twenty semester hours, or the trimester or quarter equivalent of one hundred twenty semester hours, of college education.

(b) The applicant has a degree.

(c) The applicant has no less than two years of experience.

b. A degree required under paragraph *"a"* must be at least a baccalaureate degree and be conferred by a college or university recognized by the board, and the degree program must include a concentration in accounting or another area of study that the board determines to be substantially equivalent.

c. Experience required under paragraph *"a"* must include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting, as verified by an applicant, that meets the requirement prescribed by the board by rule. The experience may be in the government, industry, academia, or public sector.

8. An applicant must pass an examination which shall be offered at least twice per year and which shall test the applicant's knowledge of the subjects of accounting and auditing, and such other related subjects as the board may specify by rule, including but not limited to business law and taxation. The examination shall be held at a time determined by the board and may be changed from time to time. The board shall prescribe by rule the methods of applying for and conducting the examination, including methods for grading and determining a passing grade required of an applicant for a certificate. However, the board, to the extent possible, shall ensure the examination, grading of the examination, and the passing grades are uniform with those applicable in all other states. The board may make such use of all or any part of a nationally recognized uniform certified public accountant examination and advisory grading service, and may contract with third parties to perform such administrative services with respect to the examination as it deems appropriate to perform the duties of the board with respect to examination.

9. The board may admit to the examination a candidate who will complete the educational requirements for a baccalaureate degree with a concentration in accounting or what the board determines by rule to be substantially equivalent to a concentration in accounting within one hundred twenty days immediately following the date of the examination or who has completed those requirements. However, the board shall not report the results of the examination until the candidate has met the educational requirements for a baccalaureate degree and shall not issue the certificate until the candidate has fully satisfied the requirements of subsection 7.

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10. Applicants who fail the examination once shall be allowed to take the examination again at a time determined by the board. Applicants who fail the examination twice shall be allowed to take the examination again at the discretion of the board. The board may by rule prescribe the terms and conditions under which a candidate who passes two or more subjects of the examination conducted in this state or by the licensing authority of another state may be reexamined in only the failed subjects and receive credit for the passed subjects. An applicant who has failed the examination may request in writing information from the board concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the board administers a uniform, standardized examination, the board shall only be required to provide the examination grade and such other information concerning the applicant's examination results which are available to the board.

11. The board, by rule, may establish an examination fee to be charged each applicant by the board or by a third party administering the examination.

12. A person holding a certificate as a certified public accountant issued by the state prior to July 1, 2025, is deemed to have met the requirements of this section.

2001 Acts, ch 55, §5, 38; 2008 Acts, ch 1031, §60; 2025 Acts, ch 40, §1 – 3, 9
Referred to in §542.6, 542.7, 542.8, 542.10, 542.19
2025 amendment to subsection 7 effective July 1, 2026; 2025 Acts, ch 40, §9
2025 strike of former subsection 12 effective July 1, 2026; 2025 Acts, ch 40, §9
2025 amendment to former subsection 13 effective July 1, 2026; 2025 Acts, ch 40, §9
Subsection 7 stricken and rewritten
Subsection 12 stricken
Subsection 13 amended and renumbered as 12

542.6 Issuance and renewal of certificates — maintenance of competency.

1. *a.* The board shall issue a certificate to a person who makes application on a form prescribed and furnished by the board and who demonstrates either of the following:

(1) That the person's qualifications, including where applicable the qualifications prescribed by section 542.5, satisfy the requirements of this section, or that the person holds a certificate issued under prior law.

(2) That the person holds in good standing a certificate or license to practice as a certified public accountant in another state or equivalent designation from a foreign country, and is eligible under the substantial equivalency or other provisions of section 542.19.

b. The holder of a certificate issued under this section shall only provide attest services in a certified public accounting firm that is issued a permit under section 542.7, or through a certified public accounting firm with a practice privilege under section 542.20.

2. A certificate shall be initially issued, and renewed, for a period of not more than three years, but in any event shall expire on a date specified by rule. A person who fails to renew a certificate as a certified public accountant by the expiration date shall be allowed to do so within thirty days following its expiration, but the board may assess a reasonable penalty. The board shall specify by rule the conditions under which a lapsed certificate may be reinstated, including the imposition of administrative penalties.

3. A certificate holder, for renewal of a certificate under this section, shall participate in a program of learning designed to maintain professional competency. Such program of learning must comply with rules adopted by the board. The board, by rule, may grant an exception to this requirement for a certificate holder who does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or the use of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. A certificate holder entitled to an exception by rule of the board shall place the word "inactive" adjacent to the holder's certified public accountant title on any business card, letterhead, or other document or device, with the exception of the certificate holder's certified public accountant certificate, on which the certificate holder's certified public accountant title appears.

4. The board shall charge an application fee for initial issuance or renewal of a certificate in an amount prescribed by the board by rule.

5. An applicant for initial issuance or renewal of a certificate shall list in the application all states in which the applicant has applied for or holds a certificate, license, or permit and

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list any past denial, revocation, or suspension of a certificate, license, or permit. A holder of or applicant for a certificate under this section shall notify the board in writing, within thirty days after its occurrence, of any issuance, denial, revocation, or suspension of a certificate, license, or permit by another state.

6. The board, by rule, shall require as a condition for renewal of a certificate under this section, by any certificate holder who performs compilation services for the public other than through a certified public accounting firm or licensed public accounting firm, that such individual undergo, no more frequently than once every three years, a peer review conducted in such manner as the board shall by rule specify, and such review shall include verification that such individual has met the competency requirements set out in professional standards for such services. The provisions of section 542.7, subsections 10, 11, and 12, shall apply to the peer review required in this subsection.

2001 Acts, ch 55, §6, 38; 2008 Acts, ch 1106, §7, 15; 2017 Acts, ch 78, §2
Referred to in §542.3, 542.4, 542.5, 542.7, 542.8, 542.9, 542.13, 542.19, 542.20

542.7 Firm permits to practice — attest experience and peer review.

1. The board shall issue or renew a permit to practice to a certified public accounting firm that makes application and demonstrates the qualifications set forth in this section. A person or firm holding a permit to practice issued by this state prior to July 1, 2002, is deemed to have met the requirements of this section.

a. A firm must hold a permit issued under this section if the firm has an office in this state and uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm".

b. A firm which is not subject to paragraph "*a*" may practice public accounting in this state without a permit issued under this section in conformance with section 542.20.

c. A firm that holds a permit issued under this chapter shall designate to the board the licensee or nonlicensee owner who is responsible for the proper licensure of the firm and the firm's compliance with all applicable laws and rules of this state. If such firm has one or more offices in this state, the firm shall designate to the board one or more persons who are licensed under this chapter who are responsible for the proper registration of each Iowa office of the firm and each office's compliance with all applicable laws and rules of this state.

2. A permit shall be initially issued and renewed for a period of not more than three years, but in any event shall expire on a date specified by rule. An application for a permit shall be made in such form, and in the case of an application for renewal, between such dates as the board may by rule specify.

3. *a.* An applicant for initial issuance or renewal of a permit to practice as a firm shall show that notwithstanding any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, and managers, belongs to holders of a certificate issued by a state, and that such partners, officers, shareholders, members, and managers, who perform professional services in this state or for clients in this state, hold a certificate issued under section 542.6 or 542.19, or by another state if the holder has a practice privilege under section 542.20.

b. A certified public accounting firm may include a nonlicensee owner, which for purposes of this section means an owner that does not hold a valid certificate to practice public accounting in any state, provided all of the following occur:

(1) All nonlicensee owners are active participants in the firm or an affiliated entity.

(2) All nonlicensee owners comply with all applicable rules of professional conduct adopted by the board.

(3) Such firm complies with other requirements as established by the board by rule.

c. (1) Notwithstanding chapter 496C or any other provision of law to the contrary, a certified public accounting firm organized as a professional corporation under chapter 496C may have nonlicensee owners provided that the firm complies with the requirements of this section.

(2) Notwithstanding chapter 489, subchapter XI, or any other provision of law to the contrary, a certified public accounting firm organized as a professional limited liability

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company under chapter 489, subchapter XI, may have nonlicensee members provided that the professional limited liability company complies with the requirements of this section.

d. A licensee or person with a practice privilege under section 542.20 who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on behalf of the firm shall meet the experience or competency requirements set out in nationally recognized professional standards for such services.

e. A licensee or person with a practice privilege under section 542.20 who signs or authorizes someone to sign the accountant's report on behalf of the firm shall meet the experience or competency requirements established in paragraph *"d"*.

f. The board may deny the issuance or renewal of or revoke a permit, or otherwise discipline the holder of a permit issued under this section, if a nonlicensee owner's professional license has been revoked in any jurisdiction or a nonlicensee owner has been convicted of a crime described in section 542.5, subsection 2, if the board determines that such revocation or conviction is detrimental to the public interest and would be a ground for discipline if applicable to a licensee under this chapter.

4. An applicant for initial issuance or renewal of a permit to practice as a certified public accounting firm is required to register each office of the firm within this state with the board and to show that all attest and compilation services rendered in this state are under the charge of a person holding a valid certificate issued under section 542.6 or 542.19, or by another state if the holder has a practice privilege under section 542.20. However, the requirements of this subsection shall not apply to the office of auditor of state if the auditor of state otherwise complies with the requirements of section 11.31A and this section.

5. The board, by rule, shall establish and charge an application fee for each application for initial issuance or renewal of a permit.

6. An applicant for initial issuance or renewal of a permit shall list in the application all states in which the applicant has applied for or holds a permit as a certified public accounting firm and list any past denial, revocation, or suspension of a permit by another state. A holder of or applicant for a permit shall notify the board in writing within thirty days after an occurrence of any of the following:

a. A change in the number or location of offices within this state.

b. A change in the identity of a person in charge of such offices.

c. The issuance, denial, revocation, or suspension of a permit by another state.

7. A firm, after receiving or renewing a permit which is not in compliance with this section as a result of a change in firm ownership or personnel, shall take corrective action to bring the firm back into compliance as quickly as possible or apply to modify or amend the permit. The board may grant a reasonable period of time for a firm to take such corrective action. Failure to comply within a reasonable period as deemed by the board shall result in the suspension or revocation of the firm's permit.

8. *a.* The board, by rule, shall require as a condition of renewal of a permit to practice as a certified public accounting firm, that an applicant undergo, no more frequently than once every three years, a peer review conducted in such manner as the board specifies. The review shall include a verification that any individual in the firm who is responsible for supervising attest and compilation services and who signs or authorizes someone to sign the accountant's report on behalf of the firm meets the competency requirements set forth in the professional standards for such services.

b. Such rules shall include reasonable provision for compliance by an applicant showing that the applicant, within the preceding three years, has undergone a peer review that is a satisfactory equivalent to the peer review required under this subsection. An applicant's completion of a peer review program endorsed or supported by the American institute of certified public accountants, or other substantially similar review as determined by the board, satisfies the requirements of this subsection.

9. An applicant for a permit to practice as a certified public accounting firm, at the time of renewal, may request in writing upon forms provided by the board, a waiver from the requirements of subsection 8. The board may grant a waiver upon a showing satisfactory to the board of any of the following:

a. The applicant does not engage in, and does not intend to engage in during the following

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year, financial reporting areas of practice, including but not limited to audits, compilations, and reviews. An applicant granted a waiver pursuant to this paragraph shall immediately notify the board if the applicant engages in such practice, and shall be subject to peer review.

b. Reasons of health.

c. Military service.

d. Instances of hardship.

e. Other good cause as determined by the board.

10. *a.* Peer review records are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion. Peer review records are not admissible in evidence in a judicial, administrative, or arbitration proceeding. Unless the subject of a peer review timely objects in writing to the administering entity of the peer review program, the administering entity shall make available to the board within thirty days of the issuance of the peer review acceptance letter the final peer review report or such peer review records as are designated by the peer review program in which the administering entity participates. The subject of a peer review may voluntarily submit the final peer review report directly to the board. Information or documents discoverable from sources other than a peer review team do not become nondiscoverable from such other sources because they are made available to or are in the possession of a peer review team. Information or documents publicly available from the American institute of certified public accountants relating to quality or peer review are not privileged or confidential under this subsection. A person or organization participating in the peer review process shall not testify as to the findings, recommendations, evaluations, or opinions of a peer review team in a judicial, administrative, or arbitration proceeding.

b. However, notwithstanding any provision of this subsection to the contrary, peer review reports concerning the office of auditor of state shall be considered a public record pursuant to chapter 22.

11. A person is not liable as a result of an act, omission, or decision made in connection with the person's service on a peer review team, unless the act, omission, or decision is made with actual malice. A person is not liable as a result of providing information to a peer review team, or for disclosure of privileged matters to a peer review team.

12. The costs of the peer review shall be paid by the applicant.

2001 Acts, ch 55, §7, 38; 2002 Acts, ch 1119, §112; 2003 Acts, ch 108, §100; 2008 Acts, ch 1106, §8, 15; 2015 Acts, ch 13, §3 – 7; 2017 Acts, ch 78, §3; 2022 Acts, ch 1085, §4, 5, 7, 8; 2023 Acts, ch 152, §160, 161

Referred to in §542.3, 542.4, 542.6, 542.7A, 542.9, 542.13, 542.20

2022 amendments to subsections 4 and 10 apply retroactively to July 1, 2002; 2022 Acts, ch 1085, §8

542.7A Office of auditor of state.

1. The office of auditor of state shall qualify as a certified public accounting firm subject to the requirements of sections 11.31, 11.31A, and 542.7.

2. For purposes of section 542.7, the auditor of state shall be deemed to be the owner of the office of auditor of state and the office of auditor of state shall be deemed to comply with the ownership requirements of section 542.7 if the auditor of state is a certified public accountant or all divisions of the office of auditor of state performing attest services are led by a certified public accountant.

3. The provisions of sections 542.9, 542.17, and 542.18 shall not apply to the office of auditor of state as a certified public accounting firm under this chapter.

2022 Acts, ch 1085, §6, 7, 8

Section applies retroactively to July 1, 2002; 2022 Acts, ch 1085, §8

542.8 Qualifications for and issuance of a license as a licensed public accountant — renewal of license — firm registration — peer review.

1. The license of a licensed public accountant shall be granted by the board to any person who meets one of the following requirements:

a. The applicant holds a license as an accounting practitioner issued under the laws of this state in full force and effect on July 1, 2002, and has completed additional educational requirements as prescribed by the board.

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b. The applicant has satisfactorily completed the examination prescribed in subsection 2 after having met one of the following:

(1) The applicant has had two or more years' actual experience in practice as an accountant as an employee of a certified public accountant, an accounting practitioner, or a licensed public accountant.

(2) The applicant submits evidence satisfactory to the board that the applicant is a graduate of a four-year college or university accredited by the north central accreditation association or other regional accreditation association having equivalent standards, with a major in accounting, or that the applicant is a graduate in accountancy from a business or correspondence school accredited by the accrediting commission for business schools or the accrediting commission of the national home study council.

(3) The applicant submits evidence of at least five years of continuous experience engaged in performing any of the services delineated in section 542.3, subsection 12, on a full-time basis.

2. An examination shall be conducted by the board as often as deemed necessary, but not less than two times per year.

3. The examination shall be designed and given in a manner as to fairly test the applicant's knowledge of accounting. The examination shall not include questions relating to the subject of auditing.

4. The board, in its discretion, may use all or any part of a standard or uniform examination and advisory grading service that is provided or furnished by a national accounting organization or society to assist the board in the performance of its duties under this chapter. The identity of the person taking the examination shall be concealed until after the examination papers have been graded.

5. If an applicant has partially passed an examination given in another state determined by the board to be substantially equivalent to the examination required by this state and meets eligibility requirements that the board finds to be substantially equivalent to those prescribed by this state, the results of the other state's examination shall be accepted as though given in this state.

6. An applicant who successfully passes all subjects in which examined shall be issued a license as a licensed public accountant by the board. The cost of the license shall be based upon the administrative costs of the board and the costs of issuing the license.

7. An applicant who fails the examination once shall be allowed to take the examination at the next scheduled time. Thereafter, the applicant shall be allowed to take the examination at the discretion of the board. An applicant who passes a portion of the examination shall have the right to be reexamined in the remaining subjects at a future examination, and if the applicant passes the remaining subjects, the applicant shall be considered to have passed the entire examination. An applicant who fails the examination may request in writing information from the board concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the board administers a uniform, standardized examination, the board shall only be required to provide the examination grade and such other information concerning the applicant's examination results which is available to the board.

8. An applicant for initial issuance of a license must have no less than one year of experience. The experience shall include providing any type of service or advice involving the use of accounting, compilation, management advisory, financial advisory, tax, or consulting skills, as verified by a licensee, meeting requirements prescribed by the board by rule. The experience is acceptable if gained through employment in government, industry, academia, or public practice.

9. *a.* The licensed public accountant license shall expire in intervals as determined by the board. The board shall notify a person licensed under this chapter of the date of expiration of the license and the amount of the fee required for its renewal. The notice shall be mailed at least one month in advance of the expiration date. A person who fails to renew a license as a licensed public accountant by the expiration date shall be allowed to do so within thirty days following its expiration, but the board may assess a reasonable penalty.

b. A licensee, for renewal of a license under this section, shall participate in a program

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of learning designed to maintain professional competency. Such program of learning must comply with rules adopted by the board. The board, by rule, may grant an exception to this requirement for a licensee who does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or the use of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. A licensee entitled to an exception by rule of the board shall place the word "inactive" adjacent to the licensee's licensed public accountant title on any business card, letterhead, or other document or device, with the exception of the licensee's licensed public accountant license, on which the licensee's licensed public accountant title appears.

10. The board, in its discretion, may waive an examination and issue a license as a licensed public accountant to an applicant for one of the following:

a. The applicant holds a license as a licensed public accountant, an accounting practitioner, or similar title issued, after examination, by a state which extends by substantial equivalency privileges to a licensed public accountant of this state, and who, at the time of issuance of the registration, possessed the basic qualifications set forth in subsection 1.

b. The applicant has passed the examination required under the laws of another state and possesses the basic qualifications set forth in subsection 1 at the time the applicant applied for registration in this state.

11. A person applying for a license as a licensed public accountant shall pay a fee as determined by the board based upon the costs of issuing such licenses.

12. The board shall issue or renew a permit to practice as a licensed public accounting firm to a person that makes application and demonstrates the qualification set forth in this section or to a licensed public accounting firm originally registered in another state that provides evidence that the qualifications met in the other state are substantially equivalent to those required by this section. A firm must hold a permit issued under this section in order to use the title "LPAs" or "Licensed Public Accountants" in a firm name.

a. An applicant for initial issuance or renewal of a permit to practice as a firm under this section must show that notwithstanding any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, and managers, belongs to the holders of a certificate or license issued by a state, and that such partners, officers, shareholders, members, and managers who perform professional services in this state or for clients in this state hold a certificate issued under section 542.6 or a license issued under this section, or another state if the holder has a practice privilege under section 542.20. To qualify for firm licensure at least one partner, officer, shareholder, member, or manager shall hold a license under this section.

b. A licensed public accounting firm may include a nonlicensee owner, which for purposes of this section means an owner that does not hold a valid license or certificate to practice public accounting in any state, provided all of the following occur:

(1) Such firm designates a licensee who is responsible for the proper registration of the firm, and identifies that individual to the board.

(2) All nonlicensee owners are of good moral character and active participants in the firm or an affiliated entity.

(3) All nonlicensee owners comply with all applicable rules of professional conduct adopted by the board.

(4) Such firm complies with other requirements as established by the board by rule.

c. An individual licensee or person with a practice privilege under section 542.20 who is responsible for compilation services and signs or authorizes someone to sign the accountant's report on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

d. An individual licensee or person with a practice privilege under section 542.20 who signs or authorizes someone to sign the accountant's report on behalf of the firm shall meet the competency requirements set out in nationally recognized professional standards for such services.

e. The board may deny the issuance or renewal of, or revoke a permit, or otherwise discipline the holder of a permit issued under this section if a nonlicensee owner's

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professional license has been revoked in any jurisdiction or a nonlicensee owner has been convicted of a crime described in section 542.5, subsection 2, if the board determines that such revocation or conviction is detrimental to the public interest and would be a ground for discipline if applicable to a licensee under this chapter.

13. An applicant for initial issuance or renewal of a permit to practice as a licensed public accounting firm is required to register each office of the firm within this state with the board and to show that all compilation services rendered in this state are under the charge of a person holding a valid certificate issued under section 542.6 or 542.19, or a license issued under this section, or another state if the holder has a practice privilege under section 542.20.

14. The board, by rule, shall establish and charge an application fee for each application for initial issuance or renewal of a permit.

15. An applicant for initial issuance or renewal of a permit shall list in the application all states in which the applicant has applied for or holds a permit as a certified public accountant or a licensed public accounting firm and list any past denial, revocation, or suspension of a permit by another state. A holder of or applicant for a permit shall notify the board in writing within thirty days after an occurrence of any of the following:

a. A change in the identity of a partner, officer, shareholder, member, or manager who performs professional services in this state or for clients in this state.

b. A change in the number or location of offices within this state.

c. A change in the identity of a person in charge of such offices.

d. The issuance, denial, revocation, or suspension of a permit by another state.

16. A firm, after receiving or renewing a permit which is not in compliance with this section as a result of a change in firm ownership or personnel, shall take corrective action to bring the firm back into compliance as quickly as possible or apply to modify or amend the permit. The board may grant a reasonable period of time for a firm to take such corrective action. Failure to comply within a reasonable period as deemed by the board shall result in the suspension or revocation of the firm permit.

17. The board, by rule, shall require as a condition of renewal of a permit to practice as a licensed public accounting firm, that an applicant undergo, no more frequently than once every three years, a peer review conducted in such manner as the board specifies. The review shall include verification that any individual in the firm who is responsible for supervising compilation services and who signs or authorizes someone to sign the accountant's report on a financial statement on behalf of the firm meets the competency requirements set forth in the professional standards for such services. Such rules shall include reasonable provision for compliance by an applicant showing that the applicant, within the preceding three years, has undergone a peer review that is a satisfactory equivalent to the peer review required under this subsection. An applicant's completion of a peer review program endorsed or supported by the national society of accountants, or other substantially similar review as determined by the board, satisfies the requirements of this subsection.

18. An applicant for a permit to practice as a licensed public accounting firm, at the time of renewal, may request in writing upon forms provided by the board, a waiver from the requirements of subsection 17. The board may grant a waiver upon a showing satisfactory to the board of any of the following:

a. The applicant does not engage in, and does not intend to engage in during the following year, financial reporting areas of practice, including but not limited to compilations. An applicant granted a waiver pursuant to this paragraph shall immediately notify the board if the applicant engages in such practice, and shall be subject to peer review.

b. Reasons of health.

c. Military service.

d. Instances of hardship.

e. Other good cause as determined by the board.

19. Peer review records are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion. Peer review records are not admissible in evidence in a judicial, administrative, or arbitration proceeding. Unless the subject of a peer review timely objects in writing to the administering entity of the peer review program, the administering entity shall make available to the board within thirty days of the issuance of the

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peer review acceptance letter the final peer review report or such peer review records as are designated by the peer review program in which the administering entity participates. The subject of a peer review may voluntarily submit the final peer review report directly to the board. Information or documents discoverable from sources other than a peer review team do not become nondiscoverable from such other sources because they are made available to or are in the possession of a peer review team. Information or documents publicly available from the national society of accountants relating to quality or peer review are not privileged or confidential under this subsection. A person or organization participating in the peer review process shall not testify as to the findings, recommendations, evaluations, or opinions of a peer review team in a judicial, administrative, or arbitration proceeding.

20. A person is not liable as a result of an act, omission, or decision made in connection with the person's service in a peer review team, unless the act, omission, or decision is made with actual malice. A person is not liable as a result of providing information to a peer review team, or for disclosure of privileged matters to a peer review team.

21. The costs of the peer review shall be paid by the applicant.

22. The board, by rule, shall require as a condition for renewal of a license under this section by any license holder who performs compilation services for the public other than through a licensed public accounting firm or a certified public accounting firm, that such individual undergo, no more frequently than once every three years, a peer review conducted in such manner as the board shall by rule specify, and such review shall include verification that such individual has met the competency requirements set out in professional standards for such services.

2001 Acts, ch 55, §8, 38; 2003 Acts, ch 108, §101; 2008 Acts, ch 1106, §9, 10, 15; 2010 Acts, ch 1055, §1; 2017 Acts, ch 78, §4, 5

Referred to in §542.3, 542.4, 542.9, 542.13, 542.20

542.9 Appointment of secretary of state as agent.

Application for a certificate under section 542.6, a license under section 542.8, a permit to practice under section 542.7, or a certificate under section 542.19 by a person or a firm not a resident of this state constitutes appointment of the secretary of state as the applicant's agent upon whom process may be served in any action or proceeding against the applicant arising out of a transaction or operation connected with or incidental to services performed by the applicant while a licensee within this state.

2001 Acts, ch 55, §9, 38

Referred to in §542.7A

542.10 Enforcement against a holder of a certificate, permit, or license.

1. After notice and hearing pursuant to section 542.11, the board may revoke, suspend for a period of time not to exceed two years, or refuse to renew a license; reprimand, censure, or limit the scope of practice of any licensee; impose an administrative penalty not to exceed one thousand dollars per violation against an individual licensee or ten thousand dollars per violation against a firm licensee; require remedial actions; or place any licensee on probation; all with or without terms, conditions, and in combinations of remedies, for any one or more of the following reasons:

a. Fraud or deceit in obtaining a license, which may also result in permanent revocation of the license.

b. Dishonesty, fraud, or gross negligence in the practice of public accounting.

c. Engaging in any activity prohibited under section 542.13 or 542.20 or permitting persons under the licensee's supervision to do so.

d. Violation of a rule of professional conduct adopted by the board under the authority granted by this chapter.

e. Conviction of a felony under the laws of any state or the United States.

f. Conviction of any crime, any element of which is dishonesty or fraud as provided in section 542.5, subsection 2, under the laws of any state or the United States.

g. Cancellation, revocation, suspension, or refusal to renew the authority to practice as a certified public accountant, licensed public accountant, or accounting practitioner,

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or the acceptance of the voluntary surrender of a license to practice as a certified public accountant, licensed public accountant, or accounting practitioner to conclude a pending disciplinary action, by any other state or foreign authority for any cause other than failure to pay appropriate fees in the other jurisdiction.

h. Suspension or revocation of the right to practice before any state or federal agency, or the public company accounting oversight board.

i. Conduct discreditable to the public accounting profession.

j. Violation of section 272C.10.

2. Multiple violations arising from the same factual circumstances or from different factual circumstances containing a common error shall be considered as a single violation for the purpose of imposition of an administrative penalty.

3. In lieu of or in addition to any remedy specifically provided in subsection 1, the board may require a licensee to satisfy a peer review or desk review process on such terms as the board may specify, satisfactorily complete a continuing education program, or such additional remedies as the board may specify by rule.

2001 Acts, ch 55, §10, 38; 2008 Acts, ch 1106, §11, 15
Referred to in §272C.3, 272C.4

542.11 Investigations and hearings.

1. The board may initiate proceedings under this chapter upon written complaint or on its own motion pursuant to other information received by the board suggesting violations of this chapter or board rules. The board may conduct an investigation as needed to determine whether probable cause exists to initiate such proceedings. In aid of such investigation, the board may issue subpoenas to compel witnesses to testify or persons to produce evidence consistent with the provisions of section 272C.6, subsection 3. The board may also review the publicly available public accounting work product of licensees on a general or random basis to determine whether reasonable grounds exist to initiate proceedings under this chapter or to conduct a more specific investigation.

2. A written notice stating the nature of the charge or charges against the accused and the time and place of the hearing before the board on the charges shall be served on the accused not less than thirty days prior to the date of hearing either personally or by mailing a copy by restricted certified mail to the last known address of the accused.

3. At any hearing, the accused may appear in person or by counsel, produce evidence and witnesses on behalf of the accused, cross-examine witnesses, and examine evidence which is produced against the accused. A firm may appear by a partner, officer, director, shareholder, member, or manager.

4. The board may issue subpoenas in any proceeding to compel witnesses to testify and to produce documentary evidence on behalf of the board and shall issue such subpoenas upon the application of the accused, pursuant to section 17A.13, subsection 1, and section 272C.6, subsection 3.

5. Evidence supporting the board's charges may be presented at any hearing by an assistant attorney general.

6. The decision of the board shall be by a majority vote of a quorum of the board. Licensee discipline shall only be imposed upon the majority vote of the members of the board not disqualified pursuant to section 17A.17, subsection 8, or other applicable law.

7. Judicial review may be sought in accordance with chapter 17A.

2001 Acts, ch 55, §11, 38
Referred to in §272C.5, 542.10, 542.14, 542.15

542.12 Reinstatement.

1. In any case in which the board has suspended, revoked, or restricted a license, refused to renew a license, or accepted the voluntary surrender of a license to conclude a pending disciplinary investigation or action, the board may, upon written application, modify or terminate the suspension, reissue the license, or modify or remove the restriction, with or without terms and conditions.

2. The board is vested with discretionary authority to specify by rule the manner in

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which such applications shall be made, the times within which they shall be made, the circumstances in which a hearing will be held, and the grounds upon which such applications will be decided. The rules shall provide at a minimum that the burden is on the licensee to produce evidence that the basis for revocation, suspension, restriction, refusal to renew, or voluntarily surrender no longer exists and that it will be in the public interest for the board to grant the application on such terms and conditions as the board deems desirable.

2001 Acts, ch 55, §12, 38

542.13 Unlawful acts.

1. Only a certified public accountant may issue a report on financial statements of a person, firm, organization, or governmental unit, or offer to render or render any attest service. Only a certified public accountant or licensed public accountant may render compilation services. This restriction does not prohibit such acts by a public official or public employee in the performance of that person's duties; or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on such financial statements. A nonlicensee may prepare financial statements and issue nonattest transmittals or information on such statements or transmittals which do not purport to be in compliance with the statements on standards for accounting and review services.

2. A licensee performing attest or compilation services must provide those services consistent with professional standards.

3. A person not holding a certificate shall not use or assume the title "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant.

4. A firm shall not provide attest services or assume or use the title "certified public accountants" or the abbreviation "CPAs" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is a certified public accounting firm unless the firm holds a permit issued under section 542.7 and ownership of the firm satisfies the requirements of this chapter and rules adopted by the board.

5. A person shall not assume or use the title "licensed public accountant" or the abbreviation "LPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a licensed public accountant unless that person holds a license issued under section 542.8.

6. A firm not holding a permit issued under section 542.8 shall not assume or use the title "licensed public accountants", the abbreviation "LPAs", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is composed of licensed public accountants.

7. A person or firm not holding a certificate, permit, or license issued under section 542.6, 542.7, 542.8, or 542.19 shall not assume or use the title "certified accountant", "chartered accountant", "enrolled accountant", "licensed accountant", "registered accountant", "accredited accountant", or any other title or designation likely to be confused with the title "certified public accountant" or "licensed public accountant", or use any of the abbreviations "CA", "LA", "RA", "AA", or similar abbreviation likely to be confused with the abbreviation "CPA" or "LPA". The title "enrolled agent" or "EA" may be used by individuals so designated by the internal revenue service. Nothing in this section shall restrict truthful advertising of a bona fide credential or title which in context is not deceptive or misleading to the public.

8. A nonlicensee shall not use language in any statement relating to the affairs of a person or entity which is conventionally used by licensees in reports on financial statements or any attest service. The board shall develop and issue language which nonlicensees may use in connection with such financial information.

9. A person or firm not holding a certificate, permit, or license issued under section 542.6, 542.7, 542.8, or 542.19 shall not assume or use any title or designation that includes the word "accountant", "auditor", or "accounting" in connection with any other language that implies that such person or firm holds such a certificate, permit, or license or has special competence

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as an accountant or auditor. However, this subsection does not prohibit an officer, partner, member, manager, or employee of a firm or organization from affixing that person's own signature to a statement in reference to the financial affairs of such firm or organization with wording which designates the position, title, or office that the person holds, or prohibit any act of a public official or employee in the performance of such person's duties. This subsection does not otherwise prohibit the use of the title or designation "accountant" by persons other than those holding a certificate or license under this chapter.

10. A person holding a certificate or license or firm holding a permit under this chapter shall not use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, the name of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

11. This section does not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in such country, whose activities in this state are limited to providing professional services to a person or firm who is a resident of, government of, or business entity of the country in which the person holds such entitlement, who does not perform attest or compilation services, and who does not issue reports with respect to the information of any other person, firm, or governmental unit in this state, and who does not use in this state any title or designation other than the one under which the person practices in such country, followed by a translation of such title or designation into the English language, if it is in a different language, and by the name of such country.

12. A holder of a certificate issued under section 542.6 or 542.19 shall not perform attest services in a firm that does not hold a permit issued under section 542.7.

13. An individual licensee shall not issue a report in standard form upon a compilation of financial information through any form of business that does not hold a permit issued under section 542.7 or 542.8 unless the report discloses the name of the business through which the individual is issuing the report and the individual licensee does all of the following:

a. Signs the compilation report identifying the individual as a certified public accountant or licensed public accountant.

b. Meets competency requirements provided in applicable standards.

c. Undergoes, no less frequently than once every three years, a peer review conducted in a manner as specified by the board. The review shall include verification that such individual has met the competency requirements set out in professional standards for such services.

14. This section does not prohibit a practicing attorney from preparing or presenting records or documents customarily prepared by an attorney in connection with the attorney's professional work in the practice of law.

15. *a.* (1) A licensee shall not for a commission recommend or refer a client to any product or service, or for a commission recommend or refer another person to any product or service to be supplied by a client, or receive a commission, when the licensee also performs for that client any of the following:

(a) An audit or review of a financial statement.

(b) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence.

(c) An examination of prospective financial information.

(2) The prohibitions under this paragraph *"a"* apply during the period in which the licensee is engaged to perform any of the services identified in subparagraph (1), subparagraph divisions (a) through (c), and the period covered by any historical financial statements involved in such services.

b. A licensee who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission relates.

c. A licensee who accepts a referral fee for recommending a service of a licensee or

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referring a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

16. *a.* A licensee shall not do any of the following:

(1) Perform professional services for a contingent fee, or receive such fee from a client for whom the licensee or the licensee's firm performs any of the following:

(a) An audit or review of a financial statement.

(b) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence.

(c) An examination of prospective financial information.

(2) Prepare for a client an original or amended tax return or claim for a tax refund for a contingent fee.

b. Paragraph *"a"* applies during the period in which the licensee is engaged to perform any of the listed services and the period covered by any historical financial statements involved in such listed services.

c. For purposes of this subsection, a contingent fee is a fee established for the performance of a service pursuant to an arrangement in which a fee will not be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. A fee shall not be considered as being a contingent fee if fixed by a court or other public authority, or, in a tax matter, if determined based on the results of a judicial proceeding or the findings of a governmental agency. A licensee's fee may vary depending on the complexity of the services rendered.

17. Nothing contained in this chapter shall be construed to authorize any person engaged in the practice as a certified public accountant or licensed public accountant or any member or employee of such firm to engage in the practice of law individually or within entities licensed under this chapter.

18. Nothing in this section shall be construed to prohibit the practice of public accounting and lawful use of titles by persons or firms exercising a practice privilege in conformance with section 542.20.

2001 Acts, ch 55, §13, 38; 2002 Acts, ch 1119, §113; 2003 Acts, ch 44, §93; 2008 Acts, ch 1106, §12, 15; 2010 Acts, ch 1055, §2; 2015 Acts, ch 13, §8

Referred to in §542.10, 542.14, 542.15

542.14 Injunction against unlawful acts, civil penalties, and consent agreements.

1. If, as a result of an investigation under section 542.11 or otherwise, the board believes that a person or firm has engaged, or is about to engage, in an act or practice which constitutes or will constitute a violation of section 542.13 or 542.20, the board may make application to the district court for an order enjoining such act or practice. Upon a showing by the board that such person or firm has engaged, or is about to engage, in any such act or practice, an injunction, restraining order, or other order as may be appropriate shall be granted by the court.

2. In addition to a criminal penalty provided for in section 542.15, the board may issue an order to require compliance with section 542.13 or 542.20 or to revoke a practice privilege under section 542.20, and may impose a civil penalty not to exceed one thousand dollars for each offense upon a person who is not a licensee under this chapter and who engages in conduct prohibited by section 542.13 or 542.20. Each day of a continued violation constitutes a separate offense. The board may impose a penalty up to ten thousand dollars per violation against a firm that violates section 542.13 or 542.20.

3. The board, in determining the amount of a civil penalty to be imposed, may consider any of the following:

a. Whether the amount imposed will be a substantial economic deterrent to the violation.

b. The circumstances leading to the violation.

c. The severity of the violation and the risk of harm to the public.

d. The economic benefits gained by the violator as a result of noncompliance.

e. The interest of the public.

4. The board, before issuing an order under this section, shall provide the person written

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notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for disciplinary proceedings involving a licensee under this chapter.

5. The board, in connection with a proceeding under this section, may issue subpoenas to compel the attendance and testimony of witnesses and the disclosure of evidence, and may request the attorney general to bring an action to enforce the subpoena.

6. A person aggrieved by the imposition of a civil penalty under this section may seek judicial review pursuant to section 17A.19.

7. If a person fails to pay a civil penalty within thirty days after entry of an order imposing the civil penalty, or if the order is stayed pending an appeal, within ten days after the court enters a final judgment in favor of the board, the board shall notify the attorney general. The attorney general may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs.

8. An action to enforce an order under this section may be joined with an action for an injunction.

9. The board, in its discretion and in lieu of prosecuting a first offense under this section, may enter into a consent agreement with a violator, or with a person guilty of aiding or abetting a violator, which acknowledges the violation and the violator's agreement to refrain from any further violations.

2001 Acts, ch 55, §14, 38; 2008 Acts, ch 1106, §13, 15
Referred to in §542.16, 542.20

542.15 Criminal penalties.

1. A person who violates a provision of section 542.13 is guilty of a serious misdemeanor.

2. If the board has reason to believe that a person has committed a violation subject to subsection 1, the board may certify the facts to the attorney general of this state, or to the county attorney of the county where the person maintains a business office, who, in the attorney general's or county attorney's discretion, may initiate an appropriate criminal proceeding.

3. If, after an investigation under section 542.11 or otherwise, the board has reason to believe that a person or firm has knowingly engaged in an act or practice that constitutes a violation subject to subsection 1, the board may submit its information to the attorney general of any state, or other appropriate law enforcement official, who, in such official's discretion, may initiate an appropriate criminal proceeding.

2001 Acts, ch 55, §15, 38
Referred to in §542.14, 542.16

542.16 Single act evidence of practice.

In an action brought under section 542.14 or 542.15, evidence of the commission of a single act prohibited by this chapter is sufficient to justify a penalty, injunction, restraining order, or conviction, without evidence of a general course of conduct.

2001 Acts, ch 55, §16, 38

542.17 Confidential communications.

1. A licensee shall not voluntarily disclose information communicated to the licensee by a client relating to and in connection with services rendered to the client by the licensee, except with the permission of the client, or an heir, successor, or personal representative of the client. Such information is deemed to be confidential. However, this section shall not be construed as prohibiting the disclosure of information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements or in the performance of an attest service or as prohibiting disclosures in a court proceeding, in an investigation or proceeding under this chapter or chapter 272C, in an ethical investigation conducted by a private professional organization, in the course of a peer review, to another person active in the licensee's firm performing services for that client on a need-to-know basis, to persons associated with the investigative entity who need this information for the sole purpose of assuring quality control, or as otherwise required by law.

2. This section does not preclude a licensee from filing a complaint with, or responding to

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an inquiry made by, the board, a taxing authority or law enforcement authority of this state, or a licensing or similar authority of another state or the United States.

2001 Acts, ch 55, §17, 38; 2015 Acts, ch 13, §9; 2018 Acts, ch 1041, §127
Referred to in §542.7A, 542.18

542.18 Licensees' working papers — clients' records.

1. Subject to section 542.17, all statements, records, schedules, working papers, and memoranda made by a licensee or a partner, shareholder, officer, director, member, manager, or employee of a licensee, incident to, or in the course of, rendering services to a client, except reports submitted by the licensee to the client and except for records that are part of the client's records, are the property of the licensee in the absence of an express agreement between the licensee and the client to the contrary. Such statement, record, schedule, working paper, or memorandum shall not be sold, transferred, or bequeathed, without the consent of the client or the client's personal representative or assignee, to anyone other than a surviving partner, stockholder, or member of the licensee, or any combined or merged firm or successor in interest to the licensee. This section shall not be construed as prohibiting a temporary transfer of working papers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to section 542.17.

2. A licensee shall furnish to a client or former client, upon request and reasonable notice, the following:

a. A copy of the licensee's working papers, to the extent that such working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client.

b. Accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account. The licensee may make and retain copies of such documents of the client when they form the basis for work done by the licensee.

3. This chapter does not require a licensee to keep any working papers beyond the period prescribed in any other applicable statute.

2001 Acts, ch 55, §18, 38
Referred to in §542.7A

542.19 Substantial equivalency.

1. An individual whose principal place of business is not in this state shall be granted a certificate to practice as a certified public accountant in this state if the board determines that the individual holds in good standing a valid certificate or license to practice as a certified public accountant in the state in which the individual's principal place of business is located, and that the individual satisfies one of the following conditions:

a. The other state's licensing or certification standards are substantially equivalent to those required by this chapter.

b. The applicant's individual qualifications are substantially equivalent to those required by section 542.5.

c. The applicant satisfies all of the following:

(1) The applicant passed the examination required for issuance of the applicant's certificate or license with grades that would have been passing grades at the time in this state;

(2) The applicant has at least four years of experience within the ten years immediately preceding the application which occurred after passing the examination upon which the applicant's certificate or license was based and which in the board's opinion is substantially equivalent to that required by section 542.5, subsection 7; and,

(3) If the applicant's certificate or license was issued more than four years prior to the filing of the application in this state, the applicant has fulfilled the continuing professional education requirements described in section 542.6, subsection 3.

2. An individual who holds in good standing a valid certificate or license to practice as a certified public accountant in another state and who desires to establish the holder's principal

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place of business in this state shall request the issuance of a certificate from the board prior to establishing such principal place of business. The board shall issue a certificate to an individual who satisfies one or more of the conditions described in subsection 1.

3. The board shall issue a certificate to a holder of a substantially equivalent foreign designation, upon satisfaction of all of the following:

a. The foreign authority which issued the designation allows a person who holds a valid certificate issued by this state to obtain such foreign authority's comparable designation.

b. The foreign designation satisfies all of the following:

(1) The designation was issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended.

(2) The designation entitles the holder to issue reports on financial statements.

(3) The designation was issued upon the basis of education, examination, and experience requirements established by the foreign authority or by law.

c. The applicant satisfies all of the following:

(1) The designation was issued based on education and examination standards substantially equivalent to those in effect in this state at the time the foreign designation was granted.

(2) The applicant satisfies an experience requirement, substantially equivalent to the requirement set out in section 542.5, subsection 7, in the jurisdiction which issued the foreign designation or has completed four years of professional experience in this state; or meets equivalent requirements prescribed by the board by rule, within the ten years immediately preceding the application.

(3) The applicant has passed qualifying examinations in national standards and the laws, rules, and code of ethical conduct in effect in this state.

(4) The applicant shall list in the application all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy. A holder of a certificate issued under this section shall notify the board in writing, within thirty days after its occurrence, of any issuance, denial, revocation, or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

4. An applicant under this section shall comply with all applicable provisions of section 542.5, subsections 1 through 6, and section 542.6.

5. The board shall adopt rules to implement this section which will expedite the application process to the extent reasonably possible.

2001 Acts, ch 55, §19, 38; 2003 Acts, ch 44, §94; 2025 Acts, ch 40, §4, 5, 9
Referred to in §542.3, 542.4, 542.6, 542.7, 542.8, 542.9, 542.13, 542.20
2025 amendment to subsection 1, paragraph c, subparagraph (2) effective July 1, 2026; 2025 Acts, ch 40, §9
2025 amendment to subsection 3, paragraph c, subparagraph (2) effective July 1, 2026; 2025 Acts, ch 40, §9
Subsection 1, paragraph c, subparagraph (2) amended
Subsection 3, paragraph c, subparagraph (2) amended

542.20 Practice privilege.

1. This section authorizes a person or firm whose principal place of business is not in this state to practice public accounting in Iowa in person, or by telephone, mail, or electronic means without licensure under this chapter, paying a fee, or providing notice to the board under the conditions described in this section. Such a person or firm must hold a valid, unexpired license in good standing in the state of the person's or firm's principal place of business in conformance with subsections 5 and 6, and such a person or firm must be licensed to lawfully perform in the person's or firm's principal place of business all public accounting services offered or rendered under a practice privilege in Iowa.

2. A provision of this section or of any other section in this chapter shall not prevent the auditor of state, the department of agriculture and land stewardship, other governmental official or body, or a client from requiring that public accounting services performed in Iowa or for an Iowa client be performed by a person or firm holding a license under this chapter.

3. The practice privilege authorized by this section is temporary and shall cease if the license in the person's or firm's principal place of business expires, is no longer valid or in good standing, or otherwise no longer lawfully supports the conditions of the practice privilege described in this section.

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4. The board may revoke a practice privilege, impose a civil penalty, issue an order to secure compliance with this chapter or board rules, or take such additional actions as are provided in section 542.14 if a person or firm acting or purporting to act under a practice privilege violates this chapter or board rules. In addition, or as an alternative to such action, the board may refer a complaint to the state regulatory body that issued the license to the person or firm.

a. A violation of this chapter or board rules by a person or firm acting or purporting to act under a practice privilege is a ground to deny the violator's subsequent application for licensure under this chapter.

b. A violation of this chapter or board rules by a person acting or purporting to act under a practice privilege is a ground to deny a subsequent application for initial or renewal licensure under this chapter by the violator's firm, and is a ground for discipline against such firm.

c. A violation of this chapter or board rules by a person or firm acting or purporting to act under a practice privilege is a ground for discipline against a licensee under this chapter who aided or abetted the violation.

5. A certified public accounting firm that is licensed in the state of its principal place of business and is not required to hold an Iowa firm license under section 542.7 may practice in this state without a firm license under this chapter or notice to the board if the firm's practice in this state is performed by individuals who hold a license under this chapter or who practice in conformance with subsection 6, under the following conditions:

a. The firm shall not have an office in Iowa which uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm".

b. The firm shall not make any representation tending to falsely indicate that the firm is licensed under this chapter.

c. The firm, upon a client's or prospective client's request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

d. The firm shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

e. The firm shall comply with the ownership and peer review requirements of section 542.7.

6. An individual who is licensed in the state of the individual's principal place of business may exercise the privileges of a certificate holder of this state without obtaining a certificate under this chapter or providing notice to the board, under the following conditions:

a. The individual must meet the criteria set forth in subsections 7 and 8.

b. The individual shall not have an office in Iowa at which the individual uses the title "CPA". The individual may, however, perform public accounting services using the title "CPA" if performed at the office of a certified public accounting firm or licensed public accounting firm that holds a permit to practice under section 542.7 or 542.8, or at the office of a business entity that is not required to hold a firm permit under section 542.7 or 542.8.

c. An individual who provides attest services in Iowa or for a client having a home office in Iowa must practice through a certified public accounting firm that is licensed under section 542.7, or through a certified public accounting firm that is validly licensed in the state of its principal place of business and complies with the ownership and peer review requirements of section 542.7.

d. An individual who provides compilation services in Iowa or for a client having a home office in Iowa must comply with the peer review provisions of section 542.6, subsection 6, or provide such services through a certified public accounting firm, a licensed public accounting firm, or substantially equivalent firm that is validly licensed in the firm's principal place of business and is subject to the peer review and ownership provisions of section 542.7 or 542.8.

e. The individual shall not make any representation tending to falsely indicate that the individual is licensed under this chapter.

f. The individual, upon a client's or prospective client's request, shall provide accurate information on the state or states of licensure, principal place of business, contact information, and manner in which licensure status can be verified.

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g. The individual shall comply with all professional standards, laws, and rules that apply to licensees performing the same professional services.

7. As a condition of exercising the practice privilege provided in subsection 5 or 6, the person or firm does all of the following:

a. Consents to the personal and subject matter jurisdiction and regulatory authority of the board, including but not limited to the board's jurisdiction to revoke the practice privilege or otherwise take action under section 542.14 for any violation of this chapter or board rules.

b. Appoints the regulatory body of the state that issued the firm or individual license as the agent upon whom process may be served in any action or proceeding by the board against the firm or person.

c. Agrees to supply the board, upon the board's request and without subpoena, such information or records as licensees are similarly required to provide the board under this chapter regarding themselves or, in the case of a firm, regarding the individuals practicing through the firm, including but not limited to licensure status in all jurisdictions; qualifications for substantial equivalency reciprocity under section 542.19, subsection 1, paragraph *"a"*, *"b"*, or *"c"*; location of principal place of business and all other offices; criminal and disciplinary background; malpractice settlements and judgments; firm ownership and when applicable, information regarding nonlicensee owners; whether public accounting services are subject to peer review; proof of completion of peer review, when applicable; qualifications to supervise attest services, when applicable; and timely response to inquiries regarding complaints and investigations conducted under this chapter.

d. Agrees to promptly cease offering or rendering public accounting services in this state or for clients having a home office in this state if the license in the person's or firm's principal place of business expires or is otherwise no longer valid or in good standing, or if any of the conditions for exercising the practice privilege are no longer satisfied, or if the board revokes the practice privilege.

e. Complies with the requirements of this chapter, and all rules adopted by the board.

8. A licensee of this state is subject to discipline in this state based on a violation of a comparable practice privilege afforded by another state.

9. The board shall adopt rules on the manner in which this section applies to persons or firms that hold a lapsed Iowa license, have been subject to discipline in Iowa, have surrendered an Iowa license, or have otherwise held an Iowa license at one point in time that is no longer valid, active, or in good standing, and to persons or firms that have been convicted of a crime, the subject of discipline or denied licensure in any jurisdiction, or that would otherwise be subject to license denial or discipline if a license applicant or licensee in Iowa.

2008 Acts, ch 1106, §14, 15; 2012 Acts, ch 1031, §1 – 4; 2017 Acts, ch 78, §6 – 8; 2025 Acts, ch 40, §6 – 9

Referred to in §542.3, 542.4, 542.6, 542.7, 542.8, 542.10, 542.13, 542.14
2025 amendment to subsection 1 effective July 1, 2026; 2025 Acts, ch 40, §9
2025 amendment to subsection 6, paragraph a effective July 1, 2026; 2025 Acts, ch 40, §9
Subsection 7, paragraph e effective July 1, 2026; 2025 Acts, ch 40, §9
Subsection 1 amended
Subsection 6, paragraph a amended
Subsection 7, NEW paragraph e

CHAPTER 542A

RESERVED

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CHAPTER 542B

PROFESSIONAL ENGINEERS AND LAND SURVEYORS

Referred to in §10A.506, 26.3, 26.14, 26A.3, 29C.20C, 100C.6, 100D.11, 103.2, 103.22, 103A.10, 105.11, 272C.1, 272C.6, 306.42, 331.321, 354.2, 354.4A, 355.1, 355.3, 455B.474, 468.3, 479.29, 479B.20, 480.1, 522F.3, 522F.8, 544A.17, 544A.18, 558A.4, 558A.4A, 669.2, 669.14, 714H.4, 716.6

Standards for land surveying; board to adopt rules; see chapter 355
This chapter not enacted as a part of this title; transferred from chapter 114 in Code 1993

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542B.30 Fees.
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542B.32 Disclosure of confidential information.
542B.33 and 542B.34 Reserved.
542B.35 Exception — real property inspection report.

542B.1 Licensed professional engineers and surveyors.

A person shall not engage in the practice of engineering or land surveying in the state unless the person is a licensed professional engineer or a licensed professional land surveyor as provided in this chapter, except as permitted by section 542B.26.

[C24, 27, 31, 35, 39, §**1854;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.1]
C93, §542B.1
95 Acts, ch 65, §1; 96 Acts, ch 1055, §4; 2012 Acts, ch 1009, §10

542B.2 Terms defined.

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

1. *"Board"* means the engineering and land surveying examining board provided by this chapter.

2. *"Design coordination"* includes the review and coordination of technical submissions prepared by others, including as appropriate and without limitation, consulting engineers, architects, landscape architects, land surveyors, and other professionals working under the direction of the engineer.

3. *"Engineer intern"* means a person who passes an examination in the fundamental engineering subjects, but does not entitle the person to claim to be a professional engineer.

4. *"Engineering documents"* includes all plans, specifications, drawings, and reports, if the preparation of such documents constitutes or requires the practice of engineering.

5. *"Engineering surveys"* includes all survey activities required to support the sound conception, planning, design, construction, maintenance, and operation of engineered projects, but excludes the surveying of real property for the establishment of land boundaries, rights-of-way, easements, and the dependent or independent surveys or resurveys of the public land survey system.

6. *"In responsible charge"* means having direct control of and personal supervision over any land surveying work or work involving the practice of engineering. One or more persons, jointly or severally, may be in responsible charge.

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7. *"Land surveying documents"* includes all plats, maps, surveys, and reports, if the preparation thereof constitutes or requires the practice of land surveying.

8. *"Land surveyor"* means a person who engages in the practice of professional land surveying. Unless the context otherwise requires, any reference in this chapter to *"land surveyor"* or *"land surveying"* means *"professional land surveyor"* or *"professional land surveying"*.

9. *a. "Practice of engineering"* means any service or creative work, the adequate performance of which requires engineering education, training, and experience in the application of special knowledge of the mathematical, physical, and engineering sciences, such as consultation, investigation, evaluation, planning, design and design coordination of engineering works and systems, planning the use of land and water, performing engineering surveys and studies, and the review of construction for the purpose of monitoring compliance with drawings and specifications, any of which embraces such services or creative work, either public or private, in connection with any utilities, structures, buildings, machines, equipment, processes, work systems, projects, and industrial or consumer products or equipment of a mechanical, electrical, hydraulic, pneumatic, or thermal nature, insofar as they involve safeguarding life, health, or property, and including such other professional services as may be necessary to the planning, progress, and completion of the services identified in this subsection.

b. A person is construed to be engaged in the practice of engineering if the person does any of the following:

(1) Practices any branch of the profession of engineering.

(2) Makes a representation by verbal claim, sign, advertisement, letterhead, card, or other manner that the person is a professional engineer.

(3) Uses any title which implies that the person is a professional engineer or that the person is certified under this chapter.

(4) The person holds the person's self out as able to perform, or who does perform, any service or work included in the practice of engineering.

10. *a. "Practice of land surveying"* includes providing professional services such as consultation, investigation, testimony, evaluation, planning, mapping, assembling, and interpreting reliable scientific measurements and information relative to the location of property lines or boundaries, and the utilization, development, and interpretation of these facts into an orderly survey, plat, or map. The practice of land surveying includes but is not limited to the following:

(1) Locating, relocating, establishing, reestablishing, setting, or resetting of permanent monumentation for any property line or boundary of any tract or parcel of land. Setting permanent monuments constitutes an improvement to real property.

(2) Making any survey for the division or subdivision of any tract or parcel of land.

(3) Determination, by the use of the principles of land surveying, of the position for any permanent survey monument or reference point, or setting, resetting, or replacing any survey monument or reference point excluding the responsibility of engineers pursuant to section 314.8.

(4) Creating and writing metes and bounds descriptions as defined in section 354.2.

(5) Geodetic surveying for determination of the size and shape of the earth both horizontally and vertically for the precise positioning of permanent land survey monuments on the earth utilizing angular and linear measurements through spatially oriented spherical geometry.

(6) Creation, preparation, or modification of electronic or computerized data, including land information systems and geographical information systems, relative to the performance of the activities identified in subparagraphs (1) through (5).

b. This subsection does not prohibit a professional engineer from practicing any aspect of the practice of engineering. A land surveyor is not prohibited from performing engineering surveys as defined in the practice of engineering.

c. A person is construed to be engaged in or offering to be engaged in the practice of land surveying if the person does any of the following:

(1) Engages in land surveying.

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(2) Makes a representation by verbal claim, sign, advertisement, letterhead, card, or other manner that the person is a land surveyor.

(3) Uses any title which implies that the person is a land surveyor or that the person is licensed under this chapter.

(4) Holds the person's self out as able to perform, or who does perform, any service or work included in the practice of land surveying.

11. *"Professional engineer"* means a person, who, by reason of the person's knowledge of mathematics, the physical sciences, and the principles of engineering, acquired by professional education or practical experience, is qualified to engage in the practice of engineering. Unless the context otherwise requires, any reference in this chapter to *"engineer"* or *"engineering"* means *"professional engineer"* or *"professional engineering"*.

[C24, 27, 31, 35, 39, §**1855;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.2]

84 Acts, ch 1104, §2

C93, §542B.2

94 Acts, ch 1107, §13; 95 Acts, ch 65, §2, 3; 98 Acts, ch 1037, §1; 2012 Acts, ch 1009, §11; 2012 Acts, ch 1023, §140

Referred to in §459.102

542B.3 Engineering and land surveying examining board created.

An engineering and land surveying examining board is created within the department of inspections, appeals, and licensing. The board consists of three members who are licensed professional engineers, two members who are licensed professional land surveyors, and two members who are not licensed professional engineers or licensed professional land surveyors and who shall represent the general public. An individual who is licensed as both a professional engineer and a professional land surveyor may serve to satisfy the board membership requirement for either a licensed professional engineer or a licensed professional land surveyor, but not both. Members shall be appointed by the governor subject to confirmation by the senate. A licensed member shall be actively engaged in the practice of engineering or land surveying and shall have been so engaged for five years preceding the appointment, the last two of which shall have been in Iowa. Insofar as practicable, licensed engineer members of the board shall be from different branches of the profession of engineering. Professional associations or societies composed of licensed engineers or licensed land surveyors may recommend the names of potential board members whose profession is representative of that association or society to the governor. However, the governor is not bound by the recommendations. A board member shall not be required to be a member of any professional association or society composed of professional engineers or professional land surveyors.

[C24, 27, 31, 35, 39, §**1856;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.3]

84 Acts, ch 1104, §3; 86 Acts, ch 1245, §716; 88 Acts, ch 1125, §1

C93, §542B.3

96 Acts, ch 1055, §5; 2006 Acts, ch 1177, §36; 2012 Acts, ch 1009, §12; 2018 Acts, ch 1082, §1; 2023 Acts, ch 19, §1666

Confirmation, see §2.32

542B.4 Terms of office.

Appointments shall be for three-year terms and shall commence and end as provided by section 69.19. Vacancies shall be filled for the unexpired term by appointment of the governor and shall be subject to senate confirmation. Members shall serve no more than three terms or nine years, whichever is least.

[C24, 27, 31, 35, 39, §**1857, 1858;** C46, 50, 54, 58, 62, 66, 71, 73, §114.4, 114.5; C75, 77, 79, 81, §114.4]

C93, §542B.4

Confirmation, see §2.32

542B.5 Reserved.

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542B.6 Official seal — bylaws.

The board shall adopt and have an official seal which shall be affixed to all certificates of licensure granted and may make all bylaws and rules, not inconsistent with law, necessary for the proper performance of its duty.

[C24, 27, 31, 35, 39, §**1859;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.6]
C93, §542B.6
96 Acts, ch 1055, §6

542B.7 Attorney general to assist — general powers.

Such board, or any committee thereof, shall be entitled to the counsel and to the services of the attorney general, and shall have power to compel the attendance of witnesses, pay witness fees and mileage, and may take testimony and proofs and may administer oaths concerning any matter within its jurisdiction.

[C24, 27, 31, 35, 39, §**1860;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.7]
C93, §542B.7
Administration of oaths, §63A.2

542B.8 Expenses — compensation.

Members of the board are entitled to receive all actual expenses incurred in the discharge of their duties within the limits of funds appropriated to the board. Each member of the board may also be eligible to receive compensation as provided in section 7E.6.

[C24, 27, 31, 35, 39, §**1861;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.8]
86 Acts, ch 1245, §717
C93, §542B.8
Compensation; see §114.8, Code 1985, and §7E.6(1)

542B.9 Organization of board — staff.

The board shall elect annually from its members a chairperson and a vice chairperson. The director of the department of inspections, appeals, and licensing shall hire and provide staff to assist the board in implementing this chapter. Meetings shall be called by the director or the director's designee at the request of the chairperson or four members of the board. At any meeting of the board, a majority of members constitutes a quorum.

[C24, 27, 31, 35, 39, §**1862;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.9]
86 Acts, ch 1245, §718; 88 Acts, ch 1158, §19
C93, §542B.9
2006 Acts, ch 1177, §37; 2023 Acts, ch 19, §1667; 2024 Acts, ch 1170, §116

542B.10 Annual report. Repealed by 98 Acts, ch 1119, §11.

542B.11 Staff — duties.

The staff shall keep on file a record of all certificates of licensure granted and shall make annual revisions of the record as necessary.

[C24, 27, 31, 35, 39, §**1864;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.11]
84 Acts, ch 1104, §1; 85 Acts, ch 68, §1; 90 Acts, ch 1168, §15
C93, §542B.11
96 Acts, ch 1055, §5, 6; 2012 Acts, ch 1009, §13

542B.12 Disposition of fees.

The staff shall collect and account for all fees provided for by this chapter and pay the fees to the treasurer of state who shall deposit the fees in the licensing and regulation fund created in section 10A.507.

[C24, 27, 31, 35, 39, §**1865;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.12]
90 Acts, ch 1168, §16; 90 Acts, ch 1261, §36
C93, §542B.12
94 Acts, ch 1107, §87; 2023 Acts, ch 108, §42

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542B.13 Applications and examination fees.

Applications for licensure shall be on forms prescribed and furnished by the board, shall contain statements made under oath, showing the applicant's education and a detailed summary of the applicant's technical work, and the board shall not require that a recent photograph of the applicant be attached to the application form. An applicant is not ineligible for licensure because of age, citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information. The board may consider the past felony record of an applicant. The board may require that an applicant submit references. Applications for examination in fundamentals in the practice of engineering and land surveying shall be accompanied by application fees determined by the board. The board shall determine the annual cost of administering the examinations and shall set the fees accordingly.

[C24, 27, 31, 35, 39, §**1866;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.13]

84 Acts, ch 1104, §4

C93, §542B.13

95 Acts, ch 65, §4; 96 Acts, ch 1055, §7

542B.14 General requirements for licensure — temporary permit to practice engineering.

1. Each applicant for licensure as a professional engineer or professional land surveyor shall have all of the following requirements, respectively, to wit:

a. As a professional engineer:

(1) (a) Graduation from a course in engineering of four years or more in a school or college which, in the opinion of the board, will properly prepare the applicant for the examination in fundamental engineering subjects.

(b) However, prior to July 1, 1988, in lieu of compliance with subparagraph division (a), the board may accept eight years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

(c) Between July 1, 1988, and June 30, 1991, in lieu of compliance with subparagraph division (a), the board shall require satisfactory completion of a minimum of two years of postsecondary study in mathematics, physical sciences, engineering technology, or engineering at an institution approved by the board, and may accept six years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

(d) For applicants who obtained an associate of science degree or a more advanced degree between July 1, 1983, and June 30, 1988, in lieu of compliance with subparagraph division (a), the board shall only require compliance with the provisions of subparagraph division (c) with regard to areas of study and practical experience. Applicants qualifying under this subparagraph division must meet the requirements of subparagraph (2), by June 30, 2001.

(2) Successfully passing an examination in fundamental engineering subjects which is designed to show the knowledge of general engineering principles. A person passing the examination in fundamental engineering subjects is entitled to a certificate as an engineer intern.

(3) In addition to any other requirement, a specific record of four years or more of practical experience in engineering work which is of a character satisfactory to the board.

(4) Successfully passing an examination designed to determine the proficiency and qualifications to engage in the practice of engineering.

b. As a professional land surveyor:

(1) Graduation from a college course of two years or more, which shall include mathematics, basic science courses, and practical experience, all of which, in the opinion of the board, will properly prepare the applicant for the examination in fundamental land surveying subjects.

(2) Successfully passing an examination in fundamental land surveying subjects which is designed to show the knowledge of general land surveying principles.

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(3) In addition to any other requirement, a specific record of four years or more of practical experience in land surveying work which is of a character satisfactory to the board.

(4) Successfully passing examinations designed to determine the proficiency and qualifications to engage in the practice of land surveying.

(5) Successfully passing an examination specific to the laws of this state.

2. The board may establish by rule a temporary permit and a fee to permit an engineer to practice for a period of time without applying for licensure.

3. Notwithstanding section 272C.12, subsection 3, paragraph "*c*", the board shall not issue a temporary license to practice as a professional land surveyor.

[C39, §**1866.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.14]

84 Acts, ch 1104, §5; 87 Acts, ch 165, §1, 2

C93, §542B.14

94 Acts, ch 1107, §14; 95 Acts, ch 65, §5; 96 Acts, ch 1055, §7; 98 Acts, ch 1054, §1; 2012 Acts, ch 1009, §14, 15; 2012 Acts, ch 1023, §141; 2013 Acts, ch 5, §20, 21; 2021 Acts, ch 58, §1; 2023 Acts, ch 25, §1 – 3; 2025 Acts, ch 84, §1, 2

2023 amendment to subsection 1, paragraph b applies to applications for a license as a professional land surveyor submitted on or after July 1, 2023; 2023 Acts, ch 25, §3

542B.15 Examinations — report required.

Examinations for licensure shall be given as often as deemed necessary by the department of inspections, appeals, and licensing, but no less than one time per year. The scope of the examinations and the methods of procedure shall be prescribed by the board. The identity of the person taking the examination shall be concealed until after the examination has been graded by the department of inspections, appeals, and licensing. As soon as practicable after the close of each examination, a report shall be filed in the office of the secretary of the board by the department of inspections, appeals, and licensing. The report shall show the action of the board upon each application and the secretary of the board shall notify each applicant of the result of the applicant's examination. Applicants who fail the examination once shall be allowed to take the examination at the next scheduled time. Thereafter, the applicant shall be allowed to take the examination at the discretion of the board. An applicant who has failed the examination may request in writing information from the board concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the board administers a uniform, standardized examination, the board shall only be required to provide the examination grade and such other information concerning the applicant's examination results which are available to the board.

[C24, 27, 31, 35, 39, §**1867;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.15]

C93, §542B.15

96 Acts, ch 1055, §6; 2013 Acts, ch 5, §22; 2024 Acts, ch 1170, §345

542B.16 Seal — certification of responsibility.

1. Each licensee, upon licensure, shall obtain a seal of a design approved by the board, bearing the licensee's name, Iowa license number, and the words "professional engineer" or "professional land surveyor" or both, as the case may be. A legible rubber stamp or other facsimile of the seal may be used and shall have the same effect as the use of the actual seal.

2. All engineering documents and land surveying documents shall be dated and shall contain all of the following:

a. The signature of the licensee in responsible charge.

b. A certification that the work was done by the licensee or under the licensee's direct personal supervision.

c. The Iowa legible seal of the licensee.

3. An agency, subdivision, or municipal corporation of this state, or an officer of the state, subdivision, or municipal corporation, shall not file for record or approve any engineering document or land surveying document which does not comply with this section.

4. A licensee shall not place the licensee's signature or seal on any engineering document or land surveying document unless the licensee was in responsible charge of the work,

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except that the licensee may do so if the licensee contributed to the work and the licensee in responsible charge has signed and certified the work.

5. Violation of this section by a licensee shall be deemed fraud and deceit in the licensee's practice.

[C24, 27, 31, 35, 39, §**1868;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.16]
C93, §542B.16
96 Acts, ch 1055, §1; 2012 Acts, ch 1009, §16

542B.17 Engineer's certificate.

The board shall issue a certificate of licensure as a professional engineer to an applicant who has passed the examination as a professional engineer and who has paid an additional fee. The certificate shall be signed by the chairperson and secretary of the board under the seal of the board. The certificate shall authorize the applicant to engage in the practice of engineering. The certificate shall not carry with it the right to practice land surveying, unless specifically so stated on the certificate, which permission shall be granted by the board without additional fee in cases where the applicant duly qualifies as a professional land surveyor as prescribed by the rules of the board.

[C24, 27, 31, 35, 39, §**1869;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.17]
C93, §542B.17
95 Acts, ch 65, §6; 96 Acts, ch 1055, §7; 2012 Acts, ch 1009, §17
Referred to in §459.102

542B.18 Expirations and renewals.

Certificates of licensure shall expire in intervals as determined by the board. Renewal may be effected by the payment of a fee the amount of which shall be determined by the board. The failure on the part of any licensee to renew a certificate in the month of expiration as required above shall not deprive a person of the right of renewal. A person who fails to renew a certificate by the expiration date shall be allowed to do so within thirty days following its expiration, but the board may assess a reasonable penalty. For the duration of any war in which the United States is engaged the board may, in its discretion, defer the collection of renewal fees without penalty, which have or may become due from licensed professional engineers who are employed in the war effort, and residing outside the state, or who are members of the armed forces of the United States, and may renew the engineering certificates of licensed professional engineers.

[C27, 31, 35, §1869-b1; C39, §**1869.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.18]
C93, §542B.18
96 Acts, ch 1055, §5, 6, 8; 2012 Acts, ch 1009, §18

542B.19 Land surveyor's certificate.

To any applicant who shall have passed the examination as a professional land surveyor and who shall have paid an additional fee as set by the board, the board shall issue a certificate of licensure signed by its chairperson and secretary under the seal of the board, which certificate shall authorize the applicant to practice land surveying as defined in this chapter and to administer oaths to assistants and to witnesses produced for examination, with reference to facts connected with land surveys being made by such professional land surveyor.

[C24, 27, 31, 35, 39, §**1870;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.19]
C93, §542B.19
96 Acts, ch 1055, §6; 2012 Acts, ch 1009, §19
Administration of oaths, chapter 63A

542B.20 Foreign licensees. Repealed by 2024 Acts, ch 1170, §41.
Licenses issued prior to July 1, 2024, to continue in full force and effect until expiration, suspension, or revocation; 2024 Acts, ch 1170, §42

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542B.21 Suspension, revocation, or reprimand.

The board shall have the power by a five-sevenths vote of the entire board to suspend for a period not exceeding two years, or to revoke the certificate of licensure of, or to reprimand any licensee who is found guilty of the following acts or offenses:

1. Fraud in procuring a certificate of licensure.
2. Professional incompetency.
3. Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the licensee's profession or engaging in unethical conduct or practice harmful to the public. Proof of actual injury need not be established.
4. Habitual intoxication or addiction to the use of drugs.
5. Conviction of a felony under the laws of the United States, of any state or possession of the United States, or of any other country. A copy of the record of conviction or plea of guilty is conclusive evidence.
6. Revocation or suspension of licensure to engage in the practice of engineering or land surveying, or other disciplinary action by the licensing authority of another state, territory, or country. A certified copy of the record or order of suspension, revocation, or other disciplinary action is prima facie evidence of such fact.
7. Fraud in representations as to skill or ability.
8. Use of untruthful or improbable statements in advertisements.
9. Willful or repeated violations of the provisions of this Act.*

[C24, 27, 31, 35, 39, §**1872;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.21]
85 Acts, ch 195, §13
C93, §542B.21
95 Acts, ch 65, §7, 8; 96 Acts, ch 1055, §7, 10, 11
Referred to in §272C.3, 272C.4, 542B.22
*See 77 Acts, ch 95, §10

542B.22 Procedure.

Proceedings for any action under section 542B.21 shall be begun by filing with the board written charges against the accused. Upon the filing of charges, the board may request the department of inspections, appeals, and licensing to conduct an investigation into the charges. The department of inspections, appeals, and licensing shall report its findings to the board, and the board shall designate a time and place for a hearing, and shall notify the accused of this action and furnish the accused a copy of all charges at least thirty days prior to the date of the hearing. The accused has the right to appear personally or by counsel, to cross-examine witnesses, and to produce witnesses in defense.

[C24, 27, 31, 35, 39, §**1873;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.22]
88 Acts, ch 1158, §20
C93, §542B.22
2022 Acts, ch 1021, §158; 2023 Acts, ch 19, §2027
Referred to in §272C.5, 542B.27

542B.23 Reserved.

542B.24 Injunction.

Any person who is not legally authorized to practice in this state according to the provisions of this chapter, and shall practice, or shall in connection with the person's name use any designation tending to imply or designate the person as a professional engineer or professional land surveyor, may be restrained by permanent injunction.

[C24, 27, 31, 35, 39, §**1875;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.24]
C93, §542B.24
2012 Acts, ch 1009, §21

542B.25 Violations.

Any person who violates such permanent injunction or presents or attempts to file as the person's own the certificate of licensure of another, or who shall give false or forged evidence of any kind to the board, or to any member thereof, in obtaining a certificate of licensure,

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or who shall falsely impersonate another practitioner of like or different name, or who shall use or attempt to use a revoked certificate of licensure, shall be deemed guilty of a fraudulent practice.

[C24, 27, 31, 35, §1875; C39, §**1875.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.25]
C93, §542B.25
96 Acts, ch 1055, §6
Fraudulent practices, see §714.8 – 714.14

542B.26 Applicability of chapter.

1. *a.* This chapter shall not apply to any full-time employee of any corporation while doing work for that corporation, except in the case of corporations offering their services to the public as professional engineers or professional land surveyors.

b. Corporations engaged in designing buildings or works for public or private interests not their own shall be deemed to be engaged in the practice of engineering within the meaning of this chapter. With respect to such corporations all principal designing or constructing engineers shall hold certificates of licensure issued under this chapter. This chapter shall not apply to corporations engaged solely in constructing buildings and works.

2. This chapter shall not apply to any professional engineer or professional land surveyor working for the United States government, nor to any professional engineer or professional land surveyor employed as an assistant to a professional engineer or professional land surveyor licensed under this chapter if such assistant is not placed in responsible charge of any work involving the practice of engineering or land surveying work, nor to the operation or maintenance of power and mechanical plants or systems.

[C24, 27, 31, 35, 39, §**1876;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §114.26]
C93, §542B.26
95 Acts, ch 65, §9; 96 Acts, ch 1055, §4, 7; 2012 Acts, ch 1009, §22
Referred to in §542B.1

542B.27 Civil penalty.

1. In addition to any other penalties provided for in this chapter, the board may by order impose a civil penalty upon a person who is not licensed under this chapter as a professional engineer or a professional land surveyor and who does any of the following:

a. Engages in or offers to engage in the practice of professional engineering or professional land surveying.

b. Uses or employs the words "professional engineer" or "professional land surveyor", or implies authorization to provide or offer professional engineering or professional land surveying services, or otherwise uses or advertises any title, word, figure, sign, card, advertisement, or other symbol or description tending to convey the impression that the person is a professional engineer or professional land surveyor or is engaged in the practice of professional engineering or professional land surveying.

c. Presents or attempts to use the certificate of licensure or the seal of a professional engineer or professional land surveyor.

d. Gives false or forged evidence of any kind to the board or any member of the board in obtaining or attempting to obtain a certificate of licensure.

e. Falsely impersonates any licensed professional engineer or professional land surveyor.

f. Uses or attempts to use an expired, suspended, revoked, or nonexistent certificate of licensure.

g. Knowingly aids or abets an unlicensed person who engages in any activity identified in this subsection.

2. A civil penalty imposed shall not exceed one thousand dollars for each offense. Each day of a continued violation constitutes a separate offense.

3. In determining the amount of a civil penalty to be imposed, the board may consider any of the following:

a. Whether the amount imposed will be a substantial economic deterrent to the violation.

b. The circumstances leading to the violation.

c. The severity of the violation and the risk of harm to the public.

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d. The economic benefits gained by the violator as a result of noncompliance.

e. The interest of the public.

4. Before issuing an order under this section, the board shall provide the person written notice and the opportunity to request a hearing on the record. The hearing must be requested within thirty days of the issuance of the notice and shall be conducted in the same manner as provided in section 542B.22.

5. The board, in connection with a proceeding under this section, may issue subpoenas to compel the attendance and testimony of witnesses and the disclosure of evidence, and may request the attorney general to bring an action to enforce the subpoena.

6. A person aggrieved by the imposition of a civil penalty under this section may seek judicial review in accordance with section 17A.19.

7. If a person fails to pay a civil penalty within thirty days after entry of an order under subsection 1, or if the order is stayed pending an appeal within ten days after the court enters a final judgment in favor of the board, the board shall notify the attorney general. The attorney general may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs.

8. An action to enforce an order under this section may be joined with an action for an injunction.

96 Acts, ch 1055, §2; 96 Acts, ch 1219, §29; 97 Acts, ch 23, §65; 2012 Acts, ch 1009, §23

542B.28 and 542B.29 Reserved.

542B.30 Fees.

The board shall set the fees for application, licensure, and renewal of licensure based upon the administrative costs of sustaining the board. The fees shall include, but shall not be limited to, the costs for:

1. Per diem, expenses, and travel for board members.
2. Office facilities, supplies, and equipment.
3. Legal, technical, and clerical assistance.

[C75, 77, 79, 81, §114.30]
C93, §542B.30
96 Acts, ch 1055, §6

542B.31 Public members.

The public members of the board shall be allowed to participate in administrative, clerical, or ministerial functions incident to giving the examination, but shall not determine the content of the examination or determine the correctness of the answers.

[C75, 77, 79, 81, §114.31]
C93, §542B.31

542B.32 Disclosure of confidential information.

1. The board shall not disclose information relating to the following:

a. The contents of the examination.

b. The examination results other than final score except for information about the results of an examination which is given to the person who took the examination.

2. A member of the board who willfully communicates or seeks to communicate such information, and any person who willfully requests, obtains, or seeks to obtain such information, is guilty of a simple misdemeanor.

[C75, 77, 79, 81, §114.32]
C93, §542B.32
2008 Acts, ch 1059, §3

542B.33 and 542B.34 Reserved.

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542B.35 Exception — real property inspection report.

1. *"Real property inspection report"* means a report stating whether, after visual examination, a parcel of real property which is being collateralized is materially impaired.

2. A real property inspection report is not a property survey or an engineering document and is exempt from the provisions of this chapter and the rules adopted under this chapter which apply to property surveys. A real property inspection report shall not be filed or recorded with the county recorder. The real property inspection report shall include all of the following:

a. A clear and prominent statement of disclosure to the buyer that the real property inspection report is not a property survey or an engineering document and should not be relied upon as such, and that property boundaries shown may be approximate only.

b. A clear and prominent statement that the report is for the use of the mortgage lender or its assigns and determination of the actual placement of boundary lines should be addressed by a property survey in accordance with the provisions of this chapter.

3. A person who completes the real property inspection report shall not claim to be a licensed professional land surveyor or a licensed professional engineer for purposes of the report.

90 Acts, ch 1060, §1
C91, §114.35
C93, §542B.35
96 Acts, ch 1055, §5; 97 Acts, ch 23, §66; 2012 Acts, ch 1009, §24; 2013 Acts, ch 30, §135

CHAPTER 542C

PUBLIC ACCOUNTANTS

Repealed by 2001 Acts, ch 55, §36, 38; see chapter 542

CHAPTERS 543 and 543A

RESERVED

CHAPTER 543B

REAL ESTATE BROKERS AND SALESPERSONS

Referred to in §10A.506, 93.2, 235F.1, 272C.1, 272C.6, 523H.1, 533C.103, 535B.2, 537A.10, 543C.1, 543C.6, 543D.3, 557A.20, 558A.1, 558A.4A, 562A.12, 669.14, 714E.1, 714H.4

This chapter not enacted as a part of this title; transferred from chapter 117 in Code 1993

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SUBCHAPTER I

GENERAL PROVISIONS

543B.1 License mandatory.

A person shall not, directly or indirectly, with the intention or upon the promise of receiving any valuable consideration, offer, attempt, agree to perform, or perform any single act as a real estate broker whether as a part of a transaction or as an entire transaction, or represent oneself as a real estate broker, broker associate, or salesperson, without first obtaining a license and otherwise complying with the requirements of this chapter.

[C31, 35, §1905-c23; C39, §**1905.20;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.1; 81 Acts, ch 54, §1]

C93, §543B.1

95 Acts, ch 170, §1

Referred to in §543B.43, 543B.44, 543B.49

543B.2 Individual licenses necessary.

A partnership, association, corporation, professional corporation, or professional limited liability company shall not be granted a license, unless every member or officer of the partnership, association, corporation, professional corporation, or professional limited liability company who actively participates in the brokerage business of the partnership, association, corporation, professional corporation, or professional limited liability company holds a license as a real estate broker or salesperson, and unless every employee who acts as a salesperson for the partnership, association, corporation, professional corporation, or professional limited liability company holds a license as a real estate broker or salesperson.

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At least one member or officer of each partnership, association, corporation, professional corporation, or professional limited liability company shall be a real estate broker.

[C31, 35, §1905-c24; C39, §**1905.21;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.2; 81 Acts, ch 54, §2]

C93, §543B.2

2007 Acts, ch 13, §3

Referred to in §543B.43

543B.3 Broker — definition.

As used in this chapter, *"real estate broker"* means a person acting for another for a fee, commission, or other compensation or promise, whether it be for all or part of a person's time, and who engages in any of the following acts:

1. Sells, exchanges, purchases, rents, or leases real estate.
2. Lists, offers, attempts, or agrees to list real estate for sale, exchange, purchase, rent, or lease.
3. Advertises or holds oneself out as being engaged in the business of selling, exchanging, purchasing, renting, leasing, or managing real estate.
4. Negotiates, or offers, attempts, or agrees to negotiate, the sale, exchange, purchase, rental, or lease of real estate.
5. Buys, sells, offers to buy or sell, or otherwise deals in options on real estate or improvements on real estate.
6. Collects, or offers, attempts, or agrees to collect, rent for the use of real estate.
7. Assists or directs in the procuring of prospects, intended to result in the sale, exchange, purchase, rental, or leasing of real estate.
8. Assists or directs in the negotiation of any transaction intended to result in the sale, exchange, purchase, rental, or leasing of real estate.
9. Prepares offers to purchase or purchase agreements, listing contracts, buyer's representation agreements, agency disclosures, real property residential and agricultural rental agreements, real property commercial rental agreements of one year or less, and groundwater hazard statements, including any modifications, amendments, or addendums to these specific documents.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.3]

C93, §543B.3

95 Acts, ch 170, §2; 2002 Acts, ch 1031, §1; 2024 Acts, ch 1052, §1; 2024 Acts, ch 1072, §1, 3, 4; 2024 Acts, ch 1154, §26, 27, 30

Referred to in §543B.5, 543B.6, 543B.7, 543B.7A, 543B.43, 543B.62

2024 amendment to unnumbered paragraph 1 applies to proceedings before the real estate commission created in section 543B.8, other administrative proceedings before a state agency or department and judicial proceedings before a court that are not finally adjudicated or are pending on April 19, 2024, except to the extent such application would affect a person's contractual or vested rights; 2024 Acts, ch 1072, §4; 2024 Acts, ch 1154, §26

543B.4 Real estate — definition.

As used in this chapter, *"real estate"* means real property wherever situated, and includes any and all leaseholds or any other interest or estate in land, and business opportunities which involve any interest in real property.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.4]

C93, §543B.4

95 Acts, ch 170, §3

Referred to in §543B.43

543B.5 Other definitions.

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

1. *"Agency"* means a relationship in which a real estate broker acts for or represents another by the other person's express authority in a transaction.
2. *"Agency disclosure"* means a written disclosure between a broker and a client which identifies the party the broker represents in a transaction.
3. *"Appointed agent"* means that affiliated licensee who is appointed by the designated

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broker of the affiliated licensee's real estate brokerage agency to act solely for a client of that brokerage agency to the exclusion of other affiliated licensees of that brokerage agency.

4. *"Branch office"* means a real estate broker's office other than a principal place of business.

5. *"Broker associate"* means a person who has a broker's license but is licensed under, and employed by or otherwise associated with, another broker as a salesperson.

6. *"Brokerage"* means the business or occupation of a real estate broker.

7. *"Brokerage agreement"* means a contract between a broker and a client which establishes the relationship between the parties as to, and the broker's compensation for, the brokerage services to be performed and contains the provisions required in section 543B.56A.

8. *"Brokerage services"* means those activities identified in sections 543B.3 and 543B.6.

9. *"Buyer's representation agreement"* means a brokerage agreement between a prospective buyer and a broker.

10. *"Client"* means a party to a transaction who has a brokerage agreement with a broker for brokerage services.

11. *"Customer"* means a consumer who is not being represented by a licensee under a brokerage agreement but for whom the licensee may perform ministerial acts.

12. *"Designated broker"* means a licensee designated by a real estate brokerage agency to act for the agency in conducting real estate brokerage services.

13. *"Inactive license"* means either a broker or salesperson license certificate that is on file with the real estate commission in the commission office and during which time the licensee is precluded from engaging in any of the acts of this chapter.

14. *"Licensee"* means a broker or a salesperson licensed pursuant to this chapter.

15. *"Listing"* is an agreement between a property owner and another person in which that person holds or advertises the property to the public as being available for sale or lease.

16. *a. "Material adverse fact"* means an adverse fact that a party indicates is of such significance, or that is generally recognized by a competent licensee as being of such significance to a reasonable party, that it affects or would affect the party's decision to enter into a contract or agreement concerning a transaction, or affects or would affect the party's decision about the terms of the contract or agreement.

b. For purposes of this subsection, *"adverse fact"* means a condition or occurrence that is generally recognized by a competent licensee as resulting in any of the following:

(1) Significantly and adversely affecting the value of the property.

(2) Significantly reducing the structural integrity of improvement to real estate.

(3) Presenting a significant health risk to occupants of the property.

17. *"Negotiate"* means to act as an intermediary between the parties to a transaction, and includes any of the following acts:

a. Participating in the parties' discussion of the terms of a contract or agreement concerning a transaction.

b. Completing, when requested by a party, appropriate forms or other written record to document the party's proposal in a manner consistent with the party's intent.

c. Presenting to a party the proposals of other parties to the transaction and informing the party receiving a proposal of the advantages and disadvantages of the proposal.

18. *"Party"* means a person seeking to sell, exchange, buy, or rent an interest in real estate, a business, or a business opportunity. *"Party"* includes a person who seeks to grant or accept an option to buy, sell, or rent an interest in real estate.

19. *"Person"* means an individual, partnership, association, corporation, professional corporation, or professional limited liability company.

20. *"Real estate team"* means two or more licensees assigned to the same broker working together to provide real estate brokerage services and representing themselves to the public as a team.

21. *"Regular employee"* means a person whose compensation is fixed in advance, who does not receive a commission, who works exclusively for the owner, and whose total compensation is subject to state and federal withholding.

22. *"Salesperson"* means a person who is licensed under, and employed by or otherwise

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associated with, a real estate broker, as a selling, renting, or listing agent or representative of the broker.

23. *"Transaction"* means the sale, exchange, purchase, or rental of, or the granting or acceptance of an option to sell, exchange, purchase, or rent an interest in real estate.

[C31, 35, §1905-c25; C39, §**1905.22;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.5; 81 Acts, ch 54, §3]

C93, §543B.5

95 Acts, ch 17, §1; 95 Acts, ch 170, §4; 2005 Acts, ch 40, §1; 2006 Acts, ch 1055, §1; 2007 Acts, ch 13, §4; 2013 Acts, ch 30, §136; 2022 Acts, ch 1040, §1, 3; 2024 Acts, ch 1052, §2, 3

Referred to in §543B.43

Subsection 20 applies to displays of advertising or information by an individual licensee or a real estate team on or after December 31, 2022; 2022 Acts, ch 1040, §3

543B.6 Acts constituting dealing in real estate.

A person who, for another, in consideration of compensation, by fee, commission, salary, or otherwise, or with the intention or in the expectation or upon the promise of receiving or collecting a fee, does, offers or attempts or agrees to do, engages in or offers or attempts or agrees to engage in, either directly or indirectly, any single act or transaction contained in the definition of a real estate broker as set out in section 543B.3, whether the act be an incidental part of a transaction or the entire transaction is a real estate broker or real estate salesperson within the meaning of this chapter.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.6; 81 Acts, ch 54, §4]

C93, §543B.6

Referred to in §543B.5, 543B.7, 543B.43, 543B.46, 543B.62

543B.6A Wholesaling of residential property.

1. As used in this section:

a. *"Residential property"* means real property that includes no less than one but no more than four dwelling units.

b. *"Wholesaler"* means a licensee, or a person represented by a licensee, who holds an equitable interest, but not legal title, in a residential property for the purpose of selling the equitable interest to a buyer.

c. *"Wholesaling"* means the practice of a wholesaler entering into an assignable contract with an owner of residential property for the purpose of marketing and selling the equitable interest of the residential property to another person.

2. A person must be licensed as a real estate broker under this chapter, or be represented by a real estate broker licensed under this chapter, to engage in wholesaling.

3. *a.* A wholesaler shall disclose all of the following information in writing to all parties to a wholesale transaction prior to executing a contract to purchase or to convey an equitable interest to a buyer or other entity:

(1) The legal identities of all parties to the wholesale transaction.

(2) An explanation of the wholesaling process, including but not limited to disclosure that the wholesaler holds an equitable interest in the residential property that is the subject of the transaction and may not be able to convey title to the property.

b. A wholesaler shall provide a copy of an executed agency agreement to all parties to a wholesale transaction prior to executing a contract to purchase or convey an equitable interest to a buyer or other entity.

c. Notwithstanding provisions to the contrary contained in a contract executed pursuant to this subsection, if a wholesaler fails to comply with the disclosure requirement under paragraph *"a"*, the seller or the buyer may cancel the contract at any time prior to the closing of the sale of the residential property without penalty, and may retain any earnest money paid by the wholesaler.

4. An individual engaged in wholesaling in violation of this section shall be subject to a civil penalty of up to the greater of ten thousand dollars, or ten percent of the sale price of each residential property for which the individual engaged in wholesaling in violation of this section.

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5. The real estate commission shall adopt rules pursuant to chapter 17A necessary to implement and administer this section.

2024 Acts, ch 1040, §1
Referred to in §543B.43

543B.7 Acts excluded from provisions — prohibited acts — penalties.

The provisions of this chapter shall not apply to the sale, exchange, purchase, rental, lease, or advertising of any real estate in any of the following cases:

1. A person who, as owner, spouse of an owner, general partner of a limited partnership, lessor, or prospective purchaser who does not make repeated and successive transactions of a like character, or through another engaged by such person on a regular full-time basis, buys, sells, manages, or otherwise performs any act with reference to property owned, rented, leased, or to be acquired by such person.

2. By any person acting as attorney in fact under a duly executed and acknowledged power of attorney from the owner, to act on behalf of the owner or lessor to authorize the final consummation and execution of any contract for the sale, leasing, or exchange of real estate. The exclusion in this subsection does not apply to a person who, in the regular course of a business operated in the nature of a property management or brokerage business, makes repeated and successive transactions of a like character for compensation.

3. A licensed attorney admitted to practice in Iowa acting solely as an incident to the practice of law.

4. A person acting as a receiver, trustee in bankruptcy, administrator, executor, guardian, or while acting under court order or under authority of a deed of trust, trust agreement, or will.

5. The acts of an auctioneer who is not a licensee in conducting a public sale or auction, as provided in this subsection.

a. The auctioneer's role must be limited to establishing the time, place, and method of an auction; advertising the auction which shall be limited to a brief description of the property for auction and the time and place for the auction; and crying the property at the auction.

(1) The auctioneer shall provide in any advertising the name and address of the real estate broker who is providing brokerage services for the transaction and the name of the real estate broker, attorney, or closing company who is responsible for closing the sale of the property.

(2) The real estate broker providing brokerage services shall be present at the time of the auction and, if found to be in violation of this subsection, shall be subject to a civil penalty of one thousand dollars.

(3) If the auctioneer closes or attempts to close the sale of the property or otherwise engages in acts defined in sections 543B.3 and 543B.6, or paragraph *"b"* of this subsection, then the requirements of this chapter do apply to the auctioneer.

b. An auctioneer who is not a licensee is expressly prohibited from engaging in the following acts:

(1) Contacting the public regarding real property beyond that which is permitted under this section with the purpose of securing or facilitating the sale of such real property.

(2) Independently showing property or hosting open houses.

(3) Making material and substantive representations regarding title, financing, or closings.

(4) Discussing or explaining a contract, lease, agreement, or other real estate document, other than the contract for conducting the auction or other acts permitted by this subsection, with a prospective buyer, owner, or tenant of the real property, with the purpose of securing or facilitating the sale of such real property.

(5) Collecting or holding deposit moneys, rent, other moneys, or anything of value received from the owner of real property or from a prospective buyer or tenant, other than fees, commissions, or other consideration paid in exchange for conducting the auction or other acts permitted by this subsection, with the purpose of securing or facilitating the sale of such real property.

(6) Providing owners of real property or prospective buyers or tenants with advice,

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recommendations, or suggestions regarding the sale, purchase, exchange, rental, or leasing of real property, except with regard to acts permitted under this subsection.

(7) Falsely representing in any manner, orally or in writing, that the auctioneer is a licensee.

c. If an investigation pursuant to this chapter reveals that an auctioneer has violated this subsection or has assumed to act in the capacity of a real estate broker or real estate salesperson, the real estate commission shall issue a cease and desist order, and shall impose a civil penalty of one thousand dollars for the first offense, and impose a civil penalty of up to the greater of ten thousand dollars or ten percent of the real estate sales price for each subsequent violation.

6. An isolated real estate rental transaction by an owner's representative on behalf of the owner; such transaction not being made in the course of repeated and successive transactions of a like character.

7. The sale of time-share uses as defined in section 557A.2.

8. A person acting as a resident manager when such resident manager resides in the dwelling and is engaged in the leasing of real property in connection with their employment.

9. An officer or employee of the federal government, state government, or a political subdivision of the state, in the conduct of the officer's or employee's official duties.

10. A person employed by a public or private utility who performs an act with reference to property owned, leased, or to be acquired by the utility employing that person, where such an act is performed in the regular course of, or incident to, the management of the property and the investment in the property.

11. A nonlicensed employee of a licensee who provides information to another licensee concerning the sale, exchange, purchase, rental, lease, or advertising of real estate which has been provided to the employee by the employer licensee either verbally or in writing.

[C31, 35, §1905-c26; C39, §**1905.23;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.7]

83 Acts, ch 43, §1; 85 Acts, ch 155, §21

C93, §543B.7

95 Acts, ch 170, §5; 96 Acts, ch 1054, §1; 99 Acts, ch 82, §1; 2001 Acts, ch 83, §1; 2004 Acts, ch 1018, §1; 2005 Acts, ch 101, §1; 2006 Acts, ch 1055, §2; 2012 Acts, ch 1045, §1; 2013 Acts, ch 90, §165

Referred to in §543B.34, 543B.43, 543C.6

543B.7A Exclusions — rental or leasing on behalf of another.

This chapter shall not apply to any of the following:

1. A person, limited liability company, or limited partnership who engages in any act under section 543B.3 that is related to the rental or leasing of real estate on behalf of a partnership, limited partnership, corporation, or limited liability company, and the person, limited liability company, or limited partnership maintains an ownership interest in the partnership, limited partnership, corporation, or limited liability company.

2. A person who engages in any act under section 543B.3 that is related to the rental or leasing of real estate on behalf of a partnership, limited partnership, corporation, or limited liability company, and the person has an ownership interest in the partnership, limited partnership, corporation, or limited liability company, which is a parent or subsidiary of, or under common control with the leasing partnership, limited partnership, corporation, or limited liability company.

3. A person who is a nonlicensed employee of a real estate broker and who engages in advertising, showing, listing, collection of rents and deposits, procuring of prospects, completing form agreements, and executing form agreements as it relates to the rental of real estate under chapter 562A or 562B.

2024 Acts, ch 1072, §2 – 4; 2024 Acts, ch 1154, §26, 27, 30

Referred to in §543B.43

Section applies to proceedings before the real estate commission created in section 543B.8, other administrative proceedings before a state agency or department and judicial proceedings before a court that are not finally adjudicated or are pending on April 19, 2024, except to the extent such application would affect a person's contractual or vested rights; 2024 Acts, ch 1072, §4; 2024 Acts, ch 1154, §26

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543B.8 Real estate commission created — staff.

1. A real estate commission is created within the department of inspections, appeals, and licensing. The commission consists of four members licensed under this chapter and one member not licensed under this chapter and who shall represent the general public. Commission members shall be appointed by the governor subject to confirmation by the senate.

2. No more than one member shall be appointed from a county. A commission member shall not hold any other elective or appointive state or federal office. At least one of the licensed members shall be a licensed real estate salesperson, except that if the licensed real estate salesperson becomes a licensed real estate broker during a term of office, that person may complete the term, but is not eligible for reappointment on the commission as a licensed real estate salesperson. A licensed member shall be actively engaged in the real estate business. Professional associations or societies of real estate brokers or real estate salespersons may recommend the names of potential commission members to the governor. However, the governor is not bound by their recommendations. A commission member shall not be required to be a member of any professional association or society composed of real estate brokers or salespersons.

3. Appointments shall be for three-year terms and shall commence and end as provided in section 69.19. A member shall serve no more than three terms or nine years, whichever is less. Vacancies shall be filled for the unexpired term by appointment of the governor and are subject to senate confirmation.

4. A majority of the commission members constitutes a quorum.

5. The director of the department of inspections, appeals, and licensing shall hire and provide staff to assist the commission with implementing this chapter and shall hire a real estate education director to assist the commission in administering education programs for the commission.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.8; 81 Acts, ch 54, §5]
86 Acts, ch 1245, §722; 88 Acts, ch 1274, §36; 89 Acts, ch 292, §1
C93, §543B.8
2005 Acts, ch 41, §1; 2006 Acts, ch 1177, §38; 2018 Acts, ch 1041, §106; 2023 Acts, ch 19, §1668; 2024 Acts, ch 1170, §346
Referred to in §543B.43, 543B.49, 558A.1
Confirmation, see §2.32

543B.9 Rules.

The real estate commission may adopt rules to carry out and administer the provisions of this chapter. The commission may carry on a program of education of real estate practices and matters relating to real estate. The commission shall adopt rules necessary to carry out the provisions of chapter 558A relating to the disclosure of information before the transfer of real estate.

[C31, 35, §1905-c33; C39, §**1905.30;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.9]
C93, §543B.9
93 Acts, ch 30, §1
Referred to in §543B.43, 558A.4

543B.10 and 543B.11 Reserved.

543B.12 Expenses of members — compensation.

Members of the real estate commission are entitled to be reimbursed for their actual expenses in the performance of duties pertaining to their office within the limits of the funds appropriated to the commission. Each member of the commission may also be eligible to receive compensation as provided in section 7E.6.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.12]
86 Acts, ch 1245, §723
C93, §543B.12
Referred to in §543B.43

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543B.13 Seal — records.

The real estate commission shall adopt a seal with such design as the commission may prescribe engraved thereon, by which it shall authenticate its proceedings. Copies of all records and papers in the office of the commission, duly certified and authenticated by the seal of said commission, shall be received in evidence in all courts equally and with like effect as the original. All records kept in the office of the commission under authority of this chapter shall be open to public inspection under such reasonable rules and regulations as shall be prescribed by the commission.

[C31, 35, §1905-c28; C39, §**1905.25;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.13]

C93, §543B.13

Referred to in §543B.43

543B.14 Fees and expenses.

All fees and charges collected by the real estate commission under this chapter shall be deposited in the licensing and regulation fund created in section 10A.507. Of the moneys deposited in the fund, twenty-five dollars from each real estate salesperson's license fee and each broker's license fee shall be appropriated to the department of inspections, appeals, and licensing for the purpose of hiring and compensating a real estate education director and regulatory compliance personnel. All expenses incurred by the commission under this chapter, including compensation of staff assigned to the commission, shall be paid from funds appropriated for those purposes.

[C31, 35, §1905-c29; C39, §**1905.26;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.14]

86 Acts, ch 1245, §724; 89 Acts, ch 292, §2; 90 Acts, ch 1168, §19; 90 Acts, ch 1261, §38; 92 Acts, ch 1070, §1

C93, §543B.14

94 Acts, ch 1107, §89; 2004 Acts, ch 1175, §29; 2013 Acts, ch 93, §1; 2023 Acts, ch 19, §1669; 2023 Acts, ch 108, §43

Referred to in §543B.43

543B.15 Qualifications.

1. Except as provided in section 543B.20 an applicant for a real estate broker's or salesperson's license must be a person whose application has not been rejected for licensure in this or any other state within twelve months prior to the date of application, and whose real estate license has not been revoked in this or any other state within two years prior to date of application.

2. To qualify for a license as a real estate broker or salesperson a person shall be eighteen years of age or over. However, an applicant is not ineligible because of citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information.

3. *a.* An applicant for a real estate broker's or salesperson's license who has been convicted of an offense specified in this subsection shall not be considered for licensure until the following time periods have elapsed following completion of any applicable period of incarceration, or payment of a fine or fulfillment of any other type of sentence:

(1) For an offense which is classified as a felony, an offense including or involving forgery, embezzlement, obtaining money under false pretenses, theft, arson, extortion, conspiracy to defraud, or other similar offense, or any other offense involving a criminal breach of fiduciary duty, five years.

(2) For any offense not described in subparagraph (1) involving moral turpitude, one year.

b. After expiration of the time periods specified in paragraph "*a*", an application shall be considered by the commission pursuant to subsection 6 and may be denied on the grounds of the conviction. An applicant may request a hearing pursuant to section 543B.19 in the event of a denial.

c. For purposes of this section, "*convicted*" or "*conviction*" means a conviction for an indictable offense and includes a court's acceptance of a guilty plea, deferred judgment from the time of entry of the deferred judgment until the time the defendant is discharged by the court without entry of judgment, or other finding of guilt by a court of competent jurisdiction

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in this state, or in any other state, territory, or district of the United States, or in any foreign jurisdiction. A copy of the record of conviction is conclusive evidence of such conviction.

4. An applicant for a real estate broker's or salesperson's license who has had a professional license of any kind revoked or suspended or who has had any other form of discipline imposed, in this or any other jurisdiction, may be denied a license by the commission on the grounds of the revocation, suspension, or other discipline.

5. A person who makes a false statement of material fact on an application for a real estate broker's or salesperson's license, or who causes to be submitted, or has been a party to preparing or submitting any false application for such license, may be denied a license by the commission on the grounds of the false statement or submission.

6. The commission, when considering the denial of a license pursuant to this section, shall consider the nature of the offense; any aggravating or extenuating circumstances which are documented; the time lapsed since the revocation, conduct, or conviction; the rehabilitation, treatment, or restitution performed by the applicant; and any other factors the commission deems relevant. Character references may be required but shall not be obtained from licensed real estate brokers or salespersons.

7. To qualify for a license as a real estate broker, a person shall complete at least sixty contact hours of commission approved real estate education within twenty-four months prior to taking the broker examination. This education shall be in addition to the required salesperson prelicense course. The applicant shall have been a licensed real estate salesperson actively engaged in real estate for a period of at least twenty-four months preceding the date of application, or shall have had experience substantially equal to that which a licensed real estate salesperson would ordinarily receive during a period of twenty-four months, whether as a former broker or salesperson, a manager of real estate, or otherwise.

8. A qualified applicant for a license as a real estate salesperson shall complete a commission approved short course in real estate education of at least thirty hours during the twelve months prior to taking the salesperson examination.

9. An applicant for an initial real estate broker's or salesperson's license shall be subject to a national criminal history check through the federal bureau of investigation. The commission shall request the criminal history check and shall provide the applicant's fingerprints to the department of public safety for submission through the state criminal history repository to the federal bureau of investigation. The applicant shall authorize release of the results of the criminal history check to the real estate commission. The applicant shall pay the actual cost of the fingerprinting and criminal history check, if any. Unless the criminal history check was completed within the two hundred ten calendar days prior to the date the license application is received by the real estate commission, the commission shall reject and return the application to the applicant. The commission shall process the application but hold delivery of the license until the background check is complete. The results of a criminal history check conducted pursuant to this subsection shall not be considered a public record under chapter 22.

[C31, 35, §1905-c30; C39, §**1905.27;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.15; 81 Acts, ch 54, §6, 7]

85 Acts, ch 82, §1

C93, §543B.15

95 Acts, ch 64, §1; 2002 Acts, ch 1031, §2; 2005 Acts, ch 36, §1; 2006 Acts, ch 1055, §3; 2007 Acts, ch 187, §1, 2; 2008 Acts, ch 1099, §1, 2; 2010 Acts, ch 1068, §1 – 3; 2017 Acts, ch 71, §1

Referred to in §543B.28, 543B.29, 543B.43

543B.16 Application forms.

1. Every applicant for a license shall apply in writing upon blanks prepared or furnished by the real estate commission. The real estate commission shall not require that a recent photograph of the applicant be attached to the application. The real estate commission shall only require an applicant to disclose on the application criminal convictions for crimes classified as indictable offenses.

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2. Every applicant for a license shall furnish information setting forth the applicant's present mailing address and electronic mail address.

3. Every applicant for a salesperson's license shall furnish a written statement by the designated broker whose service the applicant is about to enter recommending that the license be granted to the applicant.

4. The application form prepared or furnished by the real estate commission must allow a person holding a real estate broker license who is applying for a real estate salesperson license, or a person holding a real estate salesperson license who is applying for a real estate broker license, to indicate whether the license being applied for shall become effective upon approval of the application or upon the expiration of the applicant's current license.

[C31, 35, §1905-c31; C39, §**1905.28;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.16; 81 Acts, ch 54, §8]

C93, §543B.16

2015 Acts, ch 29, §114; 2017 Acts, ch 71, §2; 2018 Acts, ch 1026, §158; 2025 Acts, ch 83, §1

Referred to in §543B.43

543B.17 Reserved.

543B.18 Enforcement of rules.

The real estate commission is expressly vested with the power and authority to make and enforce any and all such reasonable rules connected with the application for any license as shall be deemed necessary to administer and enforce the provisions of this chapter.

[C31, 35, §1905-c33; C39, §**1905.30;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.18]

C93, §543B.18

Referred to in §543B.43

543B.19 License denied — hearing.

If the real estate commission, after an application in proper form has been filed with it, accompanied by the proper fee, shall deny a license to the applicant, upon the applicant's application in writing, and within a period of thirty days of such denial, the applicant shall be entitled to a hearing as provided in section 543B.35.

[C31, 35, §1905-c34; C39, §**1905.31;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.19]

C93, §543B.19

Referred to in §543B.15, 543B.35, 543B.43

543B.20 Examination.

Examinations for a license shall be given as often as deemed necessary by the real estate commission, but no less than one time per year. Each applicant for a license must pass an examination authorized by the commission and administered by the commission or persons designated by the commission. The examination shall be of scope and wording sufficient in the judgment of the commission to establish the competency of the applicant to act as a real estate broker or salesperson in a manner to protect the interests of the public. An examination for a real estate broker shall be of a more exacting nature than that for a real estate salesperson and require higher standards of knowledge of real estate. The identity of the persons taking the examinations shall be concealed until after the examination has been graded. A person who fails to pass either examination once may immediately apply to take the next available examination. Thereafter, the applicant may take the examination at the discretion of the commission. An applicant who has failed either examination may request in writing information from the commission concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the commission administers a uniform, standardized examination, the commission is only required to provide the examination grade and other information concerning the applicant's examination results which is available to the commission.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.20; 81 Acts, ch 54, §9]

C93, §543B.20

2013 Acts, ch 5, §23; 2014 Acts, ch 1092, §120

Referred to in §538A.2, 543B.15, 543B.43

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543B.21 Nonresident license.

A nonresident of this state may be licensed as a real estate broker or a real estate salesperson, upon complying with all requirements of law and with all the provisions and conditions of this chapter relative to resident brokers or salespersons and the filing by the applicant with the real estate commission of a certification from the state of original licensure signed by the duly qualified and authorized official or officials of that state that the applicant is there currently licensed, that no charges against the applicant are there pending, and that applicant's record in that state justifies the issuance of a license to the applicant in Iowa. The commission may waive the requirement of an examination in the case of a nonresident broker who is licensed under the laws of a state having similar requirements and where similar recognition and courtesies are extended to licensed real estate brokers and salespersons of this state.

[C31, 35, §1905-c57; C39, §**1905.54;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.21; 81 Acts, ch 54, §10]

C93, §543B.21

Referred to in §543B.43

543B.22 Nonresident's place of business.

A nonresident to whom a license is issued upon compliance with all the other requirements of law and provisions of this chapter, is not required to maintain a definite place of business within this state. Provided that the nonresident, if a broker, shall maintain an active place of business within the state of the nonresident's domicile, and that the privilege of submitting a certification of licensure certified to by the qualified and authorized official or officials of the state of original licensure, in lieu of the recommendations and statements otherwise required, only applies to licensed real estate brokers and real estate salespersons of those states under the laws of which similar recognition and courtesies are extended to licensed real estate brokers and real estate salespersons of this state.

[C31, 35, §1905-c57; C39, §**1905.54;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.22; 81 Acts, ch 54, §11]

C93, §543B.22

Referred to in §543B.31, 543B.43

543B.23 Actions against nonresidents.

Every nonresident applicant, before the issuance of a license, shall file an irrevocable consent that suits and actions may be commenced against such applicant in the proper court of any county of this state in which a cause of action may arise, by the service of any process or pleadings authorized by the laws of this state on the chairperson of the real estate commission, said consent stipulating and agreeing that such service of such process or pleadings on the commission shall be taken and held in all courts to be as valid and binding as if due service had been made upon said applicant within the state of Iowa. Said instrument containing such consent shall be authenticated by the seal thereof, if a corporation, or by the acknowledged signature of a member or officer thereof, if otherwise. All such applications, except from individuals, shall be accompanied by a duly certified copy of the resolutions of the proper officers, or managing board, authorizing the proper officer to execute the same. In case any process or pleadings mentioned in the case are served upon the commission it shall be by duplicate copies, one of which shall be filed in the office of the commission, and the other immediately forwarded by certified mail to the main office of the applicant against whom or which said process or pleadings are directed.

[C31, 35, §1905-c57; C39, §**1905.54;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.23]

C93, §543B.23

Referred to in §543B.43

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543B.24 Custody of salesperson's license.

The license of a real estate salesperson shall be delivered or mailed to the real estate broker by whom the real estate salesperson is employed and shall be kept in the custody and control of the broker.

[C31, 35, §1905-c36; C39, §**1905.33;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.24; 81 Acts, ch 54, §12]

C93, §543B.24

Referred to in §543B.43

543B.25 Display of brokerage.

An individual licensee or real estate team shall conspicuously display the name of the brokerage immediately preceding or immediately following the individual licensee's name or real estate team name in any advertising or information made available to the public.

2022 Acts, ch 1040, §2, 3

Section applies to displays of advertising or information by an individual licensee or a real estate team on or after December 31, 2022; 2022 Acts, ch 1040, §3

543B.26 Reserved.

543B.27 Fees.

1. The real estate commission shall set fees for examination and licensing of real estate brokers and real estate salespersons. The commission shall determine the annual cost of administering the examination and shall set the examination fee accordingly. The commission shall set the fees for the real estate broker's licenses and for real estate salesperson's licenses based upon the administrative costs of sustaining the commission. The fees shall include, but shall not be limited to, the costs for:

a. Per diem, expenses, and travel for commission members.

b. Office facilities, supplies, and equipment.

c. Staff assistance.

d. Establishing and maintaining a real estate education program.

2. Notwithstanding subsection 1, a nonresident person seeking to procure a license pursuant to this chapter shall be charged a fee equal to the greater of the following:

a. The fee as determined pursuant to subsection 1.

b. A fee equal to the fee the nonresident person would be charged by such person's state of residence if that person were a resident of this state making application for a license in that state and that state charges a nonresident a fee which is greater than that charged by that state to a resident of that state.

[C31, 35, §1905-c40; C39, §**1905.37;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.27; 81 Acts, ch 54, §14]

89 Acts, ch 292, §3; 90 Acts, ch 1168, §20

C93, §543B.27

95 Acts, ch 36, §1

Referred to in §543B.43

543B.28 Expiration of license.

Every license shall expire in multiyear intervals as determined by the real estate commission. A person who fails to renew a real estate broker's or real estate salesperson's license by the expiration date shall be allowed to do so within thirty days following its expiration, but the commission may assess a reasonable penalty. The commission upon the written request of the applicant on forms prescribed by the commission, and payment of the fee, shall issue a new license for each ensuing license period except as provided in section 543B.15, in the absence of any reason or condition which might warrant the revocation of a license after a hearing as provided in sections 543B.34 and 543B.35.

[C31, 35, §1905-c42; C39, §**1905.39;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.28; 81 Acts, ch 54, §15]

C93, §543B.28

Referred to in §543B.43, 543B.47, 543B.53

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543B.29 Revocation or suspension.

1. A license to practice the profession of real estate broker and salesperson may be revoked or suspended when the licensee is guilty of any of the following acts or offenses:

a. Fraud in procuring a license.

b. Having made a false statement of material fact on an application for a real estate broker's or salesperson's license, or having caused to be submitted, or having been a party to preparing or submitting any false application for such license.

c. Professional incompetency.

d. Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the profession or engaging in unethical conduct or practice harmful or detrimental to the public. Proof of actual injury need not be established.

e. Habitual intoxication or addiction to the use of drugs.

f. Conviction of an offense included in section 543B.15, subsection 3. For purposes of this section, *"conviction"* means a conviction for an indictable offense and includes the court's acceptance of a guilty plea, a deferred judgment from the time of entry of the deferred judgment until the time the defendant is discharged by the court without entry of judgment, or other finding of guilt by a court of competent jurisdiction. A copy of the record of conviction, guilty plea, deferred judgment, or other finding of guilt is conclusive evidence.

(1) A licensed real estate broker or salesperson shall notify the commission of the licensee's conviction of an offense included in section 543B.15, subsection 3, paragraph *"a"*, within ten days of the conviction. Notification of a conviction for an offense which is classified as a felony shall result in the immediate suspension of a license pending the outcome of a hearing conducted pursuant to section 543B.35 to determine the nature of the disciplinary action, if any, the commission will impose on the licensee. The hearing shall be conducted within thirty days of the licensee's notification to the commission, and the commission's decision shall be provided to the licensee no later than thirty days following the hearing. The failure of the licensee to notify the commission of the conviction within ten days of the date of the conviction is sufficient grounds for revocation of the license.

(2) The commission, when considering the revocation or suspension of a license pursuant to this paragraph *"f"*, shall consider the nature of the offense; any aggravating or extenuating circumstances which are documented; the time lapsed since the conduct or conviction; the rehabilitation, treatment, or restitution performed by the licensee; and any other factors the commission deems relevant. Character references may be required but shall not be obtained from licensed real estate brokers or salespersons.

g. Fraud in representations as to skill or ability.

h. Use of untruthful or improbable statements in advertisements.

i. Willful or repeated violations of the provisions of this chapter.

j. Noncompliance with insurance requirements under section 543B.47.

k. Noncompliance with the trust account requirements under section 543B.46.

l. Revocation of any professional license held by the licensee in this or any other jurisdiction.

2. The revocation of a broker's license shall automatically suspend every license granted to any person by virtue of the person's employment by the broker whose license has been revoked, pending a change of employer and the issuance of a new license. The new license shall be issued upon payment of a fee in an amount determined by the commission based upon the administrative costs involved, if granted during the same license period in which the original license was granted.

3. A real estate broker or salesperson who is an owner or lessor of property or an employee of an owner or lessor may have the broker's or salesperson's license revoked or suspended for violations of this section or section 543B.34, except section 543B.34, subsection 1, paragraphs *"d"*, *"e"*, *"f"*, and *"i"*, with respect to that property.

4. A real estate broker's or salesperson's license shall be revoked following three violations of this section or section 543B.34 within a three-year period.

[C31, 35, §1905-c43; C39, §**1905.40;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.29; 81 Acts, ch 54, §16, 17]

83 Acts, ch 101, §14; 90 Acts, ch 1126, §1; 92 Acts, ch 1242, §20

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C93, §543B.29
95 Acts, ch 64, §2, 3; 2008 Acts, ch 1099, §3; 2010 Acts, ch 1068, §4, 5; 2010 Acts, ch 1193, §62; 2011 Acts, ch 73, §1; 2013 Acts, ch 30, §137; 2017 Acts, ch 71, §3
Referred to in §272C.3, 272C.4, 543B.43, 543B.60A

543B.30 Actions — license as prerequisite.

A person engaged in the business or acting in the capacity of a real estate broker or a real estate salesperson within this state shall not bring or maintain any action in the courts of this state for the collection of compensation for services performed as a real estate broker or salesperson without alleging and proving that the person was a duly licensed real estate broker or real estate salesperson at the time the alleged cause of action arose.

[C31, 35, §1905-c44; C39, §**1905.41;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.30; 81 Acts, ch 54, §18]

C93, §543B.30
Referred to in §543B.43

543B.31 Place of business — branch license.

Every real estate broker, except as provided in section 543B.22, shall maintain a place of business in this state. A real estate broker may maintain more than one place of business within the state and a broker may be the designated broker of more than one branch office within the state. If the real estate broker maintains more than one place of business within the state, a duplicate license shall be issued to such broker for each branch office maintained. A fee determined by the real estate commission shall be paid for each duplicate license.

[C31, 35, §1905-c45; C39, §**1905.42;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.31]

C93, §543B.31
2007 Acts, ch 13, §5; 2008 Acts, ch 1032, §106; 2017 Acts, ch 71, §4
Referred to in §543B.43

543B.32 Change of location.

Notice in writing, electronic or otherwise, shall be given to the real estate commission by each licensee of any change of principal business location, whereupon the commission shall issue a new license for the unexpired period upon the payment of a fee established by rule to cover the cost of issuing the license.

[C31, 35, §1905-c46; C39, §**1905.43;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.32; 81 Acts, ch 54, §19]

C93, §543B.32
2017 Acts, ch 71, §5
Referred to in §543B.43

543B.33 Salespersons — change of employment or association.

When any real estate salesperson is discharged or terminates employment or association with the real estate broker by whom the salesperson is employed, the real estate broker shall immediately deliver, mail, or electronically submit to the real estate commission a copy of the real estate salesperson's license on the reverse side of which the designated broker shall set out the date of termination. The designated broker at the time of submitting a copy of the real estate salesperson's license to the commission shall address a communication to the last known residence address of the real estate salesperson stating that a copy of the license has been delivered, mailed, or electronically submitted to the commission. A copy of the communication to the real estate salesperson shall accompany the copy of the license when submitted to the commission. It is unlawful for any real estate salesperson to perform any of the acts contemplated by this chapter either directly or indirectly under authority of a license from and after the date of receipt of a copy of the license by the commission. The commission shall, upon presentation of evidence by the salesperson that the salesperson has been employed by or is associated with another broker, issue another license for the balance of the current license period showing each change of employment or association. A fee as

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determined by the commission shall be charged for the issuance of the license. Not more than one license shall be issued to any real estate salesperson for the same period of time.

[C31, 35, §1905-c47; C39, §**1905.44;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.33; 81 Acts, ch 54, §20]

C93, §543B.33

2011 Acts, ch 73, §2; 2017 Acts, ch 71, §6

Referred to in §543B.43

543B.34 Investigations by commission — licensing sanctions — civil penalty.

1. The real estate commission may upon its own motion and shall upon the verified complaint in writing of any person, if the complaint together with evidence, documentary or otherwise, presented in connection with the complaint makes out a prima facie case, request commission staff or any other duly authorized representative or designee to investigate the actions of any real estate broker, real estate salesperson, or other person who assumes to act in such capacity within this state. The commission may assess civil penalties against any person or entity, and may suspend or revoke a license issued under this chapter at any time if the licensee has by false or fraudulent representation obtained a license, or if the licensee or other person assuming to act in the capacity of a real estate broker or real estate salesperson, except for those actions exempt pursuant to section 543B.7, is found to be guilty of any of the following:

a. Making any substantial misrepresentation.

b. Making any false promise of a character likely to influence, persuade or induce.

c. Pursuing a continued and flagrant course of misrepresentation, or making of false promises through agents or salespersons or advertising or otherwise.

d. Acting for more than one party in a transaction without the knowledge of all parties for whom the licensee acts.

e. Accepting a commission or valuable consideration as a real estate broker associate or salesperson for the performance of any of the acts specified in this chapter, from any person, except the broker associate's or salesperson's employer, who must be a licensed real estate broker. However, a broker associate or salesperson may, without violating this paragraph, accept a commission or valuable consideration from a corporation which is wholly owned, or owned with a spouse, by the broker associate or salesperson if the conditions described in paragraph "*i*" are met.

f. Representing or attempting to represent a real estate broker other than the licensee's employer, without the express knowledge and consent of the employer.

g. Failing, within a reasonable time, to account for or to remit any moneys coming into the licensee's possession which belong to others.

h. Being unworthy or incompetent to act as a real estate broker or salesperson in such manner as to safeguard the interests of the public.

i. (1) Paying a commission or other valuable consideration or any part of such commission or consideration for performing any of the acts specified in this chapter to a person who is not a licensed broker or salesperson under this chapter or who is not engaged in the real estate business in another state or foreign country, provided that the provisions of this section shall not be construed to prohibit the payment of earned commissions or consideration to any of the following:

(a) The estate or heirs of a deceased real estate licensee when such licensee had a valid real estate license in effect at the time the commission or consideration was earned.

(b) A citizen of another country acting as a referral agent if that country does not license real estate brokers or salespersons and if the Iowa licensee paying the commission or consideration obtains and maintains reasonable written evidence that the payee is a citizen of the other country, is not a resident of this country, and is in the business of brokering real estate in that other country.

(c) A corporation pursuant to subparagraph (2).

(2) A broker may pay a commission to a corporation which is wholly owned, or owned with a spouse, by a salesperson or broker associate employed by or otherwise associated with the broker, if all of the following conditions are met:

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(a) The corporation does not engage in real estate transactions as a third-party agent or in any other activity requiring a license under this chapter.

(b) The employing broker is not relieved of any obligation to supervise the licensee or any other requirement of this chapter or the rules adopted pursuant to this chapter.

(c) The employed broker associate or salesperson is not relieved from any personal civil liability for any licensed activities by interposing the corporate form.

j. Failing, within a reasonable time, to provide information requested by the commission as the result of a formal or informal complaint to the commission which would indicate a violation of this chapter.

k. Any other conduct, whether of the same or different character from that specified in this section, which demonstrates bad faith, or improper, fraudulent, or dishonest dealings which would have disqualified the licensee from securing a license under this chapter.

2. Any unlawful act or violation of any of the provisions of this chapter by any real estate broker associate or salesperson, employee, or partner or associate of a licensed real estate broker, is not cause for the revocation of the license of any real estate broker, unless the commission finds that the real estate broker had guilty knowledge of the unlawful act or violation.

3. If an investigation pursuant to this section reveals that an unlicensed person has assumed to act in the capacity of a real estate broker or real estate salesperson, the commission shall issue a cease and desist order, and shall impose a civil penalty of up to the greater of ten thousand dollars or ten percent of the real estate sale price.

[C31, 35, §1905-c48; C39, §**1905.45;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.34; 81 Acts, ch 54, §21]

88 Acts, ch 1158, §23; 89 Acts, ch 29, §1; 89 Acts, ch 83, §24; 92 Acts, ch 1242, §21

C93, §543B.34

95 Acts, ch 170, §6; 99 Acts, ch 22, §1; 2004 Acts, ch 1005, §1, 2; 2005 Acts, ch 179, §72; 2011 Acts, ch 73, §3; 2017 Acts, ch 71, §7 – 9

Referred to in §543B.28, 543B.29, 543B.43, 543B.61

543B.35 Hearing on charges.

The real estate commission shall, upon request of the applicant as provided in section 543B.19, or before revoking any license, set the matter down for a hearing. At least twenty days prior to the date set for the hearing, the commission shall send a written notice to the applicant or licensee containing an exact statement of the charges made and the date and place of the hearing. At the hearing, an applicant or licensee shall have the opportunity to be heard in person and by counsel. The written notice of hearing may be served by delivery personally to the applicant or licensee or by mailing the notice by certified mail to the last known business address of such applicant or licensee. If such applicant or licensee is a salesperson, the commission shall also notify the broker employing the salesperson, or into whose employ the salesperson is about to enter, by mailing such notice by certified mail to the broker's last known business address. The hearing on the charges shall be at such time and place as the commission shall prescribe.

[C31, 35, §1905-c49; C39, §**1905.46;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.35]

C93, §543B.35

2023 Acts, ch 66, §140

Referred to in §272C.5, 543B.19, 543B.28, 543B.29, 543B.43

543B.36 Attendance of witnesses.

In the preparation and conducting of such hearings, the real estate commission shall have power to execute and sign subpoenas to require the attendance and testimony of any witnesses and the producing of any papers or books. The commission may administer oaths, examine witnesses, and take any evidence the commission deems pertinent to the determination of the charges. Any such hearing may be held before two or more members of the commission as may be directed by the commission.

[C31, 35, §1905-c50; C39, §**1905.47;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.36]

C93, §543B.36

Referred to in §272C.5, 543B.43

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543B.37 Fees and mileage.

Any witnesses so subpoenaed shall be entitled to the same fees and mileage as is prescribed by law in judicial proceedings in the courts of this state in civil cases.

[C31, 35, §1905-c51; C39, §**1905.48;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.37]
C93, §543B.37
Referred to in §543B.43

543B.38 Request for witnesses.

Any party to any hearing before the real estate commission shall have the right to the attendance of witnesses in the party's behalf at such a hearing upon making a request thereof to the commission and designating the person or persons sought to be subpoenaed.

[C31, 35, §1905-c52; C39, §**1905.49;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.38]
C93, §543B.38
Referred to in §543B.43

543B.39 Disobedience to subpoena.

In case of a disobedience to a subpoena the real estate commission may invoke the aid of any court of competent jurisdiction or judge thereof in requiring the attendance and testimony of witnesses and the production of papers; and such court may issue an order requiring the persons to appear before the commission and give evidence or to produce papers as the case may be; and any failure to obey such order may be punished as a contempt.

[C31, 35, §1905-c53; C39, §**1905.50;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.39]
C93, §543B.39
Referred to in §543B.43

543B.40 Depositions.

The testimony may be taken by deposition as in civil cases, and any person may be compelled to appear and depose in the same manner as witnesses may be compelled to appear and testify as provided in this chapter.

[C31, 35, §1905-c54; C39, §**1905.51;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.40]
C93, §543B.40
2019 Acts, ch 59, §193
Referred to in §543B.43

543B.41 Findings of fact.

If the majority of the real estate commission shall determine that any applicant is not qualified to receive a license, a license shall not be granted to such applicant, and if the commission shall determine that any licensee is guilty of a violation of any of the provisions of this chapter, the license may be suspended or revoked. The commission, upon request of the applicant or licensee, shall furnish said applicant or licensee with a definite statement of its findings of fact and its reason or reasons for refusing to grant the license or for suspension of the rights of the licensee or for the revocation of the license, as the case may be. Judicial review of action of the commission may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C31, 35, §1905-c56; C39, §**1905.53;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.41]
C93, §543B.41
2003 Acts, ch 44, §114
Referred to in §543B.43

543B.42 List of licensees.

The real estate commission shall at least annually prepare a list of the names and addresses of all licensees licensed by it under this chapter, and of all persons whose licenses have been suspended or revoked within one year; together with other information relative to the enforcement of this chapter as it deems of interest to the public. The lists shall be mailed by the commission to any person in this state upon request.

[C31, 35, §1905-c58; C39, §**1905.55;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.42]
86 Acts, ch 1238, §6
C93, §543B.42

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543B.43 Penalties.

Any person found guilty of violating a provision of sections 543B.1 through 543B.24 and sections 543B.27 through 543B.41 in a first offense shall be guilty of a simple misdemeanor.

[C31, 35, §1905-c59; C39, §**1905.56;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.43]

C93, §543B.43

2013 Acts, ch 90, §166; 2018 Acts, ch 1026, §159

Referred to in §543B.49

Civil penalty for unlicensed person acting as real estate broker or salesperson; §543B.34

Civil penalty for licensees; §543B.48

543B.44 Complaints referred to court.

The real estate commission may refer a complaint for violation of section 543B.1 before any court of competent jurisdiction. The commission may also take the necessary legal steps through the proper legal officers of this state to enforce the provisions of and collect the penalties provided in this chapter.

[C31, 35, §1905-c60; C39, §**1905.57;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §117.44]

C93, §543B.44

2023 Acts, ch 66, §141

Referred to in §543B.49

543B.45 Dual contracts for sale of real property.

1. A person licensed under this chapter shall not knowingly make, issue, deliver, receive, or permit the use of two or more written or oral contracts for the purpose of sale concerning the same parcel of real estate one of which is not made known to the prospective lender or loan guarantor to enable the purchaser to obtain a larger loan than the true sales price would allow or to enable the purchaser to qualify for a loan which the purchaser otherwise could not obtain.

2. Any person who shall violate the provisions of this section shall be guilty of a fraudulent practice.

[C71, 73, 75, 77, 79, 81, §117.45; 81 Acts, ch 54, §22]

C93, §543B.45

2018 Acts, ch 1041, §127

Fraudulent practices, see §714.8

543B.46 Trust accounts.

1. Each real estate broker who is in the practice of depositing funds in a trust account shall maintain a common trust account in a federally insured depository institution for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker or the broker's salespersons on behalf of the broker's principal, except that a broker acting as a salesperson shall deposit these funds in the common trust account of the broker for whom the broker acts as salesperson. The account shall be an interest-bearing account. The interest on the account shall be transferred quarterly to the treasurer of state and transferred to the Iowa finance authority for deposit in the housing trust fund established in section 16.181 unless there is a written agreement between the buyer and seller to the contrary. The broker shall not benefit from interest received on funds of others in the broker's possession. A broker who is not in the practice of depositing funds in a trust account shall not be required to maintain a common trust account pursuant to this section.

2. Each broker required to maintain a trust account pursuant to this section shall notify the real estate commission of the name of the federally insured depository institution in which a trust account is maintained and also the name of the account on forms provided therefor.

3. Each broker required to maintain a trust account pursuant to this section shall authorize the real estate commission to examine each trust account and shall obtain the certification of the federally insured depository institution attesting to each trust account and consenting to the examination and audit of each account by a duly authorized representative of the commission. The certification and consent shall be furnished on forms prescribed by the commission. This subsection does not apply to an individual farm account maintained in the name of the owner or owners for the purpose of conducting ongoing farm business whether it is conducted by the farm owner or by an agent or farm manager when the account is part

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of a farm management agreement between the owner and agent or manager. This subsection also does not apply to an individual property management account maintained in the name of the owner or owners for the purpose of conducting ongoing property management whether it is conducted by the property owner or by an agent or manager when the account is part of a property management agreement between the owner and agent or manager.

4. Each broker required to maintain a trust account pursuant to this section shall only deposit trust funds as directed by the principal of a transaction constituting dealing in real estate as described in section 543B.6 in the common trust account and shall not commingle the broker's personal funds or other funds in the trust account with the exception that a broker may deposit and keep a sum not to exceed one thousand dollars in the account from the broker's personal funds, which sum shall be specifically identified and deposited to cover bank service charges relating to the trust account.

5. A broker may maintain more than one trust account provided the commission is advised of said account as specified in subsections 2 and 3 above.

6. The commission shall verify on a test basis, a random sampling of the brokers, corporations, professional corporations, professional limited liability companies, and partnerships for their trust account compliance. The commission may upon reasonable cause, or as a part of or after an investigation, request or order a special report.

7. The examination of a trust account shall be conducted by the commission or the commission's authorized representative.

8. The commission shall adopt rules to ensure implementation of this section.

[C71, 73, 75, 77, 79, 81, §117.46; 81 Acts, ch 54, §23; 82 Acts, ch 1067, §1]

85 Acts, ch 252, §1; 92 Acts, ch 1242, §22, 23

C93, §543B.46

93 Acts, ch 30, §2; 93 Acts, ch 175, §19; 95 Acts, ch 170, §7; 96 Acts, ch 1027, §1; 97 Acts, ch 23, §67; 97 Acts, ch 214, §12; 2007 Acts, ch 13, §6; 2008 Acts, ch 1097, §3; 2012 Acts, ch 1017, §150; 2013 Acts, ch 30, §138; 2014 Acts, ch 1092, §121; 2017 Acts, ch 71, §10; 2018 Acts, ch 1026, §160

Referred to in §543B.29

543B.47 Insurance requirement.

1. The real estate commission shall adopt rules requiring as a condition of licensure that all real estate licensees, except those who hold inactive licenses, carry errors and omissions insurance covering all activities contemplated under this chapter. The rules shall provide for administration of the insurance requirements of this section within the multiyear licensing structure required by section 543B.28. However, the rules shall require licensees to submit evidence of compliance with this section within twenty calendar days of the commission's request, which may be made on a test basis, a random basis, or upon reasonable cause to question a licensee's compliance.

2. The commission shall contract with an insurance provider for a group policy under which coverage is available to all licensees, and shall maintain coverage with the contracted provider unless the commission determines that continuing the contract is not reasonably practical. The contract shall be solicited by competitive, sealed bid.

3. The group policy shall be made available to all licensees and shall not include any right on the part of the insurance provider to cancel coverage for a licensee.

4. A licensee shall have the option of obtaining insurance independently, if the coverage contained in an independently obtained policy complies with the minimum requirements adopted by rule of the commission.

5. The commission shall determine the terms and conditions of coverage required by subsection 1, including but not limited to the minimum limits of coverage, the permissible deductible, and the permissible exceptions.

6. Failure of a license applicant or licensee to carry the errors and omissions insurance required by this section, or to timely submit proof of coverage upon commission request, shall be grounds for the denial of an application for licensure, the denial of an application to renew a license, or the suspension or revocation of a license.

90 Acts, ch 1126, §2

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C91, §117.47
91 Acts, ch 97, §21
C93, §543B.47
2002 Acts, ch 1031, §3
Referred to in §543B.29

543B.48 Civil penalty amount.

Notwithstanding section 272C.3, licensee discipline may include a civil penalty not to exceed two thousand five hundred dollars per violation.

2002 Acts, ch 1031, §4
Referred to in §543B.49

543B.49 Injunctive relief.

1. In addition to the penalty and complaint provisions of sections 543B.43, 543B.44, and 543B.48, an injunction may be granted through an action in district court to prohibit a person from engaging in an activity which violates the provisions of section 543B.1. The court shall grant a permanent or temporary injunction if it appears to the court that a violation has occurred or is imminently threatened. The plaintiff is not required to show that the violation or threatened violation would greatly or irreparably injure the plaintiff. No bond shall be required of the plaintiff unless the court determines that a bond is necessary in the public interest. The action for injunctive relief may be brought by an affected person. For the purposes of this section, *"affected person"* means any person directly impacted by the actions of a person suspected of violating the provisions of section 543B.1, including but not limited to the commission created in section 543B.8, a person who has utilized the services of a person suspected of violating the provisions of section 543B.1, or a private association composed primarily of members practicing a profession for which licensure is required pursuant to this chapter.

2. If successful in obtaining injunctive relief, the affected person shall be entitled to actual costs and attorney fees. For the purposes of this section, *"actual costs"* means those costs other than attorney fees which were actually incurred in connection with the action, including but not limited to court and witness fees, investigative expenses, travel expenses, legal research expenses, and other related fees and expenses.

2004 Acts, ch 1005, §3; 2006 Acts, ch 1055, §4

543B.50 Meetings.

The real estate commission shall meet as necessary at the location of the commission's principal office and shall elect a chairperson annually. A majority of the members of the commission shall constitute a quorum.

[C75, 77, 79, 81, §117.50]
88 Acts, ch 1158, §24
C93, §543B.50
2024 Acts, ch 1170, §117

543B.51 Public members.

The public members of the real estate commission shall be allowed to participate in administrative, clerical, or ministerial functions incident to giving the examination, but shall not determine the content of the examination or determine the correctness of the answers.

[C75, 77, 79, 81, §117.51]
C93, §543B.51

543B.52 Disclosure of confidential information.

1. The commission shall not disclose information relating to the following:

a. The contents of the examination.

b. The examination results other than final score except for information about the results of an examination which is given to the person who took the examination.

2. A member of the commission who willfully communicates or seeks to communicate

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such information, and any person who willfully requests, obtains, or seeks to obtain such information, is guilty of a simple misdemeanor.

[C75, 77, 79, 81, §117.52]
C93, §543B.52
2008 Acts, ch 1059, §4

543B.53 Application of chapter.

The provisions of this chapter which require successful completion of a real estate education course before being licensed as a real estate salesperson shall not apply to the issuance of new licenses pursuant to section 543B.28.

[C77, 79, 81, §117.53; 81 Acts, ch 54, §24]
C93, §543B.53
2017 Acts, ch 71, §11

543B.54 Real estate education fund. Repealed by 2013 Acts, ch 93, §3.

543B.55 Disclosure of relationship.

The real estate commission shall adopt rules requiring that each real estate broker or salesperson in a real estate transaction disclose in writing the broker's or salesperson's agency relationship with the buyer or seller in the transaction.

90 Acts, ch 1126, §3
C91, §117.55
C93, §543B.55

SUBCHAPTER II

RELATIONSHIP BETWEEN LICENSEES
AND PARTIES TO TRANSACTIONS

543B.56 Duties of licensees.

1. *Duties to all parties in a transaction.* In providing brokerage services to a client to a transaction, a licensee shall do all of the following:

a. Treat all parties to a transaction with honesty and good faith.

b. Disclose to each party all material adverse facts that the licensee knows except for the following:

(1) Material adverse facts known by the party.

(2) Material adverse facts the party could discover through a reasonably diligent inspection, and which would be discovered by a reasonably prudent person under like or similar circumstances.

(3) Material adverse facts the disclosure of which is prohibited by law.

(4) Material adverse facts that are known to a person who conducts an inspection on behalf of the party.

c. Account for all property coming into the possession of a licensee that belongs to any party within a reasonable time of receiving the property.

2. *Duties to a client.* In addition to the licensee's duties under subsection 1, a licensee providing brokerage services to a client shall do all of the following:

a. Place the client's interests ahead of the interests of any other party, unless loyalty to a client violates the licensee's duties under subsection 1, section 543B.58, or under other applicable law.

b. Disclose to the client all information known by the licensee that is material to the transaction and that is not known by the client or could not be discovered by the client through a reasonably diligent inspection.

c. Fulfill any obligation that is within the scope of the brokerage agreement, except those obligations that are inconsistent with other duties that the licensee has under this chapter or any other law.

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d. Disclose to a client any financial interests the licensee or the brokerage has in any business entity to which the licensee or brokerage refers a client for any service or product related to the transaction.

e. Diligently exercise reasonable skill and care in providing brokerage services.

3. *Prohibited conduct.* In providing brokerage services, a licensee shall not do either of the following:

a. Accept a fee or compensation related to a transaction from a person other than the licensee's client, unless the licensee has provided written notice to all parties to the transaction that a fee or compensation will be accepted by the licensee from such person.

b. Act in a transaction on the licensee's own behalf, on behalf of the licensee's immediate family or brokerage, or on behalf of an organization or business entity in which the licensee has an interest, unless the licensee has provided written disclosure of the interest to all parties to the transaction.

95 Acts, ch 17, §2; 96 Acts, ch 1054, §2; 2024 Acts, ch 1052, §4 – 6
Referred to in §543B.57, 543B.58, 543B.61

543B.56A Brokerage agreements — purpose — contents.

1. The purpose of this section is to promote the protection of the public by establishing minimum standards reasonably expected by the public in reliance upon the professional work product of real estate licensees. The reliance of the public and business community on sound professional opinions and assistance imposes on real estate licensees certain obligations both to their clients and to the public. The purpose of this section is also to assist in ensuring that licensees' obligations are met including licensees' exercising sound independent business judgment, striving to continuously improve professional business skills and knowledge in the industry, promoting sound and informative real estate reporting, and exercising the highest fiduciary duties to clients and the public.

2. A brokerage agreement shall specify that the broker shall, at a minimum, do all of the following:

a. Accept delivery of and present to the client offers and counteroffers to buy, sell, rent, lease, or exchange the client's property or the property the client seeks to purchase or lease.

b. Assist the client in developing, communicating, negotiating, and presenting offers or counteroffers until a rental agreement, lease, exchange agreement, offer to buy or sell, or purchase agreement is signed and all contingencies are satisfied or waived and the transaction is completed.

c. Answer the client's questions relating to the brokerage agreements, listing agreements, offers, counteroffers, notices, and contingencies.

d. Provide prospective buyers access to listed properties.

e. Review the broker's compensation under the brokerage agreement and conspicuously display a statement that the broker's compensation, fees, and commission are negotiable and not established by law.

3. A brokerage agreement must be signed by both the broker and the client prior to the broker listing any property for sale on behalf of a seller, or before showing a property to a buyer, or if no property is shown to a buyer, before making an offer on a property on behalf of a buyer. The brokerage agreement requirements under this subsection that apply to a buyer shall not apply to customers attending an open house or auction, to a potential buyer of a property of more than four dwelling units, or to a property that is not intended for human inhabitance.

2005 Acts, ch 40, §2; 2011 Acts, ch 73, §4; 2024 Acts, ch 1052, §7, 8; 2024 Acts, ch 1072, §5, 6; 2025 Acts, ch 83, §2
Referred to in §543B.5, 543B.61

543B.57 Confirmation and disclosure of relationship.

1. A licensee shall not represent any party or parties to a transaction or otherwise as a licensee unless that licensee makes an agency disclosure to the party or parties represented by the licensee.

2. *a.* The disclosure required in subsection 1 shall be made by the licensee at the time

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the licensee provides specific assistance to the client. A change in a licensee's representation that makes the initial disclosure incomplete, misleading, or inaccurate requires that a new disclosure be made immediately.

b. A written disclosure is required to be made to the client prior to an offer being made or accepted. The written disclosure shall be acknowledged by separate signatures of the party or parties represented by the licensee prior to any offer being made or accepted by any party to a transaction.

c. For purposes of this section, *"specific assistance"* means eliciting or accepting confidential information about a party's real estate needs, motivation, or financial qualifications, or eliciting or accepting information involving a proposed or preliminary offer associated with specific real estate. *"Specific assistance"* does not mean an open house showing, preliminary conversations concerning price range, location, and property styles, or responding to general factual questions concerning properties which have been advertised for sale or lease.

3. The written agency disclosure form shall contain all of the following:

a. A statement of which party is the licensee's client or, if the licensee is providing brokerage services to more than one client as provided under section 543B.60, a statement of all persons who are the licensee's clients.

b. A statement of the licensee's duties to the licensee's client under section 543B.56, subsections 1 and 2.

c. Any additional information that the licensee determines is necessary to clarify the licensee's relationship to the licensee's client or customer.

4. This section does not prohibit a person from representing oneself.

5. The seller, in the listing agreement, may authorize the seller's licensee to disburse part of the licensee's compensation to other licensees, including a buyer's licensee solely representing the buyer. A seller may authorize a portion of the proceeds from the sale of real property, or from another source, to pay a buyer's licensee compensation. A licensee representing a buyer shall inform the listing licensee, if there is a listing licensee, either verbally or in writing, of the agency relationship before any negotiations are initiated. The obligation of either the seller or the buyer to pay compensation to a licensee is not determinative of the agency relationship.

95 Acts, ch 17, §3; 97 Acts, ch 82, §1; 2017 Acts, ch 71, §12; 2024 Acts, ch 1072, §7
Referred to in §543B.60, 543B.61

543B.58 Licensees representing more than one client in a transaction.

1. A licensee shall not be the agent for both a buyer and a seller to a transaction without obtaining the written consent of both the buyer and the seller. The written consent shall state that the licensee has made a full disclosure of the type of representation the licensee will provide. The consent to multiple representation shall contain a statement of the licensee's duties under section 543B.56, subsection 1, a statement of the licensee's duties to the client under section 543B.56, subsection 2, paragraphs *"b"* and *"c"*, and a statement that the clients understand the licensee's duties and consent to the licensee's providing brokerage services to more than one client.

2. A consent to multiple representation may contain additional disclosures by the licensee or additional agreements between the licensee and the clients that do not violate any duty of a licensee under this chapter.

95 Acts, ch 17, §4
Referred to in §543B.56, 543B.61

543B.59 Appointed agents within a firm.

1. *Appointed agents.* A real estate brokerage agency entering into a brokerage agreement, through a designated broker, may notify a client in writing of those affiliated licensees within the real estate brokerage agency who will be acting as appointed agents of that client to the exclusion of all other affiliated licensees within the real estate brokerage agency.

2. *Dual agent.* A real estate brokerage agency and a designated broker are not

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considered to be dual agents solely because of an appointment under the provisions of this section. However, an affiliated licensee who personally represents both the seller and the buyer in a particular transaction is considered to be a disclosed dual agent and is required to comply with the provisions of this subchapter governing disclosed dual agents.

3. *Actual knowledge — information.* A client, a real estate brokerage agency, and its appointed agents are deemed to possess only actual knowledge and information at the time the appointed agents are appointed. Knowledge or information is not imparted by operation of law among the clients, the real estate brokerage agency, and its appointed agents.

4. *Appointments — roles.* The commission shall define by rule the methods of appointment and the role of the real estate brokerage agency and the designated broker. The rules must include a requirement that clients be informed as to the real estate brokerage agency's appointed agent policy and be given written notice of that policy in advance of entering into a brokerage agreement.

95 Acts, ch 17, §5
Referred to in §543B.61

543B.60 Licensees providing services in more than one transaction.

A licensee may provide brokerage services simultaneously to more than one party in different transactions unless the licensee agrees with a client that the licensee is to provide brokerage services only to that client. If the licensee and a client agree that the licensee is to provide brokerage services only to that client, the agency disclosure required under section 543B.57, subsection 1, shall contain a statement of that agreement.

95 Acts, ch 17, §6; 2024 Acts, ch 1052, §9
Referred to in §543B.57, 543B.61

543B.60A Prohibited practices — business referral disclosures.

1. A licensee shall not request a referral fee after a bona fide offer to purchase is accepted.

2. A licensee shall not request a referral fee after a bona fide listing agreement has been signed.

3. A licensee shall not offer, promote, perform, provide, or otherwise participate in any marketing plan that requires a consumer to receive brokerage services, including referral services, from two or more licensees in a single real estate transaction, as a required condition for the consumer to receive either of the following:

a. Brokerage services from one or more of such licensees.

b. A rebate, prize, or other inducement from one or more such licensees.

4. For purposes of this section, "*consumer*" shall include parties or prospective parties to a real estate transaction, clients or prospective clients of a licensee, or customers or prospective customers of a licensee.

5. This section does not address relationships between a broker and the broker associates or salespersons licensed under, employed by, or otherwise associated with the broker in a real estate brokerage agency.

6. A violation of this section is deemed a violation of section 543B.29, subsection 1, paragraph "*d*".

7. The purpose of this section is to prohibit licensee practices that interfere with contractual arrangements, place improper restrictions on consumer choice, compromise a licensee's fiduciary obligations, and create conflicts of interest.

8. An Iowa licensee is prohibited from participating in any marketing plan or arrangement prohibited by this section with a person who is licensed or otherwise authorized to engage in the real estate business in another state or foreign country. This subsection shall not be interpreted to impact or alter a referral fee structure which otherwise complies with the requirements of this section.

9. A licensee or person licensed in another state or foreign country who conducts business in this state or refers business to a licensee in this state shall disclose in writing to the consumer and to the licensee to whom they are referring business, the name of the consumer being referred, the name of the referring company, and the amount of compensation they are receiving for the referral. This subsection shall not affect or restrict

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business practices relating to payment methods between listing and selling brokerages, and shall be applicable strictly to properties containing at least one but not more than four dwelling units.

99 Acts, ch 22, §2; 2005 Acts, ch 179, §73; 2007 Acts, ch 153, §1, 2; 2008 Acts, ch 1099, §5

543B.61 Violations — real estate commission jurisdiction.

1. Failure of a licensee to comply with sections 543B.57 through 543B.60 is prima facie evidence of a violation under section 543B.34, subsection 1, paragraph *"d"*.

2. Failure of a licensee to act in accordance with the disclosures made pursuant to sections 543B.56 through 543B.58 is prima facie evidence of a violation under section 543B.34, subsection 1, paragraph *"d"*.

3. Nothing in this subchapter shall affect the validity of title to real property transferred based solely on the reason that a licensee failed to conform to the provisions of this subchapter.

95 Acts, ch 17, §7

543B.62 Duties and liabilities of licensees and parties.

1. Except as provided in subsection 2, the duties of a licensee specified in this chapter or in rules adopted pursuant to this chapter supersede any fiduciary duties of a licensee to a party to a transaction based on common law principles of agency to the extent that those common law fiduciary duties are inconsistent with the duties specified in this chapter or rules adopted pursuant to this chapter.

2. This section shall not be construed to modify a licensee's duty under common law as to negligent or fraudulent misrepresentation of material information.

3. *a.* A licensee who is providing brokerage services to a client and who retains another licensee to provide brokerage services to that client is not liable for misrepresentation made by the other licensee, unless the retaining licensee knew or should have known of the other licensee's misrepresentation or the other licensee is repeating a misrepresentation made to the other licensee by the retaining licensee.

b. A broker is responsible for supervising a salesperson or broker associate employed by or otherwise associated with the broker as a representative of the broker. The existence of an independent contractor relationship or any other special compensation arrangement between the broker and the salesperson or broker associate does not relieve the broker, salesperson, or broker associate of the duties and responsibilities established by this chapter. A salesperson or broker associate shall keep the employing broker fully informed of all activities being conducted on behalf of the broker and any other activities that might impact on the broker's responsibilities. However, the failure of the salesperson or broker associate to keep the employing broker fully informed does not relieve the broker of the duties and responsibilities established by this chapter.

4. *a.* A licensee providing brokerage services to a client shall not be in possession of the client's real estate. A licensee may enter upon the premises of a client's real estate to fulfill the licensee's obligations pursuant to section 543B.3 or 543B.6, or pursuant to a written agreement between the licensee and the client.

b. A licensee has no duty of care with regard to a client's real estate or with regard to a person entering, viewing, or traversing upon the premises of a client's real estate other than to fulfill the licensee's obligations pursuant to section 543B.3 or 543B.6, or pursuant to a written agreement between the licensee and the client.

c. A licensee providing brokerage services to a client shall not be liable for damage to the client's real estate or for any physical injury, accident, or harm to a person entering, viewing, or traversing upon the premises of a client's real estate unless the licensee is the direct and proximate cause of the damage, injury, accident, or harm.

d. A client shall be responsible for the care, maintenance, repair, condition, and safety of the client's real estate that is being offered to sell, exchange, buy, or rent to a person.

95 Acts, ch 17, §8; 2023 Acts, ch 68, §1; 2025 Acts, ch 30, §93

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543B.63 Licensee not considered subagent.

A licensee is not considered to be a subagent of a client of another licensee solely by reason of membership or other affiliation by the licensee in a multiple listing service or other similar information source, and an offer of subagency shall not be made through a multiple listing service or other similar information source.

95 Acts, ch 17, §9

543B.64 Chapter is not limiting.

The duties imposed upon persons under this chapter or pursuant to rules adopted by the real estate commission shall not limit or abridge any duty or responsibility to disclose created by other applicable law, or under a contract between parties.

95 Acts, ch 17, §10

CHAPTER 543C

SALES OF SUBDIVIDED LAND OUTSIDE OF IOWA

Referred to in §669.14

This chapter not enacted as a part of this title;
transferred from chapter 117A in Code 1993

543C.1 Definitions.
543C.2 Provisions governing sale or lease of subdivided lands.
543C.3 Offering statement — contents — prohibitions.
543C.4 Inspection power of commission — unlawful practices.
543C.5 Penalties.
543C.6 Sales by brokers.
543C.7 Prosecution.
543C.8 Filing fees.

543C.1 Definitions.

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

1. *"Advertisement"* means the attempt by dissemination, solicitation, or circulation to directly or indirectly induce any person to enter into any obligation or acquire any title or interest in land offered for sale or lease to the public in this state.

2. *"Commission"* means the real estate commission as established by chapter 543B.

3. *"Sale"* means any sale, offer for sale, or attempt to sell or lease any land, to the public in this state, for cash or on credit.

4. *"Subdivided land"* means improved or unimproved land divided or proposed to be divided for the purpose of sale or lease into five or more lots or parcels, or additions or parts of lots or parcels; however, subdivided land does not include a subdivision subject to section 306.21 or chapter 354 nor the leasing of apartments, offices, stores, or similar space within an apartment building, industrial building, or commercial building unless an undivided interest in the land is granted as a condition precedent to occupying space in the structure. Subdivided land does not include subdivisions of land located within the state of Iowa or time-share intervals as defined in section 557A.2.

5. *"Subdivider"* means any person, firm, partnership, company, corporation, or association engaging directly or through an agent in the business of selling or leasing subdivided land, or of offering such land for sale or lease, to the public in this state.

[C75, 77, 79, 81, §117A.1]

85 Acts, ch 155, §22; 90 Acts, ch 1236, §42

C93, §543C.1

2021 Acts, ch 76, §133

543C.2 Provisions governing sale or lease of subdivided lands.

1. No subdivider shall sell or lease subdivided land, or offer such land for sale or lease, or advertise such land for sale or lease to the public within this state unless the subdivider has filed with the commission an application which shall include an offering statement.

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No subdivider shall engage in business in this state until the application and the offering statement have been accepted and the subdivider has been registered as a subdivider with the commission. In addition to the offering statement, the application shall contain the following:

a. The name of the owner and of the subdivider.

b. The address of the principal office of the owner and of the subdivider, wherever situated, and the addresses of the principal office and all branch offices of the owner and of the subdivider within this state.

c. The name of the person, firm, partnership, company, corporation, or association holding legal or equitable title to the land for sale or lease for the purpose of offering such land or part thereof to the general public.

d. A statement as to whether the owner or the subdivider, or if such owner or subdivider be other than an individual, the name of any partner, principal, officer, director, or branch manager thereof or any owner of more than a five percent interest in the business, has been convicted of any criminal offense in connection with any transaction involving the sale or lease, or offer for sale or lease, of subdivided land, or has been enjoined or restrained by order of any court from selling or leasing, or offering for sale or lease, any subdivided land in any state or county, or has been enjoined or restrained by any court from continuing any practices in connection therewith.

e. The complete description of the land offered for subdivision by lots, plots, blocks, or sales, with or without streets, together with plats certified to by a duly licensed professional land surveyor accompanied by a certificate attached thereto showing the date of the completion of the survey and of the making of the plat and the name of the subdivision for the purpose of identification of the subdivided land or any part thereof.

f. Copies of plats of all of the land being filed by the subdivider which plats must have already been recorded by the proper recording office in the state in which the land is located.

g. An opinion of an attorney admitted to practice law in this state, a policy of title insurance issued by a title insurer licensed to do business in the state where the subdivided land is located, or an opinion of an attorney admitted or licensed to practice law in the state wherein the lands are situated, reciting in detail all of the liens, encumbrances, and clouds upon the title to such land, and any other defects of title, which may render the title to such land unmarketable.

h. The provisions, covenants, terms, and conditions upon which it is the intention of the owner and the subdivider to sell or lease such subdivided land, accompanied by proposed forms of contracts contemplated for execution and delivery upon the consummation of sales or leases.

i. If the subdivided land sought to be filed comes within the purview of the federal Interstate Land Sales Full Disclosure Act, codified at 15 U.S.C. §1701 et seq., the subdivider must furnish a copy of the accepted report filed with the department of housing and urban development. If the subdivision comes under the regulation of the real estate laws of the state where the land is located and that state requires a state offering statement or public report, the subdivider must also include a copy of said state report.

j. The subdivider, if a corporation, must register to do business in the state of Iowa as a foreign corporation with the secretary of state and furnish a copy of the certificate of authority to do business in the state of Iowa. If not a corporation, the subdivider must comply with the provisions of chapter 547, by filing a proper trade name with the Polk county recorder. The provisions of this paragraph shall also apply to any person, partnership, firm, company, corporation, or association, other than the subdivider, which is engaged by or through the subdivider for the purpose of advertising or selling the land involved in the filing.

k. Such other information as the commission may require, which shall be filed pursuant to the provisions of this chapter.

2. The offering statement must contain all of the following:

a. The names, addresses, and business background of the subdivider as required in subsection 1, paragraphs *"a"* through *"d"*. If such subdivider is a partnership or corporation, the names, addresses, and business background of each of the partners, officers, and

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principal stockholders, the nature of their fiduciary relationship and their past, present, or anticipated financial relationship to the subdivider.

b. A complete description of the land and copies of the plat in which the land is located as required in subsection 1, paragraphs *"e"* and *"f"*, and a certified financial statement by a certified public accountant of the assets and liabilities of the subdivider as of a date not more than six months prior to the date of the filing, in such detail as the board may require.

c. Information concerning public improvements, including without limitation, streets, storm sewers, street lighting, water supply, and sewage treatment and disposal facilities in existence or planned on the subdivision, and the estimated cost, date of completion, and responsibility for construction of improvements to be made which are referred to in connection with the sale or lease, or offering for sale or lease, of the subdivision or any unit or lot thereon.

d. Each of the terms and conditions under which each such unit or lot is offered for sale and such opinion or certificates as required in subsection 1, paragraphs *"g"* and *"h"*.

e. A statement as to the exact terms of any guaranties or promises of refund or exchange which are to be used by the subdivider. The guaranty or promise of refund or exchange, if any, must be contained in the body of any contracts used by the subdivider and cannot be in any separate document. Said guaranty or promise of refund or exchange must appear in boldface type in the contract.

f. If the refund privilege, pursuant to paragraph *"e"*, is predicated in any way upon the requiring by the subdivider of an inspection by the purchaser prior to requesting a refund or exchange pursuant to the guaranty provisions, the offering statement and the sale contract itself must set out in detail all pertinent information in regard to the inspection trip and in regard to claiming a refund or exchange pursuant to the guaranty after the inspection trip.

g. A vicinity sketch of sufficient scale to show the entire tract of land, surrounding property ownership, and road access.

h. Such additional information as the commission may require as being necessary or appropriate in the public interest or for the protection of purchasers or lessees.

[C75, 77, 79, 81, §117A.2]

C93, §543C.2

2010 Acts, ch 1061, §71; 2012 Acts, ch 1009, §25; 2013 Acts, ch 90, §167; 2013 Acts, ch 140, §75; 2021 Acts, ch 80, §343

Referred to in §543C.3, 543C.4, 543C.8

543C.3 Offering statement — contents — prohibitions.

1. There may be omitted from the offering statement any of the information required under section 543C.2, subsection 1, paragraphs *"f"*, *"i"*, and *"j"*, which the commission may by a properly promulgated rule designate as being unnecessary or inappropriate for the protection of the public interest or a purchaser.

2. No offer to sell or lease subdivided land by any means of advertisement shall be made unless a copy of such advertisement has first been filed with the board. All such advertisements shall state that an offering statement has been filed with the commission and that a copy of such statement is available from the subdivider upon request.

3. Except as provided in subsection 1, no offer to sell or lease subdivided land shall be made unless such offer is accompanied by a copy of the current offering statement filed pursuant to this chapter.

4. The first page of the offering statement employed in the sale or lease, or offer for sale or lease, of subdivided land shall contain a legible statement printed in at least sixteen point bold type which shall be at least four point type larger than the body of the document that the filing of the verified statement and offering statement with the commission does not constitute approval of the sale or lease, or offer for sale or lease, by the state, commission or any officer thereof, or that the state, commission or any officer thereof, has in any way passed upon the merits of such offering.

5. No sale or lease of subdivided land shall be made unless accompanied or preceded by the delivery to the prospective purchaser of an offering statement complying with the provisions of this section.

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6. No offering statement shall be changed or amended unless a copy of such change or amendment has first been filed with the commission.

7. The subdivider shall, within thirty days after the first day of July of each year, file with the commission a current offering statement setting forth all changes which have taken place during the preceding year with respect to any information required to be set forth in such offering statement. Only a current offering statement shall be used to sell or lease, or offer to sell or lease, any subdivided land.

8. A fee of one hundred dollars shall be paid, plus ten dollars for each one hundred lots, units, parcels, portions, or interest included in the current offering statement.

[C75, 77, 79, 81, §117A.3]
C93, §543C.3
2013 Acts, ch 90, §249
Referred to in §543C.8

543C.4 Inspection power of commission — unlawful practices.

1. The commission may request the department of inspections, appeals, and licensing to conduct an investigation and inspection to be made of any subdivided land proposed to be offered for sale or lease in this state pursuant to this chapter. The department of inspections, appeals, and licensing shall make a report of its findings.

2. If an inspection is to be made of subdivided land situated outside of this state and offered for sale in this state, the inspection as authorized by subsection 1 shall be made by the department of inspections, appeals, and licensing at the expense of the subdivider. After the application required by section 543C.2 is filed and after the filing fee required by section 543C.8 is received, the commission may decide whether an inspection pursuant to this subsection is to be made. If the commission requires an inspection, the department of inspections, appeals, and licensing shall so notify the subdivider and the subdivider shall remit to the department an amount equivalent to the round trip cost of travel from this state to the location of the project, as estimated by the department and a further amount estimated to be necessary to cover the additional expenses of inspection but not to exceed fifty dollars a day for each day incurred in the inspection. The costs of any subsequent inspections deemed necessary shall be paid for by the subdivider. At the completion of an inspection trip the department shall furnish the subdivider a statement as to the costs of the inspection trip, and if the costs are less than the amount advanced by the subdivider to the department, the remaining balance shall be refunded to the subdivider.

3. It shall be unlawful for the subdivider to change the financial structure of any offering after the submission thereof to the commission without first notifying the commission in writing of such intention.

4. Where improvements are to be made in connection with the sale or lease, or offering for sale or lease, of the subdivision or any unit, parcel, or lot thereon, the owner or subdivider shall either furnish to the commission a performance bond executed by a surety company authorized to do business in the state and which has given consent to be sued in this state with sufficient surety for the benefit and protection of purchasers of units, parcels, or lots, in such amount and subject to such terms as the commission deems necessary for the protection of such purchasers with respect to construction of such improvements, or place in an escrow account in a depository acceptable to the commission, that portion of the sums paid or advanced by purchasers which the commission deems necessary for the protection of such purchasers with respect to construction of such improvements.

5. *a.* Where the land to be subdivided is subject to a mortgage, lien, or encumbrance securing or evidencing the payment of money, other than taxes levied or assessments made, or where the interest of the owner, the subdivider or an agent is held under option or contract of purchase or in trust, it shall be unlawful to sell any land in such subdivision unless a provision in such mortgage, lien, encumbrance, option, contract, or trust agreement, or a provision in an agreement supplementary thereto, enables the vendor to convey valid title to each parcel so sold or leased free of such mortgage, lien, encumbrance, option, contract, or trust agreement upon completion of all payments and the performance of all the terms and conditions required to be made and performed by the vendee under the agreement of sale.

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b. Where the consideration price for a lot sold has been amortized to an extent that the balance due and owing thereunder equals an amount required to release such lot or lots from any existing mortgage, lien, encumbrance, tax, assessment, option, contract, or trust agreement, and the initial cost for said land has not been paid for by the owner or subdivider, all moneys thereafter received by the owner or subdivider shall be segregated and kept in a separate account as a trust which shall be applied toward the clearance of title of the land intended to be conveyed to the purchaser. Certified or verified copies of documents containing such provisions shall be filed with the commission prior to the sale or lease, or offer of sale or lease, or advertisement for sale or lease, of any part of the subdivision.

[C75, 77, 79, 81, §117A.4]
88 Acts, ch 1158, §25
C93, §543C.4
2012 Acts, ch 1023, §157; 2023 Acts, ch 19, §2028

543C.5 Penalties.

1. Any person, firm, partnership, corporation, company, or association representing in any manner that the state, the commission or any officer thereof has recommended or acquiesced in the recommendation of the purchase of any subdivided land offered for sale or lease, in advertising or offering such subdivided land for sale or lease, shall be guilty of a serious misdemeanor.

2. Any person, officer, director, agent, or employee of a person, company, firm, partnership, association, or corporation offering to sell or lease, or selling or leasing, subdivided land prior to the filing of the offering statement and the application required by this chapter shall be guilty of a serious misdemeanor.

3. Except as provided in subsection 2, every person, officer, director, agent, or employee of a person, company, firm, partnership, corporation, or association who authorizes, directs, or aids in the publication, advertisement, distribution, or circulation of any device, scheme, or artifice for obtaining money or property by means of any false pretense, representation, or promise concerning any subdivided land offered for sale or lease, and every person, officer, director, agent, or employee of a company, firm, partnership, corporation, or association who makes or attempts to make fictitious or pretended purchases or sales of subdivided lands in this state, or in any other respect willfully violates or fails to comply with any of the provisions of this chapter, or omits or neglects to obey, observe, or comply with any order, permit, decision, demand, or requirement of the commission under the provisions of this chapter, is guilty of a serious misdemeanor.

[C75, 77, 79, 81, §117A.5]
C93, §543C.5

543C.6 Sales by brokers.

It shall be unlawful for any subdivider to sell or lease, or offer for sale or lease, any subdivided land located without this state except through a real estate broker or salesperson duly licensed in this state. The provision of section 543B.7, subsection 1, exempting regular employees of the owner of real estate from the licensing requirements of chapter 543B, shall not in any way apply to the sale of any subdivided land regulated by this chapter and subdividers covered by this chapter may not avail themselves of the provisions of section 543B.7, subsection 1, but must pursuant to this section sell only through licensed Iowa brokers and licensed salespersons.

[C75, 77, 79, 81, §117A.6]
C93, §543C.6
2019 Acts, ch 59, §194

543C.7 Prosecution.

1. The attorney general shall prosecute all violations of this chapter. Prosecutions shall be instituted by the attorney general upon the written request of the commission. In all criminal proceedings the attorney general may appear before any court or any grand jury and exercise all the powers and perform all the duties in respect to such actions or proceedings which the

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county attorney would otherwise be authorized or required to exercise or perform. In lieu thereof the attorney general may transmit evidence, proof, and information pertaining to such offense to the county attorney of the county in which the alleged violation occurred, and such county attorney shall prosecute for such violation. In any such proceeding in which the attorney general has appeared, the county attorney shall only exercise such powers and perform such duties as are required by the attorney general. The attorney general shall, within ten days after a conviction for a violation of any provision of this chapter, file with the commission a detailed report showing the date of the conviction, name of the person convicted, and the specific nature of the charge.

2. Whenever it appears to the commission that any person, officer, director, agent, or employee of a company, firm, partnership, association, or corporation offering to sell or lease, or selling or leasing, subdivided land, has committed or is about to commit a violation of this chapter or any rule or order issued by the commission hereunder, the commission may apply to the district court of the county in which the principal office of the subdivider is located or if such subdivider has no such office in this state then to the district court of Polk county for an order enjoining such subdivider or such officer, director, agent, or employee thereof from violating or continuing to violate this chapter or any such rule or order, and for such other equitable relief as the nature of the case and the interests of the public may require.

3. Any false statement contained in any statement filed with the commission pursuant to the requirements of this chapter, or in any affidavit attached thereto, shall constitute a violation of this chapter.

4. In any action brought under the provisions of this chapter, the attorney general is entitled to recover costs for the use of this state.

[C75, 77, 79, 81, §117A.7]
C93, §543C.7

543C.8 Filing fees.

1. Each initial filing made pursuant to section 543C.2 shall be accompanied by a basic filing fee of one hundred dollars, plus twenty-five dollars for every one hundred lots, units, parcels, portions, or interests included in the offering. A registration fee shall be paid with the filing of an application for registration consolidating additional lots with a prior registration and shall be set by rule which shall provide a basic fee of fifty dollars, plus an additional fee of twenty-five dollars for every one hundred lots, units, parcels, portions, or interests included in the offering. A fee shall not be charged for amendments to the property report as a result of amendments to the initial filing, unless the commission determines the amendments are made for the purpose of avoiding the payment of a fee, in which event the amendment may be treated as an application for registration consolidating additional lots with a prior registration. The filing fee to be paid with each annual current offering statement is as established by section 543C.3, subsection 8.

2. All fees collected under this chapter shall be deposited with the treasurer of state and credited to the general fund.

[C75, 77, 79, 81, §117A.8]
C93, §543C.8
2020 Acts, ch 1062, §94
Referred to in §543C.4

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CHAPTER 543D

REAL ESTATE APPRAISALS AND APPRAISERS

Referred to in §10A.104, 10A.506, 272C.1, 272C.6, 543E.3, 543E.8, 543E.11, 543E.12, 543E.15, 543E.18, 543E.20, 669.14

This chapter not enacted as a part of this title; transferred from chapter 117B in Code 1993

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543D.3 Purposes.
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543D.1 Short title.

This chapter shall be known and may be cited as the *"Iowa Appraisal Standards and Appraiser Certification Law"*.

89 Acts, ch 290, §1
CS89, §117B.1
C93, §543D.1
2021 Acts, ch 159, §1

543D.2 Definitions.

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

1. *"Appraisal"* or *"real estate appraisal"* means an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. An appraisal may be classified by subject matter into either a valuation or an analysis. A *"valuation"* is an estimate of the value of real estate or real property. An *"analysis"* is a study of real estate or real property other than estimating value.
2. *"Appraisal assignment"* means an engagement for which an appraiser is employed or retained to act, or would be perceived by third parties or the public as acting as a disinterested third party in rendering an appraisal, valuation, or analysis.
3. *"Appraisal foundation"* means the appraisal foundation incorporated as an Illinois not-for-profit corporation on November 30, 1987.
4. *"Appraisal report"* means any communication of an appraisal.
5. *"Appraisal review"* means developing and communicating an opinion under the uniform standards of professional appraisal practice review standards regarding the quality of an appraiser's work product, with or without also providing an opinion of value, prepared as part of an appraisal assignment. *"Appraisal review"* does not include quality control solely to assure an appraisal report is complete, or to correct grammatical, typographical, or similar errors.
6. *"Associate real estate appraiser"* means a person who may not yet fully meet the requirements for certification but who is providing significant input into the appraisal development under the direction of a certified appraiser.
7. *"Board"* means the real estate appraiser examining board established pursuant to this chapter.
8. *"Certified appraisal or certified appraisal report"* means an appraisal or appraisal report given or signed and certified as an appraisal or appraisal report by an Iowa certified real estate appraiser.

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9. *"Certified real estate appraiser"* means a person who develops and communicates real estate appraisals and who holds a current, valid certificate for appraisals of types of real estate which may include residential, commercial, or rural real estate, as may be established under this chapter.

10. *"Director"* means the director of the department of inspections, appeals, and licensing or the director's designee.

11. *"Federally related transaction"* means any financial transaction related to real estate which a federal financial institutions regulatory agency engages in, contracts for, or regulates, and which requires the services of an appraiser pursuant to federally related transaction regulations.

12. *"Federally related transaction regulations"* means regulations established by the comptroller of the currency, the board of governors of the federal reserve system, the federal deposit insurance corporation, or the national credit union administration pursuant to sections 1112, 1113, and 1114 of Tit. XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act, 12 U.S.C. §3341 – 3343.

13. *"Review appraiser"* means a person who is responsible for conducting an appraisal review.

14. *"Specialized services"* means a hypothetical or other special valuation, or an analysis or an appraisal which does not fall within the definition of an appraisal assignment.

89 Acts, ch 290, §2
CS89, §117B.2
C93, §543D.2
2001 Acts, ch 49, §1; 2016 Acts, ch 1124, §22, 32; 2021 Acts, ch 159, §2, 3; 2022 Acts, ch 1032, §91; 2023 Acts, ch 19, §1670, 1671
Referred to in §543E.3

543D.3 Purposes.

1. The purpose of this chapter is to establish standards for real estate appraisals and a procedure for the mandatory certification of real estate appraisers performing appraisals for federally related transactions, the voluntary certification of real estate appraisers performing appraisals not related to federally related transactions, and the mandatory registration of associate real estate appraisers.

2. A person who performs an appraisal, other than an appraisal review, for a federally related transaction as it relates to real estate located in this state must be a certified real estate appraiser under this chapter or a registered associate real estate appraiser acting under the direct supervision of a certified real estate appraiser if the services of a certified real estate appraiser are required by federal law or regulation.

3. A person who is not a certified real estate appraiser under this chapter may appraise real estate for compensation if certification is not required by this chapter or by federal or state law, rule, or policy. Notwithstanding this subsection, in connection with the performance of an appraisal of real estate located in this state, the use of the title "certified real estate appraiser", "associate real estate appraiser", or any other like title, including a title that suggests an individual is certified under the laws of this or another state, shall only be used to refer to or by individuals who hold a certificate or registration under this chapter.

4. An employee of the state department of transportation whose duties include appraisals of property pursuant to chapter 6B must be a certified real estate appraiser under this chapter or a registered associate real estate appraiser acting under the direct supervision of a certified real estate appraiser.

5. A person who is not a certified real estate appraiser under this chapter but who is licensed under chapter 543B may be compensated in the course of business for providing an estimate of the probable selling price or leasing price of a particular parcel of real estate or interest in real estate as a comparative market analysis or a broker price opinion. Such a comparative market analysis or broker price opinion shall not be considered an appraisal for purposes of this chapter and shall not be prepared for any purpose in lieu of an appraisal when an appraisal is required by federal or state law.

89 Acts, ch 290, §3

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CS89, §117B.3
C93, §543D.3
99 Acts, ch 171, §39, 42; 2007 Acts, ch 72, §1; 2021 Acts, ch 159, §4
Referred to in §543D.21

543D.4 Iowa real estate appraiser examining board.

1. A real estate appraiser examining board is established within the department of inspections, appeals, and licensing. The board consists of five members, one of whom shall be a public member and four of whom shall be certified real estate appraisers.

2. The governor shall appoint the members of the board who are subject to confirmation by the senate. The governor may remove a member for cause.

3. A certified real estate appraiser member of the board shall be actively engaged in practice as a certified real estate appraiser. The governor shall attempt to represent each class of certified appraisers in making the appointments.

4. The term of each member is three years. Vacancies occurring during a term shall be filled by appointment by the governor for the unexpired term.

5. Upon expiration of their terms, members of the board shall continue to hold office until the appointment and qualification of their successors. A person shall not serve as a member of the board for more than three terms, but appointment to fill an unexpired term shall not be considered a complete term for this purpose.

6. The public members of the board shall not engage in the practice of real estate appraising.

7. The board shall meet as necessary to conduct its business.

8. The members of the board shall elect a chairperson from among the members to preside at board meetings.

9. A quorum of the board is four members.

10. Members of the board 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.

89 Acts, ch 290, §4
CS89, §117B.4
C93, §543D.4
2006 Acts, ch 1177, §40; 2013 Acts, ch 5, §24; 2016 Acts, ch 1124, §23, 32; 2023 Acts, ch 19, §1672; 2024 Acts, ch 1170, §118, 347
Confirmation, see §2.32

543D.5 Powers of the board.

1. The board shall adopt rules establishing uniform appraisal standards and appraiser certification requirements and other rules necessary to administer and enforce this chapter and its responsibilities under chapter 272C, subject to the director's supervision and authority under section 543D.23. The board shall consider and may incorporate any standards required or recommended by the appraisal foundation or by a federal agency with regulatory authority over appraisal standards or the certification of appraisers for federally related transactions.

2. The uniform appraisal standards shall meet all of the following requirements:

a. Require compliance with federal law and appraisal standards adopted by federal authorities as they apply to federally related transactions. This paragraph does not require that an appraiser invoke a jurisdictional exception to the uniform standards of professional appraisal practice in order to comply with federal law and appraisal standards adopted by federal authorities as they apply to federally related transactions, unless federal law requires that the exception be invoked.

b. Develop standards for the scope of practice for certified real estate appraisers.

c. Required compliance with the uniform standards of professional appraisal practice in all appraisal assignments.

3. Appraiser certification requirements shall require a demonstration that the applicant has a working knowledge of current appraisal theories, practices, and techniques which will provide a high degree of service and protection to members of the public dealt with in a

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professional relationship under authority of the certification. The board shall establish the examination specifications for each category of certified real estate appraiser, provide or procure appropriate examinations, establish procedures for grading examinations, receive and approve or disapprove applications for certification, and issue certificates.

4. The board shall maintain a registry of the names and certificate numbers of appraisers certified under this chapter and the names and registration numbers of associate appraisers registered under this chapter.

5. Notwithstanding any provision to the contrary, the provisions in section 10A.506, subsections 6 through 12, shall apply to the board and to activities governed under this chapter.

89 Acts, ch 290, §5
CS89, §117B.5
C93, §543D.5
99 Acts, ch 171, §40, 42; 2013 Acts, ch 5, §25; 2016 Acts, ch 1124, §24, 25, 32; 2023 Acts, ch 19, §1673

543D.6 Fees.

1. The board shall establish and collect fees for certification, examination, reexamination, renewal of certification, and delinquency at an amount necessary to pay the administrative costs of sustaining the board and implementing this chapter. The fees shall include, but are not limited to, amounts to cover the costs for the following items:

a. Per diem, expenses, and travel expenses for board members, peer review committee persons, or disciplinary panel members.

b. Salary, per diem, and expenses of staff.

c. Office facilities, supplies, and equipment.

2. All fees collected by the board shall be deposited into the licensing and regulation fund created in section 10A.507 to be used to administer this chapter, including but not limited to purposes such as examinations, investigations, and administrative staffing. However, the appraisal management company national registry fees the board collects on behalf of the appraisal subcommittee as defined in section 543E.3 shall be transmitted to the appraisal subcommittee in accordance with federal laws and regulations.

89 Acts, ch 290, §6; 90 Acts, ch 1168, §21; 90 Acts, ch 1261, §39
CS89, §117B.6
C93, §543D.6
94 Acts, ch 1107, §90; 2016 Acts, ch 1124, §26, 32; 2023 Acts, ch 19, §1674; 2023 Acts, ch 108, §44

543D.7 Certification process.

Applications for original certification, renewal certification, and examinations shall be made to the board through the board's electronic system.

89 Acts, ch 290, §7
CS89, §117B.7
C93, §543D.7
2003 Acts, ch 43, §1; 2024 Acts, ch 1169, §37

543D.8 Examination requirement.

An original certification as a certified real estate appraiser shall not be issued to a person who has not demonstrated through an examination that the person possesses the following knowledge and understanding:

1. Appropriate knowledge of technical terms commonly used in or related to real estate appraising, appraisal report writing, and economic concepts applicable to real estate.

2. Understanding of the principles of land economics, real estate appraisal processes, and problems likely to be encountered in gathering, interpreting, and processing data in carrying out appraisal assignments.

3. Knowledge of theories of depreciation, cost estimating, methods of capitalization,

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and the mathematics of real estate appraisal that are appropriate for each classification of certificate applied for.

4. Knowledge of other appropriate principles and procedures for the classifications applied for.

5. Basic understanding of Iowa real estate, property tax, and eminent domain laws.

6. Understanding of the types of misconduct for which disciplinary proceedings may be initiated against a certified real estate appraiser.

89 Acts, ch 290, §8
CS89, §117B.8
C93, §543D.8
2013 Acts, ch 5, §26

543D.9 Education and experience requirement.

The board shall determine what real estate appraisal or real estate appraisal review experience and what education shall be required to provide appropriate assurance that an applicant for certification is competent to perform the certified appraisal work which is within the scope of practice defined by the board. All experience required for initial certification shall be performed as a registered associate real estate appraiser acting under the direct supervision of a certified real estate appraiser who meets the supervisory requirements established by applicable federal authorities or federal law, rule, or policy in effect at the time the hours of experience are claimed, except as the board may provide by rule. Subject to requirements or limitations established by applicable federal authorities or federal law, rule, or policy, hours qualifying for experience in a bordering state will be considered qualifying hours for experience in this state without requiring a waiver or authorization from the board in accordance with rules and standards adopted by the board. Qualifying hours completed in a bordering state shall be under the direct supervision of a certified real estate appraiser with active certification in that bordering state. The board shall prescribe a required minimum number of tested hours of education relating to the provisions of this chapter, the uniform appraisal standards, and other rules issued in accordance with this chapter.

89 Acts, ch 290, §9
CS89, §117B.9
C93, §543D.9
2007 Acts, ch 72, §2; 2020 Acts, ch 1103, §42, 51; 2024 Acts, ch 1169, §38

543D.10 Nonresident certification.

1. An applicant for certification as a real estate appraiser who is not a resident of Iowa shall submit, with the application for certification, an irrevocable consent that service of process upon the applicant may be made by delivery of the process to the secretary of state if, in an action against the applicant in a court of this state arising out of the applicant's activities as a certified real estate appraiser, the plaintiff cannot, in the exercise of due diligence, effect personal service upon the applicant.

2. A nonresident of Iowa who has complied with subsection 1 may obtain a certificate as a certified real estate appraiser by complying with the certification requirements in this chapter.

89 Acts, ch 290, §10
CS89, §117B.10
C93, §543D.10

543D.11 Certification by reciprocity.

1. If, in the determination by the board, another state is deemed to have substantially equivalent certification requirements, an applicant who is certified under the laws of the other state may obtain a certificate as a certified real estate appraiser upon terms and conditions as determined by the board.

2. The board may recognize on a temporary basis the certification or license of an appraiser issued by another state, including where the property to be appraised is part of a

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federally related transaction. An appraiser engaging in such temporary practice shall apply for and obtain a temporary practice permit from the board before performing any services in relation to an appraisal, is subject to the full regulatory jurisdiction of the board, and is governed by the laws and rules administered by the board.

89 Acts, ch 290, §11
CS89, §117B.11
C93, §543D.11
2021 Acts, ch 159, §5

543D.12 Basis for denial.

The board may deny the issuance of a certificate as a certified real estate appraiser to an applicant on any of the grounds listed in this chapter or in chapter 272C.

89 Acts, ch 290, §12
CS89, §117B.12
C93, §543D.12

543D.13 Principal place of business.

1. Each certified real estate appraiser shall advise the board of the address of the appraiser's principal place of business.

2. When a certified real estate appraiser changes the appraiser's principal place of business, the appraiser shall immediately submit an application for a change of address through the board's electronic system.

3. Each certified real estate appraiser shall notify the board of the appraiser's current residence address. Residence addresses on file with the board are exempt from disclosure as public records unless the residence address is the address of the appraiser's principal place of business.

89 Acts, ch 290, §13
CS89, §117B.13
C93, §543D.13
2024 Acts, ch 1169, §39

543D.14 Certificate.

A certificate issued under this chapter shall bear the name of the member or names of the members of the board as designated by the board and a certificate number assigned by the board.

89 Acts, ch 290, §14
CS89, §117B.14
C93, §543D.14
2001 Acts, ch 49, §2; 2024 Acts, ch 1169, §40

543D.15 Use of term.

1. *a.* The title "certified real estate appraiser", "associate real estate appraiser", or any other like title shall only be used to refer to individuals who hold the certificate or registration, as applicable, and shall not be used in connection with or as part of the name or signature of a firm, partnership, corporation, or group, or in a manner that it may be interpreted as referring to a firm, partnership, corporation, group, other business entity, or anyone other than an individual holder of the certificate or registration.

b. In connection with an appraisal assignment performed on real estate located in this state, the title "certified real estate appraiser", "associate real estate appraiser", or any other like title, including a title that suggests an individual is licensed or certified under the laws of this state or another state, shall only be used to refer to individuals who hold a certificate or registration under this chapter.

2. The term *"associate real estate appraiser"* shall only be used to refer to individuals who do not yet fully meet the requirements for certification but who provide significant input into the appraisal development under the direction of a certified appraiser.

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3. A certificate shall not be issued under this chapter to a firm, corporation, partnership, group, or other business entity.

89 Acts, ch 290, §15
CS89, §117B.15
C93, §543D.15
2021 Acts, ch 159, §6
Referred to in §543D.21

543D.16 Continuing education.

1. As a prerequisite to renewal of a certification, a certified real estate appraiser shall present evidence satisfactory to the board of having met continuing education requirements.

2. The basic continuing education requirement for renewal of certification shall be the completion, before June 30 of the year in which the appraiser's certificate expires, of the number of hours of instruction required by the appraiser qualifications board of the appraisal foundation in courses or seminars which have received the preapproval of the board.

3. The provisions of section 272C.2, subsection 4, shall only apply to a certified real estate appraiser or an associate real estate appraiser to the extent consistent with the policies adopted by the appraiser qualifications board of the appraisal foundation.

89 Acts, ch 290, §16
CS89, §117B.16
C93, §543D.16
97 Acts, ch 80, §1; 2008 Acts, ch 1059, §5; 2013 Acts, ch 5, §27; 2024 Acts, ch 1169, §41

543D.17 Disciplinary proceedings.

1. The rights of a holder of a certificate as a certified real estate appraiser may be revoked or suspended, or the holder may be otherwise disciplined in accordance with this chapter. The board may investigate the actions of a certified real estate appraiser and may revoke or suspend the rights of a holder or otherwise discipline a holder for violation of a provision of this chapter, or chapter 272C, or of a rule adopted under this chapter or commission of any of the following acts or omissions:

a. Procurement or attempt to procure a certificate under this chapter by knowingly making a false statement, submitting false information, refusing to provide complete information in response to a question in an application for certification, or participating in any form of fraud or misrepresentation.

b. Failure to meet the minimum qualifications established by this chapter.

c. A conviction, including a conviction based upon a plea of guilty or nolo contendere, of a crime which is substantially related to the qualifications, functions, and duties of a person developing real estate appraisals and communicating real estate appraisals to others.

d. Violation of any of the standards for the development or communication of real estate appraisals as provided in this chapter.

e. Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal.

f. Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal.

g. Willful disregard or violation of a provision of this chapter or a rule of the board of the administration and enforcement of this chapter.

2. In a disciplinary proceeding based upon a civil judgment a certified real estate appraiser shall be given an opportunity to present matters in mitigation and extenuation, but not to collaterally attack the civil judgment.

3. Notwithstanding the limitations of section 272C.3, subsection 2, paragraph *"e"*, the board shall adopt a rule providing for civil penalties in amounts and for the reasons authorized by federal law where federal law requires the board to have the authority to impose the civil penalties in order to obtain or to retain the board's designation as a qualified state appraiser certifying agency.

89 Acts, ch 290, §17

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CS89, §117B.17
C93, §543D.17
Referred to in §543D.20, 543E.3

543D.18 Standards of practice.

1. A certified real estate appraiser shall comply with the uniform appraisal standards adopted under this chapter. The reliance of the public in general and of the financial business community in particular on sound, reliable real estate appraisal practices imposes on persons engaged in the practice of real estate appraising as certified real estate appraisers or as registered associate real estate appraisers certain obligations both to their clients and to the public. These obligations include the obligation to maintain independence in thought and action, to adhere to the uniform appraisal standards adopted under this chapter, and to maintain high standards of personal conduct in all matters impacting one's fitness to practice real estate appraising. A certified real estate appraiser and a registered associate real estate appraiser acting under the direct supervision of a certified real estate appraiser shall perform all appraisal assignments in an honest, disinterested, and impartial manner, with objectivity and independence, and without accommodation to the personal interests or objectives of the appraiser, the client, or any third person.

2. A certified real estate appraiser shall not accept an appraisal assignment or a fee for an appraisal assignment if the employment itself is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion or if the fee to be paid is contingent upon the opinion, conclusion, or valuation reached, or upon the consequences resulting from the appraisal assignment.

3. A certified real estate appraiser may provide specialized services to facilitate the client's or employer's objectives. Specialized services shall not be communicated as a certified appraisal or as a certified appraisal report. Regardless of the intention of the client or employer, if the appraiser would be perceived by third parties or the public as acting as a disinterested third party in rendering an unbiased analysis or opinion or conclusion, the work is an appraisal assignment rather than an assignment for specialized services. Communication of a valuation under oath is an appraisal assignment.

4. A certified real estate appraiser who enters into an agreement to perform specialized services may be paid a fixed fee or a fee that is contingent on the results achieved by the specialized services.

5. If a certified real estate appraiser enters into an agreement to perform specialized services for a contingent fee, this fact shall be clearly stated in each written and oral report. In each written report, this fact shall be clearly stated in a prominent location in the report, each letter of transmittal, and the certification statement made by the appraiser in the report.

6. A certified real estate appraiser making a significant contribution to the valuation or analysis process in completing an appraisal assignment shall sign the final written report or acknowledge the appraiser's contribution in a verbal report.

7. A certified real estate appraiser who receives significant real property appraisal assistance in the development or reporting of an appraisal assignment shall disclose such assistance in accordance with the uniform appraisal standards adopted under this chapter.

89 Acts, ch 290, §18
CS89, §117B.18
C93, §543D.18
2007 Acts, ch 72, §3, 4
Referred to in §543D.18A, 543E.8, 543E.14, 543E.15

543D.18A Penalties for improper influence of an appraisal assignment.

1. A mortgage lender, mortgage broker or originator, real estate broker or salesperson, client, party, appraiser, or any other person with an interest in a real estate transaction or the financing of any loan secured by real estate involving an appraisal assignment shall not improperly influence or attempt to improperly influence the development, reporting, result, or review of a real estate appraisal through coercion, extortion, or bribery, or by the withholding or threatened withholding of payment for an appraisal fee, or the conditioning of the payment

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of an appraisal fee upon the opinion, conclusion, or valuation to be reached, or a request that the appraiser report a predetermined opinion, conclusion, or valuation, or the desired valuation of any person, or by any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, and impartiality, as required by section 543D.18, subsections 1 and 2.

2. A violation of this section is an unlawful practice under section 714.16, subsection 2, paragraph *"a"*.

3. A violation of this section is a ground for discipline against any person holding a certificate of registration under this chapter or another license issued under the laws of the state of Iowa, as license is defined in section 17A.2, subsection 6, if the practice of the profession, occupation, or business regulated by the license relates to real estate transactions or the financing of loans secured by real estate.

4. A person does not violate this section solely by asking an appraiser to consider additional, appropriate property information, or to provide further detail, substantiation, or explanation for the appraiser's value conclusion, or to correct errors in the appraisal report, or by withholding payment of an appraisal fee based on a bona fide dispute regarding the appraiser's compliance with the appraisal standards adopted by the board under this chapter. A person does not violate this section solely by retaining appraisers from panels or lists on a rotating basis, or by supplying an appraiser with information the appraiser is required to analyze under the appraisal standards adopted by the board under this chapter, such as agreements of sale, options, or listings of the property to be valued.

2007 Acts, ch 72, §5

Referred to in §543D.21, 543E.8, 543E.14, 543E.15, 543E.18

543D.19 Retention of records.

1. A certified real estate appraiser shall retain for five years, originals or true copies of all written contracts engaging the appraiser's services for real estate appraisal work and all reports and supporting data assembled and formulated for use by the appraiser or the associate appraiser in preparing the reports.

2. An appraiser must retain all work files for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last, and either maintain custody of the appraiser's work file or make appropriate work file retention, access, and retrieval arrangements with a party having custody of the work file.

3. All records required to be maintained under this chapter shall be made available by a certified real estate appraiser for inspection and copying by the board on reasonable notice to the appraiser.

89 Acts, ch 290, §19
CS89, §117B.19
C93, §543D.19
2003 Acts, ch 43, §2, 3

543D.20 Registration of associate real estate appraisers.

1. A person shall not assist a certified real estate appraiser in the development or reporting of an appraisal assignment that is required by this chapter, or by federal or state law, rule, or policy to be performed by a certified real estate appraiser, unless the person meets one or more of the following conditions:

a. The person is certified under this chapter.

b. The person is registered as an associate real estate appraiser and is acting under the direct supervision of a certified real estate appraiser.

c. The person is solely providing administrative services, such as taking photographs, preparing charts, or typing reports, and is not providing real estate appraisal assistance in developing the analysis, valuation, opinions, or conclusions associated with the appraisal assignment. Such a person shall only enter a dwelling if supervised by the appraiser.

d. The person is providing professional consultation that does not constitute real property

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appraisal assistance, such as the assistance of a professional engineer or certified public accountant.

2. The board shall establish by rule the terms and conditions of the registration of associate real estate appraisers, including the educational and other prerequisites to registration, the fees for registration and the renewal of registration, and the continuing education requirements for renewal of registration. The board shall consider and may incorporate any guidelines recommended by the appraiser qualifications board of the appraisal foundation relating to associate real estate appraisers.

3. The board shall adopt rules governing the manner in which certified real estate appraisers shall directly supervise associate real estate appraisers, the standards of conduct for associate real estate appraisers, and the grounds for imposing discipline against an associate real estate appraiser which shall include all of the grounds provided in section 543D.17.

4. Associate real estate appraisers shall be bound by the uniform appraisal standards adopted by the board under this chapter.

5. Persons who appraise real estate where certification is not required by this chapter or by federal or state law, rule, or policy, and who are not assisting a certified real estate appraiser in the development or reporting of an appraisal assignment that is required by this chapter, or by federal or state law, rule, or policy to be performed by a certified real estate appraiser, are not required to register with the board. Notwithstanding this subsection, in connection with the performance, or assistance in the performance, of an appraisal of real estate located in this state, the use of the title "associate real estate appraiser" or any other like title, including a title that suggests an individual is an associate real estate appraiser under the laws of this state or another state, shall only be used to refer to individuals who hold a registration under this chapter.

2007 Acts, ch 72, §6; 2021 Acts, ch 159, §7; 2024 Acts, ch 1169, §42, 43
Referred to in §543D.21, 543E.3

543D.21 Violations — injunctions — civil penalties.

1. If, as the result of a complaint or otherwise, the board believes that a person has engaged, or is about to engage, in an act or practice that constitutes or will constitute a violation of this chapter, the board may make application to the district court for an order enjoining such act or practice. Upon a showing by the board that such person has engaged, or is about to engage, in any such act or practice, an injunction, restraining order, or other order as may be appropriate shall be granted by the district court.

2. The board may investigate complaints or initiate complaints against persons who are not certified or registered under this chapter solely to determine whether grounds exist to make application to the district court pursuant to subsection 1 or to issue an order pursuant to subsection 3, and in connection with such complaints or investigations may issue subpoenas to compel witnesses to testify or persons to produce evidence consistent with the provisions of section 272C.6, subsection 3, as needed to determine whether probable cause exists to initiate proceedings under this section or to make application to the district court for an order enjoining violations of this chapter.

3. In addition to or as an alternative to making application to the district court for an injunction, the board may issue an order to a person who is not certified or registered under this chapter to require compliance with this chapter and may impose a civil penalty against such person for any violation of subsection 4 in an amount up to one thousand dollars for each violation. All civil penalties collected pursuant to this subsection shall be deposited in the housing trust fund created in section 16.181. An order issued pursuant to this section may prohibit a person from applying for certification or registration under this chapter.

4. The board may impose civil penalties against a person who is not certified or registered under this chapter for any of the following acts:

a. A violation of section 543D.3, subsections 2, 3, or 4.

b. A violation of section 543D.15.

c. A violation of section 543D.18A, subsection 1.

d. A violation of section 543D.20, subsection 1 or 5.

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e. Fraud, deceit, or deception, through act or omission, in connection with an application for certification or registration under this chapter.

5. The board, before issuing an order under this section, shall provide the person written notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for disciplinary proceedings involving a licensee under this chapter.

6. A person aggrieved by the imposition of a civil penalty under this section may seek judicial review pursuant to section 17A.19.

7. If a person fails to pay a civil penalty within thirty days after entry of an order imposing the civil penalty, or if the order is stayed pending an appeal, within ten days after the court enters a final judgment in favor of the board, the board shall notify the attorney general. The attorney general may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs.

8. An action to enforce an order under this section may be joined with an action for an injunction.

2007 Acts, ch 72, §7; 2021 Acts, ch 159, §8, 9
Referred to in §543D.23

543D.22 Criminal background checks.

1. *a.* Subject to paragraphs *"b"* and *"c"*, the board may require a national criminal history check through the federal bureau of investigation for applicants for certification or registration, or for persons certified or registered under this chapter, if needed for credibility, to comply with federal law or regulation, or the policies of the appraiser qualifications board of the appraisal foundation. The board may alternatively require a national criminal history check through the nationwide mortgage licensing system and registry, as defined in section 535D.3, when conducting background investigations under this section, if authorized by applicable federal law or regulation.

b. The board shall not require a national criminal history check through the federal bureau of investigation for applicants for upgraded certification or registration if the applicant applies for the upgraded certification or registration within twenty-four months following the date the applicant obtained their original certification or registration under this chapter.

c. By signing and submitting to the board a statement declaring that there have been no changes to the applicant's criminal history since the date of the waiver specified in subsection 4, and that there are no active or pending complaints in any state against the applicant, any of the following individuals may seek a waiver of the board's requirement to undergo a national criminal history check:

(1) An applicant for upgraded certification or registration who obtained their original certification or registration under this chapter more than twenty-four months prior to applying for the upgraded certification or registration.

(2) An applicant for upgraded certification applying to the board under a reciprocity agreement.

2. The board may require applicants, certificate holders, or registrants to provide a full set of fingerprints, in a form and manner prescribed by the board. Such fingerprints, if required, shall be submitted to the federal bureau of investigation through the state criminal history repository for purposes of the national criminal history check.

3. *a.* Subject to paragraphs *"b"* and *"c"*, the board may also request and obtain, notwithstanding section 692.2, subsection 5, criminal history data for applicants, certificate holders, and registrants. A request for criminal history data shall be submitted to the department of public safety, division of criminal investigation, pursuant to section 692.2, subsection 1.

b. The board shall not request or obtain criminal history data for applicants for upgraded certification or registration if the applicant applies for the upgraded certification or registration within twenty-four months following the date the applicant obtained their original certification or registration under this chapter.

c. By signing and submitting to the board a statement declaring that there have been no changes to the applicant's criminal history data since the date of the waiver specified

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in subsection 4, and that there are no active or pending complaints in any state against the applicant, any of the following individuals may seek a waiver of the board's request to obtain criminal history data:

(1) An applicant for upgraded certification or registration who obtained their original certification or registration under this chapter more than twenty-four months prior to applying for the upgraded certification or registration.

(2) An applicant for upgraded certification applying to the board under a reciprocity agreement.

4. The board shall inform the applicant, certificate holder, or registrant of the requirement of a national criminal history check or request for criminal history data and obtain a signed waiver from the applicant, certificate holder, or registrant prior to requesting the check or data.

5. The board may, in addition to any other fees, charge and collect such amounts as may be incurred by the board, the department of public safety, or federal bureau of investigation in obtaining criminal history information. Amounts collected shall be considered appropriated receipts as defined in section 8.2.

6. Criminal history data and other criminal history information relating to an applicant, certificate holder, or registrant obtained by the board pursuant to this section is confidential. Such information may, however, be used by the board in a certificate or registration denial or disciplinary proceeding.

2013 Acts, ch 5, §28; 2016 Acts, ch 1124, §27, 32; 2021 Acts, ch 159, §10, 11; 2024 Acts, ch 1169, §44; 2024 Acts, ch 1185, §187

2021 amendment to subsections 1 and 3 applies to applications for original certification or registration and renewal certification or registration that are submitted to the real estate appraiser examining board on or after July 1, 2021; 2021 Acts, ch 159, §11

543D.23 Director supervision and authority.

1. The director shall supervise the board and manage the board's budget and retained fees. The director may exercise all authority conferred upon the board under this chapter and shall have access to all records and information to which the board has access. In supervising the board, the director shall independently evaluate the substantive merits of actions recommended or proposed by the board which may be anticompetitive and shall have the authority to review, approve, modify, or reject all board actions including but not limited to those taken in connection with any of the following:

a. Initial or reciprocal certification of real estate appraisers, registration of associate real estate appraisers, and temporary practice permits.

b. Disciplinary investigations and proceedings.

c. Investigations and proceedings under section 543D.21.

d. Rulemaking under chapter 17A, including orders on petitions for rulemaking.

e. Orders on petitions for declaratory orders or waivers.

2. A person aggrieved by any final action of the board taken under this chapter shall not have exhausted administrative remedies until the person has appealed the action to the director and the director has issued a final decision or order.

3. The director shall adopt rules to implement this section.

2016 Acts, ch 1124, §28, 32; 2021 Acts, ch 80, §344; 2023 Acts, ch 19, §1675

Referred to in §543D.5

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CHAPTER 543E

REAL ESTATE APPRAISAL MANAGEMENT COMPANIES

Referred to in §10A.104, 10A.506, 272C.1, 669.14

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543E.1 Short title.

This chapter shall be known and may be cited as the *"Iowa Appraisal Management Company Registration and Supervision Act"*.

2016 Acts, ch 1124, §1, 32

543E.2 Purpose and scope.

The purpose of this chapter is to protect the independence and integrity of the appraisal process when an appraisal is provided through an appraisal management company in connection with a consumer credit transaction secured by the principal dwelling of an Iowa consumer or securitization of such a transaction.

2016 Acts, ch 1124, §2, 32

543E.3 Definitions.

Unless the context otherwise requires, the definitions contained in section 543D.2 shall apply to this chapter. In addition, the following definitions shall apply for purposes of this chapter:

1. *"Appraisal management company"* means a person that oversees an appraiser panel of more than fifteen certified appraisers in this state or twenty-five or more certified or licensed appraisers nationally within a year, and that directly or indirectly performs appraisal management services for creditors or secondary mortgage market participants in connection with consumer credit transactions secured by the principal dwellings of Iowa consumers or securitizations of those transactions.

2. *"Appraisal management company national registry"* means the registry of state-registered appraisal management companies and federally regulated appraisal management companies maintained by the appraisal subcommittee.

3. *"Appraisal management services"* means any of the following:

a. Recruiting, selecting, and retaining appraisers.

b. Contracting with state certified or licensed appraisers to perform appraisal assignments.

c. Managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary mortgage market participants, collecting fees from creditors and secondary mortgage market participants for services provided, and paying appraisers for services performed.

d. Reviewing and verifying the work of appraisers.

4. *"Appraisal review"* means developing and communicating an opinion under the uniform standards of professional appraisal practice review standards regarding the quality of another appraiser's work product prepared as part of an appraisal assignment. An *"appraisal review"*

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does not include quality control solely to assure an appraisal report is complete, or to correct grammatical, typographical, or other similar errors.

5. *"Appraisal subcommittee"* means the appraisal subcommittee of the federal financial institutions examination council.

6. *"Appraiser"* means a person who holds a certificate as a certified real estate appraiser issued under chapter 543D.

7. *"Appraiser panel"* means a network, list, or roster of certified appraisers who are independent contractors with an appraisal management company and who have been selected and approved by the appraisal management company to perform appraisals directly for the appraisal management company or for persons that have ordered appraisals through the appraisal management company. Appraisers on an appraisal management company's appraiser panel may include both appraisers engaged to perform one or more appraisals for covered transactions or for secondary mortgage market participants in connection with covered transactions, and appraisers accepted by the appraisal management company for consideration for future appraisal assignments for such purposes, as the director may further provide by rule.

8. *"Associate real estate appraiser"* means a person who is registered with the Iowa real estate appraiser examining board under section 543D.20.

9. *"Consumer credit"* means credit offered or extended to a consumer primarily for personal, family, or household purposes.

10. *"Controlling person"* means any of the following:

a. An owner, officer, or director of an appraisal management company.

b. An individual employed, appointed, or authorized by an appraisal management company who has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of appraisals.

c. An individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.

11. *"Covered transaction"* means any consumer credit transaction secured by the consumer's principal dwelling.

12. *"Creditor"* means a person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments, not including a down payment, and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract. For purposes of this subsection, a person "regularly extends consumer credit" if the person extended credit, other than credit subject to the requirements of 12 C.F.R. §1026.32, more than five times in the preceding calendar year for transactions secured by a dwelling. If a person did not meet those numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year. A person also "regularly extends consumer credit" if, in any twelve-month period, the person originates more than one credit extension that is subject to the requirements of 12 C.F.R. §1026.32 or one or more such credit extensions through a mortgage broker.

13. *"Director"* means the director of the department of inspections, appeals, and licensing or the director's designee.

14. *"Dwelling"* means a residential structure that contains one to four units, whether or not that structure is attached to real property. *"Dwelling"* includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

15. *"Federally regulated appraisal management company"* means an appraisal management company that is owned and controlled by an insured depository institution, as defined in 12 U.S.C. §1813, and regulated by the office of the comptroller of the currency, the board of governors of the federal reserve system, or the federal deposit insurance corporation.

16. *"Federally related transaction regulations"* means regulations established by the comptroller of the currency, the board of governors of the federal reserve system, the federal deposit insurance corporation, or the national credit union administration pursuant

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to sections 1112, 1113, and 1114 of Tit. XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act, 12 U.S.C. §3341 – 3343.

17. *"Nonsubstantive reason"* means a reason for imposing discipline against a certified appraiser that is not described in section 543D.17 or a substantially similar provision in the jurisdiction that imposed the discipline, including but not limited to the failure to pay appropriate fees.

18. *"Person"* means as defined in section 4.1.

19. *"Principal dwelling"* means the primary residence of a consumer. For purposes of this chapter, a consumer may have only one *"principal dwelling"*. A vacation or other second home shall not be considered a *"principal dwelling"*. However, if a consumer buys or builds a new dwelling that will become the consumer's primary residence within a year or upon completion of the construction, the new residence is considered the *"principal dwelling"* for purposes of this chapter.

20. *"Secondary mortgage market participant"* means a guarantor or insurer of mortgage-backed securities, or an underwriter or issuer of mortgage-backed securities. *"Secondary mortgage market participant"* only includes an individual investor in a mortgage-backed security if that investor also serves in the capacity of a guarantor, insurer, underwriter, or issuer for the mortgage-backed security.

21. *"States"* means the fifty states of the United States, the District of Columbia, and the territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the United States Virgin Islands.

22. *"Substantive reason"* means a reason for imposing discipline against a certified appraiser that is described in section 543D.17 or a substantially similar provision in the jurisdiction that imposed the discipline.

23. *"Uniform standards of professional appraisal practice"* means the uniform standards promulgated by the appraisal standards board of the appraisal foundation.

2016 Acts, ch 1124, §3, 32; 2023 Acts, ch 19, §1676 – 1678
Referred to in §543D.6

543E.4 Registration required.

A person shall not directly or indirectly engage in or attempt to engage in business as an appraisal management company or advertise or hold itself out as engaging in or conducting business as an appraisal management company in this state without first registering with the director.

2016 Acts, ch 1124, §4, 32; 2023 Acts, ch 19, §1679
Referred to in §543E.18

543E.5 Exemptions.

This chapter shall not apply to any of the following:

1. A person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals.

2. A government body, as defined in section 22.1, subsection 1, that performs appraisals or retains appraisers on behalf of the government body.

3. A federally regulated appraisal management company.

4. A department or division of an entity that provides appraisal management services only to that entity.

2016 Acts, ch 1124, §5, 32

543E.6 Ownership — restrictions and requirements.

1. An appraisal management company registered or applying for registration in this state shall not be directly or indirectly owned in whole or in part by a person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in any state for a substantive reason. An appraisal management company may be directly or indirectly owned in whole or in part by a person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in a state for a nonsubstantive reason if the license or certificate was subsequently granted or reinstated.

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2. A person who directly or indirectly owns more than ten percent of an appraisal management company in this state shall be of good moral character, as prescribed by rules adopted by the director consistent with applicable federal law and regulations, and shall submit to a background investigation, as prescribed by rules adopted by the director consistent with applicable federal law and regulations.

2016 Acts, ch 1124, §6, 32; 2023 Acts, ch 19, §1680
Referred to in §543E.8, 543E.20

543E.7 Designation of controlling person.

1. An appraisal management company registered or applying for registration in this state shall designate a controlling person who shall be the main contact for all communications between the director and the appraisal management company, and who shall be responsible for assuring the appraisal management company complies with the provisions of this chapter when performing appraisal management services in connection with real estate located in this state.

2. The designated controlling person shall not have had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in any state for a substantive reason. A designated controlling person may have had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in a state for a nonsubstantive reason if the license or certificate was subsequently granted or reinstated.

3. The designated controlling person shall be of good moral character, as prescribed by rules adopted by the director consistent with applicable federal law and regulations, and shall submit to a background investigation, as prescribed by rules adopted by the director consistent with applicable federal law and regulations.

2016 Acts, ch 1124, §7, 32; 2023 Acts, ch 19, §1681
Referred to in §543E.8, 543E.20

543E.8 Registration — application requirements.

1. An application for registration as an appraisal management company shall be submitted on a form prescribed by the director.

2. An application shall at a minimum include the following:

a. The name, form of business entity, contact information, and official domicile of the applicant.

b. The names and contact information for all persons who directly or indirectly own more than ten percent of the applicant and for the controlling person designated pursuant to section 543E.7, and such additional information the director may need to enforce section 543E.6, subsection 1.

c. Information as reasonably necessary to establish the size of the applicant's nationwide and Iowa appraiser panels, in accordance with rules adopted by the director.

d. Certification that the applicant does all of the following:

(1) Verifies that appraisers who will perform appraisal assignments concerning real estate located in this state hold a valid, unexpired certificate in good standing as a real estate appraiser issued under chapter 543D.

(2) Requires that appraisals provided or coordinated by the applicant comply with the uniform standards of professional appraisal practice and has a system in place to monitor such compliance.

(3) Maintains a system to assure that appraisal management services are performed independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the federal Truth in Lending Act, including the requirements for the payment of reasonable and customary fees, and pursuant to section 543D.18, subsections 1 and 2, and section 543D.18A.

(4) Maintains a system to retain detailed records of all appraisal management services to be performed in this state.

(5) Maintains a system to assure that the appraiser selected for an appraisal assignment is independent of the transaction and has the requisite education, expertise, and experience

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necessary to competently complete the appraisal assignment for the particular market and property type.

e. If the applicant is not domiciled in this state, the name and contact information for the applicant's agent for service of process in this state and consent to service of process upon the secretary of state in any action or proceeding against the applicant arising out of a transaction or operation connected with or incidental to services performed by the applicant as a registered appraisal management company in this state or involving real property located in this state.

f. Any additional information that is reasonably needed for the director to implement the provisions of this chapter and assure that the applicant is eligible for registration under this chapter.

2016 Acts, ch 1124, §8, 32; 2023 Acts, ch 19, §1682, 1683
Referred to in §543E.9

543E.9 Registration renewal.

1. A registration issued under this chapter shall be valid for one year as provided by rule.

2. An application to renew registration shall be submitted in the form and in the manner prescribed by the director. The director may further require periodic disclosures of changes impacting registration, such as a change in ownership or the designated controlling person.

3. An application to renew registration shall contain the information described in section 543E.8, subsection 2.

4. A registration issued under this chapter shall lapse if not timely renewed, in accordance with rules adopted by the director.

5. A person holding a lapsed registration shall not directly or indirectly engage in or attempt to engage in business as an appraisal management company or advertise or hold itself out as engaging in or conducting business as an appraisal management company in this state until the registration has been reinstated under the process prescribed by the director by rule.

2016 Acts, ch 1124, §9, 32; 2023 Acts, ch 19, §1684

543E.10 Fees.

1. The director shall by rule establish fees for registration, renewal, reinstatement, and such additional fees as are reasonably necessary for the administration of this chapter. The fees shall be established in consideration of the costs of administering this chapter and the actual cost of the specific service to be provided or performed. The director shall periodically review and adjust the schedule of fees as needed to cover projected expenses.

2. Except as provided in subsection 3, all fees collected under this chapter shall be deposited into the licensing and regulation fund created in section 10A.507 to be used to administer this chapter including but not limited to purposes such as examinations, investigations, and administrative staffing.

3. The director shall collect the appraisal management company national registry fee from each appraisal management company seeking to register in this state and from federally regulated appraisal management companies operating in this state. The director shall transfer all appraisal management company national registry fees collected by the director to the appraisal subcommittee.

2016 Acts, ch 1124, §10, 32; 2023 Acts, ch 19, §1685; 2023 Acts, ch 108, §45

543E.11 Appraiser, appraisal review, and employee restrictions.

1. The following individuals shall not have had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in any state for a substantive reason, but may have had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of revocation in a state for a nonsubstantive reason if the license or certificate was subsequently granted or reinstated:

a. An appraiser in an appraisal management company's appraiser panel who performs or may perform appraisals of real estate located in this state.

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b. An employee, independent contractor, or other agent of an appraisal management company who performs an appraisal review of an appraisal of real estate located in this state.

c. An employee, independent contractor, or other agent of an appraisal management company who, with respect to real estate located in this state, has any responsibility for assigning appraisers to specific appraisal assignments, providing quality control for appraisal reports, or communicating with appraisers regarding potential appraisal report deficiencies.

2. An appraiser who on behalf of an appraisal management company performs an appraisal review of an appraisal of a dwelling located in this state shall comply with the review provisions of the uniform standards of professional appraisal practice, and shall be certified as an appraiser under the laws of any state, except that a review appraiser shall be certified under chapter 543D if such certification is required by any applicable state or federal law, rule, or regulation, or to the extent the review appraiser provides the review appraiser's own opinion of value, concurs with the original appraiser's opinion of value, or disagrees with the original appraiser's opinion of value.

3. An appraisal management company may rely on the national registry of appraisers of the appraisal subcommittee for purposes of verifying compliance with this section.

2016 Acts, ch 1124, §11, 32

543E.12 Adherence to standards — mandatory reporting.

1. An appraisal management company shall direct all appraisers it requests to perform appraisal assignments involving real estate located in this state to comply with the uniform standards of professional appraisal practice, including the competency rule.

2. An appraisal management company shall have an appraisal review system in place to monitor compliance with subsection 1.

3. An appraisal management company that has a reasonable basis to believe an appraiser has materially failed to comply with the uniform standards of professional appraisal practice or has otherwise materially violated chapter 543D or this chapter shall refer the matter to the director in conformance with applicable federal law and regulations. An appraisal management company that has a reasonable basis to believe another appraisal management company is failing to comply with the provisions of this chapter shall refer the matter to the director in conformance with section 272C.9, subsection 2.

4. An appraiser who is employed by or is on the appraiser panel of an appraisal management company registered under this chapter who has a reasonable basis to believe the appraisal management company is in violation of this chapter shall refer the matter to the director.

2016 Acts, ch 1124, §12, 32; 2023 Acts, ch 19, §1686

543E.13 Recordkeeping — payment.

1. An appraisal management company shall maintain a detailed record of each service request the appraisal management company receives involving real estate located in this state and the identity of the appraiser who performs the appraisal assignment. All such records shall be maintained for at least five years after the request is sent by the appraisal management company to the appraiser or the completion of the appraisal report, whichever period expires later. An appraisal management company shall maintain such additional records regarding appraisal management services performed in this state as the director may specify by rule.

2. An appraisal management company shall, except in the case of breach of contract or substandard performance of an appraisal service, make payment to an appraiser for the completion of an appraisal service within forty-five days of the date on which the appraiser transmits or otherwise provides the results of the completed appraisal service to the appraisal management company. An appraisal management company shall maintain detailed records to verify that all payments to appraisers have been made in compliance with this section. All such records shall be maintained for at least five years after payment is made or the completion of the appraisal service, whichever is later.

2016 Acts, ch 1124, §13, 32; 2023 Acts, ch 19, §1687

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543E.14 Appraiser independence — compensation.

1. An appraisal management company registered under this chapter shall take all reasonable steps to assure that appraisals are conducted independently and free from inappropriate influence or coercion pursuant to the appraisal independence standards established under section 129E of the federal Truth in Lending Act, including the requirements for the payment of reasonable and customary fees, and in compliance with the independence, objectivity, and impartiality provisions of section 543D.18, subsections 1 and 2, and section 543D.18A.

2. An appraisal management company shall compensate appraisers at a rate that is reasonable and customary for appraisal services being performed in the market area of the property being appraised in accordance with federal law.

2016 Acts, ch 1124, §14, 32
Referred to in §543E.15

543E.15 Prohibited acts.

An appraisal management company registered under this chapter, or an employee, owner, director, controlling person, or other agent of an appraisal management company, shall not do any of the following:

1. Require an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for any liability, damage, losses, or claims arising out of the services performed by the appraisal management company, and not the services performed by the appraiser.

2. Alter, modify, or otherwise change a completed appraisal report submitted by an appraiser without the appraiser's written consent.

3. Require that an appraiser provide the appraisal management company with the appraiser's digital or electronic signature, seal, or certification, or any password or other form of security intended to prevent persons other than the appraiser from affixing the appraiser's digital or electronic signature, seal, or certification on a completed appraisal report.

4. Remove an appraiser from an appraiser panel without prior written notice that identifies the basis for removal. Upon request or in conjunction with an examination, an appraisal management company shall forward to the director copies of such notices issued to an appraiser located or certified in Iowa.

5. Require an appraiser to modify any aspect of an appraisal report other than through a request permitted under section 543D.18A, subsection 4.

6. Require an appraiser to perform an appraisal assignment if the appraiser has notified the appraisal management company that, in the appraiser's own professional judgment, any of the following apply:

a. The appraiser does not have the necessary competence or expertise for the specific geographic area or type of property to be appraised.

b. The time frame under which the appraisal assignment is to be performed is insufficient for the appraiser to meet all relevant legal and professional obligations.

7. Require, either knowingly or through lack of reasonable diligence, an appraiser to take any action that would violate the uniform standards of professional appraisal practice, or any provision of chapter 543D or rule adopted pursuant thereto.

8. Prohibit an appraiser from disclosing the fee paid to the appraiser for appraisal services in the appraisal report.

9. Prohibit or inhibit lawful communications between the appraiser and the lender, a real estate salesperson or broker, or any other person from whom the appraiser, in the appraiser's own professional judgment, believes information obtained would be relevant to the appraisal assignment.

10. Condition payment of all or any part of an appraiser's fee or the appraisal management company's fee on a particular outcome, including but not limited to any of the following outcomes:

a. A loan closing.

b. A specific dollar amount in an appraisal report.

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c. An outcome that would violate section 543D.18, subsection 2, or section 543D.18A, subsection 1.

11. Engage in any acts or practices that violate section 543E.14.

2016 Acts, ch 1124, §15, 32; 2023 Acts, ch 19, §1688

543E.16 Display of registration number.

An appraisal management company registered under this chapter shall be issued a unique registration number and shall include its registration number in any record, such as an engagement letter, order, or agreement, in which the appraisal management company contracts with an appraiser to perform an appraisal assignment involving real estate located in this state.

2016 Acts, ch 1124, §16, 32

543E.17 Grounds for disciplinary action.

1. After notice and hearing, the director may revoke, suspend, or refuse to issue, renew, or reinstate a registration; reprimand, censure, or limit the scope of practice of any registrant; impose a civil penalty not to exceed ten thousand dollars per violation; require remedial action; or place any registrant on probation; all with or without terms, conditions, or in combinations of remedies, for any one or more of the following reasons:

a. Fraud or deceit in obtaining registration, which may also result in permanent revocation of the registration.

b. Dishonesty, fraud, or gross negligence in the provision of appraisal management services.

c. A violation of this chapter or implementing rules by the appraisal management company or by an employee, owner, director, controlling person, or other agent of the appraisal management company.

d. Conviction of a felony or other indictable offense, any element of which is dishonesty, deception, or fraud, or is otherwise related to the performance of appraisal management services, under the laws of any state or the United States.

e. Cancellation, revocation, suspension, or refusal to renew the authority to practice as an appraisal management company, or the acceptance of the voluntary surrender of a registration to practice as an appraisal management company to conclude a disciplinary investigation or action, by any other state, a federal agency, or foreign authority for any cause other than failure to pay appropriate fees in the other jurisdiction.

f. A violation of section 272C.10.

2. When determining whether to initiate a disciplinary proceeding against an appraisal management company based on actions or omissions by an employee, owner, director, controlling person, or other agent of the appraisal management company, the director shall take into consideration all of the following:

a. Whether the appraisal management company took reasonable steps to prevent the violation.

b. Whether the violation was or could have been discovered by the appraisal management company upon reasonable inquiry.

c. What steps the appraisal management company took upon discovering the violation.

d. Whether the violation could have been avoided had the appraisal management company established the systems or other procedures required under this chapter.

e. Whether the violation is an isolated matter or more systemic to the appraisal management company's performance.

2016 Acts, ch 1124, §17, 32; 2023 Acts, ch 19, §1689, 1690

543E.18 Unlawful practice — complaints and investigations — remedies and penalties.

1. If, as the result of a complaint or otherwise, the director believes that a person has engaged, or is about to engage, in an act or practice that constitutes or will constitute a violation of this chapter, the director may make application to the district court for an order enjoining such act or practice. Upon a showing by the director that such person has engaged,

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or is about to engage, in any such act or practice, an injunction, restraining order, or other order as may be appropriate shall be granted by the district court.

2. The director may investigate a complaint or initiate a complaint against a person who is not registered under this chapter to determine whether grounds exist to make application to the district court pursuant to subsection 1 or to issue an order pursuant to subsection 3, and in connection with such complaint or investigation may issue subpoenas to compel witnesses to testify or persons to produce evidence consistent with the provisions of section 272C.6, subsection 3, as needed to determine whether probable cause exists to initiate a proceeding under this section or to make application to the district court for an order enjoining a violation of this chapter.

3. In addition to or as an alternative to making application to the district court for an injunction, the director may issue an order to a person who is not registered under this chapter to require compliance with this chapter and may impose a civil penalty against such person for any violation specified in subsection 4 in an amount up to ten thousand dollars for each violation. All civil penalties collected pursuant to this section shall be deposited in the housing trust fund created in section 16.181. An order issued pursuant to this section may prohibit a person from applying for registration under this chapter or certification or registration under chapter 543D.

4. The director may impose a civil penalty against a person who is not registered under this chapter for any of the following:

a. A violation of section 543E.4.

b. A violation of section 543D.18A, subsection 1.

c. Fraud, deceit, or deception, through act or omission, in connection with an application for registration under this chapter.

5. The director, before issuing an order under this section, shall provide the person written notice and the opportunity to request a hearing. The hearing must be requested within thirty days after receipt of the notice and shall be conducted in the same manner as provided for disciplinary proceedings involving a registrant under this chapter.

6. A person aggrieved by the imposition of a civil penalty under this section may seek judicial review pursuant to section 17A.19.

7. If a person fails to pay a civil penalty within thirty days after entry of an order imposing the civil penalty, or if the order is stayed pending an appeal, within ten days after the court enters a final judgment in favor of the director, the director shall notify the attorney general. The attorney general may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs.

8. An action to enforce an order under this section may be joined with an action for an injunction.

2016 Acts, ch 1124, §18, 32; 2023 Acts, ch 19, §1691

543E.19 Surety bond.

1. The director shall require that an appraisal management company be covered by a surety bond in the amount of twenty-five thousand dollars.

2. The surety bond shall be in a form as prescribed by the director. The director may, pursuant to rule, determine requirements for such surety bonds as are necessary to accomplish the purposes of this chapter. The requirements for a surety bond shall only relate to liabilities, damages, losses, or claims arising out of the appraisal management services performed by the appraisal management company involving real estate located in this state. The bond shall provide that a person having a claim against an appraisal management company may bring suit directly on the bond or the director may bring suit on behalf of such person.

2016 Acts, ch 1124, §19, 32; 2023 Acts, ch 19, §1692

543E.20 Additional director authority.

1. The director is vested with broad administrative authority to administer, interpret, and enforce this chapter and to promulgate rules implementing this chapter.

2. In addition to the duties and powers conferred upon the director in this chapter, the

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director shall have the authority to adopt such rules as are reasonably necessary to assure the director's registration and supervision of appraisal management companies comply with the minimum requirements of 12 U.S.C. §3352 and related federal laws and regulations, with respect to any of the following:

a. Reviewing and approving or denying an appraisal management company's application for initial or renewal registration.

b. Examining the books and records of an appraisal management company operating in the state and requiring the appraisal management company to submit reports, information, and documents.

c. Verifying that the appraisers on an appraisal management company's appraiser panel who perform appraisal assignments in this state hold valid certificates issued under chapter 543D.

d. Conducting investigations of appraisal management companies to assess potential violations of applicable appraisal-related laws, regulations, rules, or orders.

e. Disciplining, suspending, terminating, or denying renewal of the registration of an appraisal management company that violates applicable appraisal-related laws, regulations, rules, or orders.

f. Notwithstanding section 272C.6, subsection 4, reporting an appraisal management company's violation of applicable appraisal-related laws, regulations, rules, or orders, as well as disciplinary and enforcement investigations and actions and other relevant information about an appraisal management company's operations, to the appraisal subcommittee.

g. Imposing requirements on appraisal management companies that are mandated by federal law and regulations applicable to appraisal management companies that are not exempt under federal law, including any of the following:

(1) Registration and supervision requirements.

(2) Ownership limitations.

(3) Engaging only certified appraisers for federally related transactions in conformity with all applicable federally related transaction regulations.

(4) Establishing systems for engaging appraisers who are competent and independent, and who are suited for the appraisal assignments to which they are assigned based on education, expertise, and experience.

(5) Directing appraisers to perform appraisal assignments in accordance with the uniform standards of professional appraisal practice.

(6) Establishing and complying with processes and controls reasonably designed to ensure appraisal management companies conduct appraisal management services in accordance with the requirements of section 129E(a)–(i) of the federal Truth in Lending Act, 15 U.S.C. §1639e(a)–(i), and regulations thereunder including but not limited to the requirement that appraisers who complete an appraisal in connection with a consumer credit transaction secured by the principal dwelling of the consumer be compensated with a customary and reasonable fee.

h. Assessing, collecting, and forwarding to the appraisal subcommittee appraisal management company national registry fees from appraisal management companies registered under this chapter and from federally regulated appraisal management companies.

3. The director may conduct periodic examinations of applicants or registrants under this chapter as reasonably necessary to assure compliance with all or specific provisions of this chapter. All papers, documents, examination reports, and other records relating to such examinations shall be confidential as provided in section 272C.6, subsection 4, except as provided in this section.

4. The director may adopt rules governing an appraiser's use of associate real estate appraisers while performing appraisal assignments subject to this chapter. Associate real estate appraisers may provide appraisal services under the supervision of a certified appraiser as provided in chapter 543D and associated rules, but shall not be on an appraiser panel of an appraisal management company.

5. The director may require a national criminal history check through the federal bureau of investigation or, if authorized by federal law or regulation, the nationwide mortgage licensing system and registry, as defined in section 535D.3, when conducting background

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investigations under this chapter. Except as inconsistent with the registry, the following shall apply:

a. The director may require owners and controlling persons who are subject to the background investigation provisions of sections 543E.6 and 543E.7 to provide a full set of fingerprints, in a form and manner prescribed by the director. Such fingerprints, if required, shall be submitted to the federal bureau of investigation through the state criminal history repository for purposes of the national criminal history check.

b. The director may also request and obtain, notwithstanding section 692.2, subsection 5, criminal history data for owners and controlling persons who are subject to the background investigation provisions of sections 543E.6 and 543E.7. A request for criminal history data shall be submitted to the department of public safety, division of criminal investigation, pursuant to section 692.2, subsection 1.

c. The director shall inform such owners and controlling persons of the requirement of a national criminal history check or request for criminal history data and obtain a signed waiver from the applicant, certificate holder, or registrant prior to requesting the check or data.

d. The director may, in addition to any other fees, charge and collect such amounts as may be incurred by the director, the department of public safety, or the federal bureau of investigation in obtaining criminal history information. Amounts collected shall be considered appropriated receipts as defined in section 8.2.

e. Criminal history data and other criminal history information relating to affected owners or controlling persons, or their appraisal management companies obtained by the director pursuant to this section shall remain confidential. Such information may, however, be used by the director in a registration denial, enforcement, or disciplinary proceeding.

2016 Acts, ch 1124, §20, 32; 2017 Acts, ch 29, §156; 2023 Acts, ch 19, §1693, 1694; 2024 Acts, ch 1185, §188

CHAPTER 544

RESERVED

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CHAPTER 544A

LICENSED ARCHITECTS

Referred to in §10A.506, 26.3, 26.14, 26A.3, 29C.20C, 103.22, 103A.10, 105.11, 272C.1, 272C.6, 522F.3, 522F.8, 558A.4A, 669.2, 669.14, 714H.4

This chapter not enacted as a part of this title; transferred from chapter 118 in Code 1993

544A.1 Practice regulated — creation of architectural examining board.
544A.2 Officers.
544A.3 Records — roster.
544A.4 Report. Repealed by 98 Acts, ch 1119, §11.
544A.5 Duties.
544A.6 and 544A.7 Reserved.
544A.8 Qualification for licensure.
544A.9 Licensure.
544A.10 Renewals.
544A.11 Fees.
544A.12 Expenses — compensation.
544A.13 Revocation or suspension.
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544A.15 Unlawful practice — violations — criminal and civil penalties — consent agreement.
544A.16 Definitions.
544A.17 When not applicable.
544A.18 Exceptions.
544A.19 Reserved.
544A.20 Injunction.
544A.21 Practice by business entities. Repealed by 2014 Acts, ch 1001, §6.
544A.22 through 544A.24 Reserved.
544A.25 Applicant — civil rights — moral character.
544A.26 Public members.
544A.27 Disclosure of confidential information.
544A.28 Seal required.
544A.29 Rules.
544A.30 Registered architects.

544A.1 Practice regulated — creation of architectural examining board.

1. The practice of architecture affects the public health, safety, and welfare and is subject to regulation and control in the public interest. Only persons qualified by the laws of the state are authorized to engage in the practice of architecture in the state.

2. The architectural examining board is created within the department of inspections, appeals, and licensing. The board consists of four members who possess a license issued under section 544A.9, and one member who does not possess a license issued under section 544A.9 and who shall represent the general public. Members shall be appointed by the governor subject to confirmation by the senate.

3. Professional associations or societies composed of licensed architects may recommend the names of potential board members to the governor but the governor is not bound by the recommendations. A board member is not required to be a member of any professional association or society composed of licensed architects. Appointments shall be for three-year terms and shall commence and end as provided in section 69.19. Vacancies shall be filled for the unexpired term by appointment of the governor and shall require senate confirmation. Members shall serve no more than three terms or nine years, whichever is less.

[C27, 31, 35, §1905-b1; C39, §**1905.58;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.1]
86 Acts, ch 1245, §725; 87 Acts, ch 92, §1
C93, §544A.1
2006 Acts, ch 1177, §41; 2017 Acts, ch 131, §7; 2023 Acts, ch 19, §1695; 2024 Acts, ch 1170, §348
Referred to in §544A.16
Confirmation, see §2.32

544A.2 Officers.

At a time to be determined by the board, the board shall elect from its members officers to serve for a term not to exceed one year. The division shall provide staff assistance.

[C27, 31, 35, §1905-b2; C39, §**1905.59;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.2]
87 Acts, ch 92, §2; 90 Acts, ch 1168, §22
C93, §544A.2
93 Acts, ch 5, §1

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544A.3 Records — roster.

The board shall keep a record, open to public inspection at all reasonable times, of its proceedings relating to the issuance, refusal, renewal, suspension, and revocation of licenses. This record shall also contain a roster showing the name, place of business, and residence, and the date and number of the license of every licensed architect entitled to practice the profession in the state of Iowa.

[C27, 31, 35, §1905-b3; C39, §**1905.60;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.3]
C93, §544A.3
2017 Acts, ch 131, §7

544A.4 Report. Repealed by 98 Acts, ch 1119, §11.

544A.5 Duties.

The architectural examining board shall enforce this chapter, shall adopt rules pursuant to chapter 17A for the examination of applicants for the license provided by this chapter, and shall, after due public notice, hold meetings each year for the purpose of examining applicants for licensure and the transaction of business pertaining to the affairs of the board. Examinations shall be given as often as deemed necessary, but not less than annually. Action at a meeting shall not be taken without the affirmative votes of a majority of the members of the board. The director of the department of inspections, appeals, and licensing shall hire and provide staff to assist the board with implementing this chapter.

[C27, 31, 35, §1905-b5; C39, §**1905.62;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.5]
86 Acts, ch 1245, §726
C93, §544A.5
2006 Acts, ch 1177, §42; 2017 Acts, ch 131, §7; 2018 Acts, ch 1026, §161; 2023 Acts, ch 19, §1696

544A.6 and 544A.7 Reserved.

544A.8 Qualification for licensure.

1. Any person may apply for a license or may apply to take an examination for licensure under this chapter. The board shall not require that the application contain a photograph of the applicant.

2. The board shall adopt rules governing practical training and education and may adopt as its rules criteria published by a national certification body recognized by the board. The board may accept the accreditation decisions of a national accreditation body recognized by the board.

3. A person applying for licensure by examination, upon complying with the other requirements, shall satisfactorily pass an examination in technical and professional subjects prescribed by the board. The board may adopt the uniform standardized examination and grading procedures of a national certification body recognized by the board. The examination may be conducted by representatives of the board. The identity of the person taking the examination shall be concealed until after the examination has been graded. The board shall adopt rules regarding reexamination. An applicant who has failed the examination may request in writing information from the board concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the board administers a uniform, standardized examination, the board shall only be required to provide the examination grade and the other information concerning the applicant's examination results which is available to the board.

4. In lieu of examination, the board may grant licensure by reciprocity. A person applying to the board for licensure by reciprocity shall furnish satisfactory evidence that the person holds qualifications determined by the board to be substantially equivalent to the requirements for initial licensure in accordance with section 10A.506, subsection 8.

[C27, 31, 35, §1905-b8; C39, §**1905.65;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.8]
87 Acts, ch 92, §3

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C93, §544A.8
2008 Acts, ch 1059, §6, 7; 2017 Acts, ch 131, §7; 2020 Acts, ch 1103, §43, 51; 2021 Acts, ch 69, §1, 2
Referred to in §544A.9
2021 repeal of former subsection 5 applies retroactively to persons who applied to the architectural examining board for licensure and who, on or after June 25, 2020, passed one or more modules of the architect registration examination but failed to pass the examination; 2021 Acts, ch 69, §2

544A.9 Licensure.

When the applicant has complied with the requirements as set forth in section 544A.8 and has paid the fees prescribed by the board, the executive officer shall enroll the applicant's name and address in the roster of licensed architects and issue to the applicant a license, signed by the officers of the board, which license shall entitle the applicant to practice as an architect in the state of Iowa.

[C27, 31, 35, §1905-b9; C39, §**1905.66;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.9]
C93, §544A.9
2008 Acts, ch 1059, §8; 2017 Acts, ch 131, §7
Referred to in §544A.1

544A.10 Renewals.

Licenses expire in intervals as determined by the board. Licensed architects shall renew their licenses and pay a renewal fee in the manner prescribed by the board. The board shall prescribe the conditions and reasonable penalties for renewal after a license's expiration date.

[C27, 31, 35, §1905-b10; C39, §**1905.67;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.10]
87 Acts, ch 92, §4
C93, §544A.10
2012 Acts, ch 1009, §26; 2017 Acts, ch 131, §7

544A.11 Fees.

1. The board shall set the fees for examination, for a license as an architect, for renewal of a license, for reinstatement of a license, and for other activities of the board pertaining to its duties. The fee for examination shall be based on the annual cost of administering the examinations. The fee for a license and for renewal of a license shall be based upon the administrative costs of sustaining the board which shall include, but are not limited to, the costs for all of the following:

a. Per diem, expenses, and travel for board members.
b. Office facilities, supplies, and equipment.
c. Staff assistance.

2. All fees shall be paid to the treasurer of state and deposited in the licensing and regulation fund created in section 10A.507.

[C27, 31, 35, §1905-b11; C39, §**1905.68;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.11]
87 Acts, ch 92, §5; 90 Acts, ch 1168, §23; 90 Acts, ch 1261, §40
C93, §544A.11
94 Acts, ch 1107, §91; 2012 Acts, ch 1023, §157; 2017 Acts, ch 131, §7; 2023 Acts, ch 108, §46

544A.12 Expenses — compensation.

The members of the architectural examining board are entitled to be reimbursed for the actual expenses incurred in attending the meetings of the board, within the limits of the funds appropriated to the board. Each member of the board may also be eligible to receive compensation as provided in section 7E.6.

[C27, 31, 35, §1905-b12; C39, §**1905.69;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.12]
86 Acts, ch 1245, §727
C93, §544A.12

544A.13 Revocation or suspension.

1. A license to practice architecture may be revoked or suspended when the licensee is guilty of the following acts or offenses:

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a. Fraud in procuring a license.

b. Professional incompetency.

c. Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the licensee's profession or engaging in unethical conduct or practice harmful or detrimental to the public. Proof of actual injury need not be established.

d. Habitual intoxication or addiction to the use of drugs.

e. Conviction of a felony related to the profession or occupation of the licensee or the conviction of any felony that would affect the licensee's ability to practice the profession of architecture. A copy of the record of conviction or plea of guilty shall be conclusive evidence.

f. Fraud in representations as to skill or ability.

g. Use of untruthful or improbable statements in advertisements.

h. Willful or repeated violations of the provisions of this chapter.

i. Willful or repeated violations of one or more rules of conduct adopted by the board.

2. The board may revoke any license after thirty days' notice with grant of hearing to the holder if satisfactory proof is presented to the board.

3. Proceedings for the revocation of a license shall be initiated by filing written charges against the accused with the board. A time and place for the hearing of the charges shall be fixed by the board if the board determines that a hearing is warranted. If personal service or service through counsel cannot be effected, service may be by publication. At the hearing, the accused has the right to be represented by counsel, to introduce evidence, and to examine and cross-examine witnesses. The board may subpoena witnesses, administer oaths to witnesses, and employ counsel.

[C27, 31, 35, §1905-b13; C39, §**1905.70;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §118.13]

87 Acts, ch 92, §6; 88 Acts, ch 1158, §26

C93, §544A.13

2008 Acts, ch 1059, §9; 2014 Acts, ch 1001, §5; 2017 Acts, ch 131, §7; 2022 Acts, ch 1032, §92

Referred to in §272C.3, 272C.4, 544A.29

544A.14 Reserved.

544A.15 Unlawful practice — violations — criminal and civil penalties — consent agreement.

1. It is unlawful for a person to engage in or to offer to engage in the practice of architecture in this state or use in connection with the person's name the title "architect", "licensed architect", or "architectural designer", or to imply that the person provides or offers to provide professional architectural services, or to otherwise assume, use, or advertise any title, word, figure, sign, card, advertisement, or other symbol or description tending to convey the impression that the person is an architect or is engaged in the practice of architecture unless the person is qualified by licensure as provided in this chapter. However, the board may by rule authorize a person to offer to perform architectural services in this state prior to licensure in this state if the person is licensed in good standing to practice architecture in at least one other state or jurisdiction, the person holds a certificate from a national certification council recognized by the board, the person makes such disclosures as the board may require by rule, and the person becomes duly licensed in this state prior to otherwise practicing architecture in this state as defined in section 544A.16, subsection 9.

2. A person who violates this section is guilty of a serious misdemeanor.

3. *a.* In addition to the criminal penalty provided for in this section, the board may by order impose a civil penalty upon a person who is not licensed under this chapter as an architect pursuant to this chapter and who does any of the following:

(1) Engages in or offers to engage in the practice of architecture.

(2) Uses or employs the words "architect", "licensed architect", "architectural designer", or implies authorization to provide or offer professional architectural services, or otherwise uses or advertises any title, word, figure, sign, card, advertisement, or other symbol or description tending to convey the impression that the person or entity is an architect or is engaged in the practice of architecture.

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(3) Presents or attempts to use the license or the seal of an architect.

(4) Gives false or forged evidence of any kind to the board or any member of the board in obtaining or attempting to obtain a license.

(5) Falsely impersonates any other licensed architect.

(6) Uses or attempts to use an expired, suspended, revoked, or nonexistent license.

(7) Knowingly aids or abets an unlicensed person who engages in any activity identified in this paragraph.

b. A civil penalty imposed shall not exceed one thousand dollars for each offense. Each day of a continued violation constitutes a separate offense.

c. In determining the amount of a civil penalty to be imposed, the board may consider any of the following:

(1) Whether the amount imposed will be a substantial economic deterrent to the violation.

(2) The circumstances leading to the violation.

(3) The severity of the violation and the risk of harm to the public.

(4) The economic benefits gained by the violator as a result of noncompliance.

(5) The interest of the public.

d. Before issuing an order under this section, the board shall provide the person written notice and the opportunity to request a hearing on the record. The hearing must be requested within thirty days of the issuance of the notice and shall be conducted in the same manner as provided for disciplinary proceedings involving a licensed architect.

e. The board, in connection with a proceeding under this subsection, may issue subpoenas to compel the attendance and testimony of witnesses and the disclosure of evidence, and may request the attorney general to bring an action to enforce the subpoena.

f. A person aggrieved by the imposition of a civil penalty under this subsection may seek judicial review in accordance with section 17A.19.

g. If a person fails to pay a civil penalty within thirty days after entry of an order under paragraph *"a"*, or if the order is stayed pending an appeal, within ten days after the court enters a final judgment in favor of the board, the board shall notify the attorney general. The attorney general may commence an action to recover the amount of the penalty, including reasonable attorney fees and costs.

h. An action to enforce an order under this section may be joined with an action for an injunction.

4. The board at its discretion and in lieu of prosecuting a first offense under this section may enter into a consent agreement with a violator, or with a person guilty of aiding or abetting a violator, which acknowledges the violation and the violator's agreement to refrain from any further violations.

[C66, 71, 73, 75, 77, 79, 81, §118.15]
87 Acts, ch 92, §7
C93, §544A.15
96 Acts, ch 1055, §3; 2008 Acts, ch 1059, §10; 2017 Acts, ch 131, §7

544A.16 Definitions.

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

1. *"Architect"* means a person qualified to engage in the practice of architecture who holds a current valid license under the laws of this state.

2. *"Board"* means the architectural examining board established in section 544A.1.

3. *"Construction"* means physical alteration of a building or improvement of real estate, and includes new construction, enlargements, or additions to existing construction, and alterations, renovation, remodeling, restoration, preservation, or other material modification to and within existing construction.

4. *"Construction documents"* means the drawings, specifications, technical submissions, and other documents upon which construction is based.

5. *"Direct supervision and responsible charge"* means an architect's personal supervisory control of work as to which the architect has detailed professional knowledge. In respect to preparing technical submissions, *"direct supervision and responsible charge"* means that the architect has the exercising, directing, guiding, and restraining power over the design of

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the building or structure and the preparation of the documents, and exercises professional judgment in all architectural matters embodied in the documents. Merely reviewing the work prepared by another person does not constitute *"direct supervision and responsible charge"* unless the reviewer actually exercises supervision and control and is in responsible charge of the work.

6. *"Good moral character"* means a reputation for trustworthiness, honesty, and adherence to professional standards of conduct.

7. *"License"* means the license issued to an architect by the board.

8. *"Observation of construction site progress"* means intermittent visitation to the construction site by an architect or the architect's employee for the purpose of general familiarity with the progress and quality of the construction and general conformance of the construction to the construction documents and general compliance with the applicable building codes. For the purpose of this chapter, such observation does not imply exhaustive or continuous on-site inspections to check the quality or quantity of construction work.

9. *"Practice of architecture"* means performing, or offering to perform, professional architectural services in connection with the design, preparation of construction documents, or construction of one or more buildings, structures, or related projects, and the space within and surrounding the buildings or structures, or the addition to or alteration of one or more buildings or structures, which buildings or structures have as their principal purpose human occupancy or habitation, if the safeguarding of life, health, or property is concerned or involved, unless the buildings or structures are excepted from the requirements of this chapter by section 544A.18.

10. *"Professional architectural services"* means consultation, investigation, evaluation, programming, planning, preliminary design and feasibility studies, designs, drawings, specifications and other technical submissions, administration of construction contracts, observation of construction site progress, or other services and instruments of service related to architecture. A person is performing or offering to perform professional architectural services within the meaning of this chapter, if the person, by verbal claim, sign, advertisement, letterhead, card, or in any other way represents the person to be an architect or through the use of a title implies that the person is an architect.

11. *"Professional consultant"* means a person who is required by the laws of this state to hold a current and valid certificate of registration or license in the field of the person's professional practice, and who is employed by the architect to perform, or who offers to perform professional services as a consultant to the architect, in connection with the design, preparation of construction documents or other technical submissions, or construction of one or more buildings or structures, and the space within and surrounding the buildings or structures.

12. *"Programming"* means the identification, verification, and analysis of the architectural requirements precedent to the planning and design of a building or structure.

13. *"Technical submissions"* means the designs, drawings, sketches, specifications, details, studies, and other technical reports, including construction documents, prepared in the course of the practice of architecture.

[C66, 71, 73, 75, 77, 79, 81, §118.16]
87 Acts, ch 92, §8; 88 Acts, ch 1274, §37
C93, §544A.16
2005 Acts, ch 104, §1; 2017 Acts, ch 131, §3, 4, 7; 2018 Acts, ch 1026, §162
Referred to in §544A.15

544A.17 When not applicable.

The provisions of this chapter shall not apply to:

1. Professional engineers licensed under chapter 542B.

2. Persons acting under the instruction, control, or supervision of, and those executing the plans of, a licensed architect or a professional engineer licensed under chapter 542B, provided that such unlicensed persons shall not be placed in responsible charge of architectural or professional engineering work.

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3. Superintendents, inspectors, supervisors, and building trades craftspersons while performing their customary duties.

[C66, 71, 73, 75, 77, 79, 81, §118.17]
C93, §544A.17
2007 Acts, ch 126, §95; 2017 Acts, ch 131, §5; 2018 Acts, ch 1041, §107; 2022 Acts, ch 1032, §93

544A.18 Exceptions.

Notwithstanding the other provisions of this chapter, persons who are not licensed architects may perform planning and design services in connection with any of the following:

1. Detached residential buildings containing twelve or fewer family dwelling units of not more than three stories and outbuildings in connection with the buildings.
2. Buildings used primarily for agricultural purposes including grain elevators and feed mills.
3. Nonstructural alterations to existing buildings which do not change the use of a building:
a. From any other use to a place of assembly of people or public gathering.
b. From any other use to a place of residence not exempted by subsection 1.
c. From an industrial or warehouse use to a commercial or office use not exempted by subsection 4.
4. Warehouses and commercial buildings not more than one story in height, and not exceeding ten thousand square feet in gross floor area; commercial buildings not more than two stories in height and not exceeding six thousand square feet in gross floor area; and light industrial buildings.
5. Factory built buildings which are not more than two stories in height and not exceeding twenty thousand square feet in gross floor area or which are certified by a professional engineer licensed under chapter 542B.
6. Churches and accessory buildings, whether attached or separate, not more than two stories in height and not exceeding two thousand square feet in gross floor area.

[C66, 71, 73, 75, 77, 79, 81, §118.18]
84 Acts, ch 1057, §1
C93, §544A.18
2007 Acts, ch 126, §96; 2017 Acts, ch 131, §7; 2022 Acts, ch 1032, §94
Referred to in §544A.16, 544A.28

544A.19 Reserved.

544A.20 Injunction.

In addition to any other remedies, and on the petition of the board or any person, any violators of this chapter may be restrained and permanently enjoined.

[C66, 71, 73, 75, 77, 79, 81, §118.20]
C93, §544A.20

544A.21 Practice by business entities. Repealed by 2014 Acts, ch 1001, §6.

544A.22 through 544A.24 Reserved.

544A.25 Applicant — civil rights — moral character.

1. An applicant is not ineligible for licensure because of age, citizenship, sex, race, religion, marital status, or national origin, although the application form may require citizenship information. Character references may be required.
2. The board may consider the following aspects when investigating an applicant's good moral character:
a. An applicant's conviction for commission of a felony, but only if the felony relates directly to the practice of architecture or to the applicant's honesty.

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b. An applicant's misstatement, omission, or misrepresentation of a material fact in connection with the applicant's application for licensure in this state or another jurisdiction.

c. An applicant's violation of a rule of conduct of a jurisdiction in which the applicant has previously engaged in the practice of architecture, provided that the rule of conduct violated is substantially equivalent to a then existing or current rule of conduct required of architects in this state.

d. An applicant's practice of architecture without being licensed in violation of licensure laws of the jurisdiction in which the practice took place.

3. If the applicant's background includes any of the foregoing, the board may license the applicant on the basis of suitable evidence of reform.

[C75, 77, 79, 81, §118.25]
87 Acts, ch 92, §11
C93, §544A.25
2012 Acts, ch 1023, §157; 2017 Acts, ch 131, §7

544A.26 Public members.

The public members of the board shall be allowed to participate in administrative, clerical, or ministerial functions incident to giving the examination, but shall not determine the content of the examination or determine the correctness of the answers.

[C75, 77, 79, 81, §118.26]
C93, §544A.26

544A.27 Disclosure of confidential information.

1. The board shall not disclose information relating to the following:

a. The contents of the examination.

b. The examination results other than final score except for information about the results of an examination which is given to the person who took the examination.

2. A member of the board who willfully communicates or seeks to communicate such information, and any person who willfully requests, obtains, or seeks to obtain such information, is guilty of a simple misdemeanor.

[C75, 77, 79, 81, §118.27]
C93, §544A.27
2008 Acts, ch 1059, §11

544A.28 Seal required.

1. An architect shall procure a seal with which to identify all technical submissions issued by the architect for use in this state. The seal shall be of a design, content, and size designated by the board.

2. *a.* Technical submissions prepared by an architect, or under an architect's direct supervision and responsible charge, shall be stamped with the impression of the architect's seal. The board shall designate by rule the location, frequency, and other requirements for use of the seal. An architect shall not impress the architect's seal on technical submissions if the architect was not the author of the technical submissions or if they were not prepared under the architect's direct supervision and responsible charge. An architect who merely reviews standardized construction documents for pre-engineered or prototype buildings, is not the author of the technical submissions and the technical submissions were not prepared under a reviewing architect's responsible charge.

b. An architect shall cause those portions of technical submissions prepared by a professional consultant to be stamped with the impression of the seal of the professional consultant, with a clear identification of the consultant's areas of responsibility, signature, and date of issuance.

3. A public official charged with the enforcement of the state building code, as adopted pursuant to section 103A.7, or a municipal or county building code, shall not accept or approve any technical submissions involving the practice of architecture unless the technical submissions have been stamped with the architect's seal as required by this section or unless the applicant has certified on the technical submission to the applicability of a specific

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exception under section 544A.18 permitting the preparation of technical submissions by a person not licensed under this chapter. A building permit issued with respect to technical submissions which do not conform to the requirements of this section is invalid.

87 Acts, ch 92, §12
CS87, §118.28
C93, §544A.28
2004 Acts, ch 1086, §90; 2015 Acts, ch 29, §85; 2017 Acts, ch 131, §7

544A.29 Rules.

The board may adopt rules consistent with this chapter for the administration and enforcement of this chapter and may prescribe forms to be issued. The rules may include, but are not limited to, standards and criteria for licensure, license renewal, professional conduct, misconduct, and discipline. Violation of a rule of conduct is grounds for disciplinary action or reprimand or probation at the discretion of the board. The board may enter into a consent order with an architect which acknowledges an architect's violation and agreement to refrain from any further violation. A willful or repeated violation of a rule of conduct is grounds for disciplinary action as provided in section 544A.13.

87 Acts, ch 92, §13
CS87, §118.29
C93, §544A.29

544A.30 Registered architects.

Any person who is registered as an architect pursuant to this chapter on July 1, 2017, shall be deemed to be licensed to practice as an architect.

2017 Acts, ch 131, §6

CHAPTER 544B

LANDSCAPE ARCHITECTS

Referred to in §10A.506, 26.3, 26.14, 26A.3, 103.22, 105.11, 272C.1, 272C.6, 669.14, 714H.4

This chapter not enacted as a part of this title;
transferred from chapter 118A in Code 1993

544B.1	Definitions.	544B.11	Licensure.
544B.2	License required.	544B.12	Seal.
544B.3	Landscape architectural examining board created.	544B.13	Renewals.
544B.4	Organization of the board — meetings — quorum.	544B.14	Fees.
544B.5	Duties.	544B.15	Suspension, revocation, or reprimand.
544B.6	Annual report. Repealed by 98 Acts, ch 1119, §11.	544B.16	Complaints — procedure.
544B.7	Expenses — compensation.	544B.17	Attorney general to assist and witnesses.
544B.8	Examination.	544B.18	Unlawful practice.
544B.9	Applications.	544B.19	Injunction.
544B.10	Foreign licensees.	544B.20	Scope of chapter.
		544B.21	Examination not required.

544B.1 Definitions.

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

1. *"Board"* means the landscape architectural examining board established pursuant to section 544B.3.

2. *"Practice of landscape architecture"* means the performance of professional services such as consultations, investigations, reconnaissance, research, planning, design, or responsible supervision in connection with projects involving the arranging of land and the elements thereon for public and private use and enjoyment, including the alignment of roadways and the location of buildings, service areas, parking areas, walkways, steps,

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ramps, pools and other structures, and the grading of the land, surface and subsoil drainage, erosion control, planting, reforestation, and the preservation of the natural landscape and aesthetic values, in accordance with accepted professional standards of public health, welfare, and safety. This practice shall include the location and arrangement of such tangible objects and features as are incidental and necessary to the purposes outlined in this chapter but shall not include the design of structures or facilities with separate and self-contained purposes for habitation or industry, or the design of public streets and highways, utilities, storm and sanitary sewers, and sewage treatment facilities, such as are ordinarily included in the practice of engineering or architecture; and shall not include the making of land surveys or final land plats for official approval or recording. Nothing contained in this chapter shall be construed as authorizing a professional landscape architect to engage in the practice of architecture, engineering, or land surveying.

3. *"Professional landscape architect"* means a person who has obtained a license pursuant to section 544B.2, and who engages in the practice of landscape architecture as defined in this section.

[C75, 77, 79, 81, §118A.1]
C93, §544B.1
2002 Acts, ch 1045, §1, 2; 2003 Acts, ch 108, §102

544B.2 License required.

A person shall not engage in the practice of landscape architecture, or use the title "landscape architect", "professional landscape architect", "landscape architecture designer", or use other titles or words, letters, figures, signs, cards, advertisements, symbols, or other devices to represent that the person or a business associated with the person is authorized to practice landscape architecture, without first obtaining a license as a professional landscape architect from the board pursuant to this chapter. Every holder of a license as a professional landscape architect shall display it in a conspicuous place in the holder's principal office.

[C75, 77, 79, 81, §118A.2]
C93, §544B.2
2002 Acts, ch 1045, §3
Referred to in §544B.1

544B.3 Landscape architectural examining board created.

1. A landscape architectural examining board is created within the department of inspections, appeals, and licensing. The board consists of five members who are professional landscape architects and two members who are not professional landscape architects and who shall represent the general public. Members shall be appointed by the governor, subject to confirmation by the senate. Four of the five professional members shall be actively engaged in the practice of landscape architecture or the teaching of landscape architecture in an accredited college or university, and shall have been so engaged for five years preceding appointment, the last two of which shall have been in Iowa. One of the five professional members shall be actively engaged in the practice of landscape architecture or the teaching of landscape architecture in an accredited college or university, and may have been so engaged for fewer than five years preceding appointment but at least one year preceding appointment. Associations or societies composed of professional landscape architects may recommend the names of potential board members to the governor. However, the governor is not bound by the recommendations. A board member shall not be required to be a member of any professional association or society composed of professional landscape architects.

2. Appointments shall be for three-year terms and shall commence and end as provided in section 69.19. Vacancies shall be filled for the unexpired term by appointment of the governor and are subject to senate confirmation. Members shall serve no more than three terms or nine years, whichever is less.

[C75, 77, 79, 81, §118A.3]
86 Acts, ch 1245, §728

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C93, §544B.3
2002 Acts, ch 1045, §4; 2006 Acts, ch 1177, §43; 2019 Acts, ch 110, §1; 2023 Acts, ch 19, §1697
Referred to in §544B.1
Confirmation, see §2.32

544B.4 Organization of the board — meetings — quorum.
The board shall elect annually from its members a chairperson and vice chairperson. The duties of the officers are those usually performed by such officers. The board shall hold at least one meeting each year at the location of the board's principal office, and meetings shall be called at other times by division staff at the request of the chairperson or four members of the board. A majority of the members constitutes a quorum. No action at any meeting can be taken without the affirmative votes of a majority of the members of the board.
[C75, 77, 79, 81, §118A.4]
88 Acts, ch 1158, §27; 90 Acts, ch 1168, §24
C93, §544B.4

544B.5 Duties.
The board shall enforce this chapter and shall make rules for the examination of applicants for licensure. The board shall keep a record of its proceedings. The board shall adopt an official seal which shall be affixed to all certificates of licensure granted. The board may make other rules, not inconsistent with law, as necessary for the proper performance of its duties. The board shall maintain a roster showing the name, place of business, and residence, and the date and number of the certificate of licensure of every professional landscape architect in this state. The director of the department of inspections, appeals, and licensing shall hire and provide staff to assist the board in implementing this chapter.
[C75, 77, 79, 81, §118A.5]
86 Acts, ch 1245, §729
C93, §544B.5
2002 Acts, ch 1045, §5; 2006 Acts, ch 1177, §44; 2019 Acts, ch 110, §2; 2023 Acts, ch 19, §1698

544B.6 Annual report. Repealed by 98 Acts, ch 1119, §11.

544B.7 Expenses — compensation.
Members of the board are entitled to receive reimbursement of actual expenses incurred in the discharge of their duties within the limits of funds appropriated to the board. Each member of the board may also be eligible to receive compensation as provided in section 7E.6.
[C75, 77, 79, 81, §118A.7]
86 Acts, ch 1245, §730
C93, §544B.7

544B.8 Examination.
1. A person applying for a certificate of licensure as a professional landscape architect shall satisfactorily pass an examination in technical and professional subjects prescribed by the board. The board may adopt the uniform standardized examination and grading procedures of a national certification body recognized by the board. The examination may be conducted by representatives of the board. The identity of a person taking the examination shall be concealed until after the examination is graded. The fee for examination shall be based on the annual cost of administering the examinations. The public members of the board shall be allowed to participate in administrative, clerical, or ministerial functions incident to giving the examination, but shall not determine the content of the examination or determine the correctness of the answers.
2. An applicant who has failed the examination may request in writing information from the board concerning the applicant's examination grade and subject areas or questions which the applicant failed to answer correctly, except that if the board administers a uniform,

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standardized examination, the board shall only be required to provide the examination grade and such other information concerning the applicant's examination results which are available to the board.

[C75, 77, 79, 81, §118A.8]
C93, §544B.8
2002 Acts, ch 1045, §6; 2019 Acts, ch 110, §3

544B.9 Applications.

1. Any person may apply for a certificate of licensure or may apply to take an examination for such certification. Applications for licensure shall be on forms prescribed and furnished by the board, shall contain statements made under oath, showing the applicant's education and detail summary of the applicant's pertinent practical landscape architectural work and experience. The board shall not require that a recent photograph of the applicant be attached to the application form. An applicant shall not be ineligible for licensure on the basis of membership in any protected class under chapter 216. The board may consider the past felony record of an applicant only if the felony conviction relates directly to the practice of landscape architecture. Character references may be required but shall not be obtained from professional landscape architects. Each applicant for licensure as a professional landscape architect shall meet one of the following requirements:

a. Graduation from a course in landscape architecture in a school, college, or university offering an accredited minimum four-year curriculum in landscape architecture, and a minimum of three years of practical experience in landscape architectural work which in the opinion of the board is of satisfactory character, at least one year of which must be under the supervision of a professional landscape architect or a person who becomes a professional landscape architect within one year after July 1, 2002.

b. Graduation from a nonaccredited course of landscape architecture of a minimum of four years in a school, college, or university and a minimum of four years of practical experience in landscape architectural work which in the opinion of the board is of satisfactory character, at least one year of which must be under the supervision of a professional landscape architect.

c. A minimum of ten years of practical experience in landscape architectural work which in the opinion of the board is of satisfactory character to properly prepare the applicant for the examination.

2. A satisfactorily completed year of study in an accredited course of landscape architecture in an accredited school, college, or university may be accepted in lieu of one year of practical experience.

3. A master's degree from an accredited school, college, or university may be accepted in lieu of one year of practical experience.

4. Any four-year college or university degree may be accepted in lieu of two years of practical experience.

[C75, 77, 79, 81, §118A.9]
C93, §544B.9
2002 Acts, ch 1045, §7; 2012 Acts, ch 1023, §157; 2019 Acts, ch 110, §4

544B.10 Foreign licensees.

Any applicant who holds a license or certificate to practice landscape architecture issued to the applicant upon examination by a national certification body recognized by the board as prescribed by rule, or by a board of examiners in any other state, territory, or possession of the United States, the District of Columbia, or of any foreign country, if the requirements for such license or certificate were, at the time it was issued, in the opinion of the board, equal to or higher than the requirements of this state, may be licensed without further examination.

[C75, 77, 79, 81, §118A.10]
C93, §544B.10
2002 Acts, ch 1045, §8; 2019 Acts, ch 110, §5

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544B.11 Licensure.

When an applicant has complied with the application requirements of this chapter and has passed the examination prescribed by the board, or is a foreign registrant and has qualified for licensure under this chapter, and has paid the required licensure fee, the secretary shall enroll the applicant's name and address in the roster of professional landscape architects and issue to the applicant a certificate of licensure.

[C75, 77, 79, 81, §118A.11]
C93, §544B.11
2002 Acts, ch 1045, §9; 2019 Acts, ch 110, §6
Referred to in §544B.20

544B.12 Seal.

Every professional landscape architect shall have a seal which shall contain the name of the landscape architect and the words "Professional Landscape Architect, State of Iowa", and such other words or figures as the board may deem necessary. All landscape architectural plans and specifications, prepared by such professional landscape architect or under the supervision of such professional landscape architect, shall be dated and bear the legible seal of such professional landscape architect. Nothing contained in this section shall be construed to permit the seal of a professional landscape architect to serve as a substitute for the seal of a licensed architect, a licensed professional engineer, or a licensed professional land surveyor whenever the seal of an architect, engineer, or land surveyor is required under the laws of this state.

[C75, 77, 79, 81, §118A.12]
C93, §544B.12
2002 Acts, ch 1045, §10; 2003 Acts, ch 44, §95; 2007 Acts, ch 126, §97; 2012 Acts, ch 1009, §27; 2017 Acts, ch 131, §7; 2019 Acts, ch 110, §7

544B.13 Renewals.

Certificates of licensure shall expire in intervals as determined by the board. Professional landscape architects shall renew their certificates of licensure and pay a renewal fee in the manner and amount prescribed by the board. A person who fails to renew a certificate by the expiration date shall be allowed to do so within thirty days following its expiration, but the board may assess a reasonable penalty.

[C75, 77, 79, 81, §118A.13]
C93, §544B.13
2002 Acts, ch 1045, §11; 2012 Acts, ch 1009, §28

544B.14 Fees.

1. The board shall set the fees for a certificate of licensure as a professional landscape architect, and for renewal of a certificate. The fee for a certificate of licensure and for renewal of a certificate shall be based upon the administrative costs of sustaining the board which shall include, but shall not be limited to, the costs for:

a. Per diem, expenses, and travel for board members.
b. Office facilities, supplies and equipment.
c. Staff assistance.

2. All fees shall be collected by the secretary, paid to the treasurer of state, and deposited in the licensing and regulation fund created in section 10A.507.

[C75, 77, 79, 81, §118A.14]
90 Acts, ch 1168, §25; 90 Acts, ch 1261, §41
C93, §544B.14
94 Acts, ch 1107, §92; 2002 Acts, ch 1045, §12; 2012 Acts, ch 1023, §157; 2023 Acts, ch 108, §47

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544B.15 Suspension, revocation, or reprimand.

The board may by a five-sevenths vote of the entire board, suspend for a period not exceeding two years, or revoke the certificate of licensure of, or reprimand any licensee who is found guilty of the following acts or offenses:

1. Fraud in procuring a certificate of licensure.
2. Professional incompetency.
3. Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the licensee's profession or engaging in unethical conduct or practice harmful or detrimental to the public. Proof of actual injury need not be established.
4. Habitual intoxication or addiction to the use of drugs.
5. Conviction of a felony related to the profession or occupation of the licensee that would affect the licensee's ability to practice professional landscape architecture. A copy of the record of conviction or plea of guilty is conclusive evidence.
6. Fraud in representations as to skill or ability.
7. Use of untruthful or improbable statements in advertisements.
8. Willful or repeated violations of the provisions of this chapter.

[C75, 77, 79, 81, §118A.15]
85 Acts, ch 195, §14
C93, §544B.15
2002 Acts, ch 1045, §13
Referred to in §272C.3, 272C.4

544B.16 Complaints — procedure.

A person may file a complaint with the board against a professional landscape architect or the board may initiate a complaint. Unless the complaint is dismissed by the board as unfounded or trivial, the board may request the department of inspections, appeals, and licensing to conduct an investigation into the complaint. The department of inspections, appeals, and licensing shall report its findings to the board, and the board shall hold a hearing within sixty days after the date on which the complaint is filed. The board shall fix the time and place for such hearing and shall cause a copy of the complaint, together with a notice of the time and place fixed for the hearing, to be served on the accused at least thirty days before the date fixed for the hearing. Where personal service cannot be effected, service may be effected by publication. At such hearing, the accused shall have the right to appear personally or by counsel, to cross-examine witnesses against the accused, and to produce evidence and witnesses in defense. After the hearing, the board may suspend or revoke the certificate of licensure. The board may restore the certificate of licensure to any person whose certificate of licensure has been revoked. Application for the restoration of a certificate of licensure shall be made in such manner, form, and content as the board may prescribe.

[C75, 77, 79, 81, §118A.16]
88 Acts, ch 1158, §28
C93, §544B.16
2002 Acts, ch 1045, §14; 2019 Acts, ch 110, §8; 2023 Acts, ch 19, §2029
Referred to in §272C.5

544B.17 Attorney general to assist and witnesses.

The board is entitled to the counsel and services of the attorney general or such assistance as the attorney general may so designate. The board may compel the attendance of witnesses, pay witness fees and mileage, and take testimony and affidavits and administer oaths concerning any matter within its jurisdiction.

[C75, 77, 79, 81, §118A.17]
C93, §544B.17

544B.18 Unlawful practice.

Any person who uses the words "landscape architect", "professional landscape architect", or "landscape architecture designer", or any word or any letters or figures indicating or tending to imply that the person using the same is a professional landscape architect, without

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having a valid certificate of licensure as a professional landscape architect issued pursuant to this chapter, or who knowingly assists such a person, is guilty of a simple misdemeanor.

[C75, 77, 79, 81, §118A.18]
C93, §544B.18
2002 Acts, ch 1045, §15

544B.19 Injunction.

In addition to any other remedies, and on the petition of the board or any person, any person violating any of the provisions of this chapter may be restrained and permanently enjoined from committing or continuing the violations.

[C75, 77, 79, 81, §118A.19]
C93, §544B.19
98 Acts, ch 1119, §10; 2020 Acts, ch 1063, §312

544B.20 Scope of chapter.

Nothing contained in this chapter shall be construed:

1. To apply to a professional engineer duly licensed under the laws of this state.
2. To apply to an architect licensed under the laws of this state.
3. To prevent a licensed architect or licensed professional engineer from doing landscape planning and designing.
4. To affect or prevent the practice of land surveying by a professional land surveyor licensed under the laws of this state.
5. To apply to the business conducted in this state by any planner, agriculturist, soil conservationist, horticulturist, tree expert, arborist, forester, nursery or landscape nursery person, gardener, landscape gardener, landscape contractor, garden or lawn caretaker, tiling contractor, grader or cultivator of land, golf course designer or contractor, or similar business. However, such person shall not use the designation landscape architect or any title or device indicating or representing that such person is a professional landscape architect or is practicing landscape architecture unless such person is licensed under the provisions of section 544B.11.

[C75, 77, 79, 81, §118A.20]
C93, §544B.20
2002 Acts, ch 1045, §16; 2007 Acts, ch 126, §98; 2012 Acts, ch 1009, §29; 2017 Acts, ch 131, §7

544B.21 Examination not required.

Any person who is registered pursuant to this chapter on July 1, 2002, shall be issued a license to practice as a professional landscape architect.

[C75, 77, 79, 81, §118A.21]
C93, §544B.21
2002 Acts, ch 1045, §17

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CHAPTER 544C

REGISTERED INTERIOR DESIGNERS

Referred to in §10A.506, 669.14

544C.1 Definitions.
544C.2 Establishment of interior design examining board.
544C.3 Duties of the board.
544C.4 Expenses — compensation.
544C.5 Qualifications for registration.
544C.6 Reciprocal registration.
544C.7 Registration issuance.
544C.8 Continuing education.
544C.9 Revocation, suspension, and nonissuance of registration.
544C.10 Unlawful use of title of "registered interior designer" — violations — penalty — consent agreement.
544C.11 Injunction.
544C.12 Scope of chapter.
544C.13 Transition provisions. Repealed by 2023 Acts, ch 20, §9.
544C.14 Registered interior designers — stamp and seal.
544C.15 Registered interior designer stamp and seal — conflicts of interest — penalties.
544C.16 Submission of interior technical submissions.

544C.1 Definitions.

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

1. *"Board"* means the interior design examining board established pursuant to this chapter.

2. *"Building equipment"* means any mechanical, plumbing, electrical, or structural components, including a conveyance, designed for or located in a building or structure.

3. *"Conveyance"* means an elevator, dumbwaiter, vertical reciprocating conveyor, escalator, or other motorized vertical transportation system.

4. *"Department"* means the department of inspections, appeals, and licensing.

5. *"Direct supervision and responsible charge"* means a registered interior designer's personal supervisory control of work of which the registered interior designer has detailed professional knowledge. In respect to preparing interior technical submissions, *"direct supervision and responsible charge"* means that the registered interior designer has the exercising, directing, guiding, and restraining power over the preparation of the interior technical submission, and exercises professional judgment in all matters embodied in the interior technical submission. *"Direct supervision and responsible charge"* does not mean reviewing the interior technical submission prepared by another person unless the reviewer actually exercises supervision and control and is in responsible charge of the interior technical submission.

6. *"Interior alteration or construction project"* means a project for an interior space or area within a proposed or existing building or structure, including construction, modification, renovation, rehabilitation, or historic preservation, that involves changing or altering any of the following:

a. The design function or layout of rooms.

b. The state of permanent fixtures or equipment.

7. *"Interior nonstructural element"* means an interior design element that does not require structural bracing and that is not load-bearing according to adopted code.

8. *"Interior technical submission"* means a design, drawing, specification, study, or other technical report or calculation that establishes the scope of an interior alteration or construction project including a description of standards.

9. *a. "Registered interior design"* means the design of interior spaces as a part of an interior alteration or construction project including the preparation of interior technical submissions relating to space planning, finish materials, furnishings, fixtures, and equipment, and the preparation of documents relating to interior construction that does not affect the engineered systems of a building. *"Registered interior design"* includes all of the following:

(1) Programming, planning, pre-design analysis, and conceptual design of interior

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nonstructural elements, including but not limited to the selection of materials, furniture, fixtures, and equipment, but not building equipment.

(2) Alteration or construction of interior nonstructural elements and any interior technical submissions related to such alteration or construction.

(3) Preparation of a physical plan of space within a proposed or existing building or structure including all of the following:

(a) Determinations of circulation systems or patterns.

(b) Determinations of the location of exit requirements based on occupancy loads.

(c) Assessment and analysis of interior safety factors to comply with building codes related to interior nonstructural elements.

(4) Application of building codes, fire codes, and accessibility standards, including but not limited to the federal Americans with Disabilities Act of 1990, as applicable to interior technical submissions for interior nonstructural elements.

(5) Rendering of designs, plans, drawings, specifications, contract documents, or other interior technical submissions and administration of interior nonstructural element construction and contracts relating to nonstructural elements in interior alteration or construction of a proposed or existing building or structure.

b. *"Registered interior design"* does not include any of the following:

(1) Services that constitute the practice of professional engineering or professional architecture, except as otherwise provided in this chapter.

(2) The making of changes or additions to any of the following:

(a) The structural system of a building, including changing the building's live or dead load on the structural system.

(b) The building envelope, including exterior walls, exterior wall coverings, exterior wall openings, exterior windows and doors, architectural trim, balconies and similar projections, bay and oriel windows, roof assemblies and rooftop structures, and glass and glazing for exterior use in both vertical and sloped applications in buildings and structures.

(c) The mechanical, plumbing, heating, air conditioning, ventilation, electrical, vertical transportation, fire sprinkler, or fire alarm systems.

(d) Means of egress systems, except for the exit access component.

(e) Construction that materially affects life safety systems pertaining to fire safety of structural elements or the fire protection of structural elements, smoke evacuation and compartmentalization systems, or fire-rated vertical shafts in multi-story structures.

(f) Changes of building use to occupancies not already allowed by the current building.

(g) The construction classification of the building or structure according to the international building code.

10. *"Registered interior designer"* means a person registered under this chapter.

2005 Acts, ch 104, §2; 2006 Acts, ch 1177, §45; 2023 Acts, ch 19, §1699; 2023 Acts, ch 20, §1, 2; 2023 Acts, ch 119, §45

544C.2 Establishment of interior design examining board.

1. An interior design examining board is established within the department. The board consists of seven members: five members who are interior designers who are registered under this chapter and who have been in the active practice of registered interior design for not less than five years, the last two of which shall have been in Iowa; and two members who are not registered under this chapter and who shall represent the general public. Members shall be appointed by the governor subject to confirmation by the senate.

2. Professional associations or societies composed of interior designers may recommend the names of potential board members to the governor, but the governor is not bound by the recommendations. A board member is not required to be a member of any professional association or society composed of registered interior designers.

3. Appointments shall be for three-year terms and shall commence and end as provided in section 69.19. Vacancies shall be filled for the unexpired term by appointment of the governor

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and shall require senate confirmation. Members shall serve no more than three terms or nine years, whichever is less.

2005 Acts, ch 104, §3; 2006 Acts, ch 1177, §46; 2023 Acts, ch 19, §1700; 2023 Acts, ch 20, §3
Confirmation, see §2.32

544C.3 Duties of the board.

1. The duties of the board shall include, but are not limited to, all of the following:

a. Administering and enforcing this chapter.

b. Establishing requirements for the examination, education, and practical training of applicants for registration.

c. Holding meetings each year for the purpose of transacting business pertaining to the affairs of the board. Action at a meeting shall not be taken without the affirmative votes of a majority of members of the board.

d. Adopting rules under chapter 17A necessary for the proper performance of its duties. The rules shall include provisions addressing conflicts of interest and full disclosure, including sources of compensation.

e. Establishing fees for registration as a registered interior designer, renewal of registration, reinstatement of registration, and for other activities of the board pertaining to its duties. The fees shall be sufficient to defray the costs of administering this chapter, and shall be deposited in the licensing and regulation fund created in section 10A.507.

f. Maintaining records, which are open to public inspection at all reasonable times, of its proceedings relating to the issuance, refusal, renewal, suspension, and revocation of registration. The records shall also contain a roster indicating the name, place of business and residence, and the date and registration number of every registrant.

2. The director of the department shall provide staff to assist the board in the implementation of this chapter.

2005 Acts, ch 104, §4; 2006 Acts, ch 1177, §47; 2012 Acts, ch 1023, §157; 2023 Acts, ch 19, §1701; 2023 Acts, ch 108, §48

544C.4 Expenses — compensation.

The members of the board are entitled to be reimbursed for the actual expenses incurred in the performance of their duties within the limits of the funds appropriated to the board. Each member of the board may also be eligible to receive compensation as provided in section 7E.6.

2005 Acts, ch 104, §5

544C.5 Qualifications for registration.

Each applicant for registration must meet the interior design education and practical training requirements adopted by rule by the board, and have passed an examination prescribed by the board that is task-oriented, focused on public safety, and validated by a recognized testing agency. The department shall register an individual who submits an application to the board on the form and in the manner prescribed by the board as a registered interior designer if the individual satisfies the following requirements:

1. Submits written proof that the individual has successfully passed the national council for interior design qualification examination, or its equivalent.

2. Has completed any of the following:

a. Four years of interior design education plus two years of full-time work experience in registered interior design.

b. Three years of interior design education plus three years of full-time work experience in registered interior design.

c. Two years of interior design education plus four years of full-time work experience in registered interior design.

3. Submits the required registration fee to the board.

2005 Acts, ch 104, §6; 2006 Acts, ch 1177, §48; 2023 Acts, ch 19, §1702; 2023 Acts, ch 20, §4
Referred to in §544C.7

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544C.6 Reciprocal registration.

The board may also grant registration by reciprocity. An applicant applying to the board for registration by reciprocity shall furnish satisfactory evidence that the applicant meets both of the following requirements:

1. Holds a valid registration or license issued by another registration authority recognized by the board, where the qualifications for registration or licensure were substantially equivalent to those prescribed in this state on the date of original registration or licensure with the other registration authority.

2. Holds a current certificate number issued by the national council for interior design qualification.

2005 Acts, ch 104, §7
Referred to in §544C.7

544C.7 Registration issuance.

When an applicant has complied with the qualifications for registration in section 544C.5 or 544C.6 to the satisfaction of a majority of the members of the board and has paid the fees prescribed by the board, the board shall enroll the applicant's name and address in the roster of registered interior designers and issue to the applicant a registration certificate, signed by the officers of the board. The certificate shall entitle the applicant to use the title "registered interior designer" in this state.

2005 Acts, ch 104, §8

544C.8 Continuing education.

A registered interior designer shall, at the time of application for renewal of a certificate of registration, submit proof of completion of continuing education requirements established by rules adopted by the board.

2005 Acts, ch 104, §9

544C.9 Revocation, suspension, and nonissuance of registration.

1. The board may revoke, suspend, or refuse to issue or renew the registration of any person upon a finding of any of the following:

a. Fraud in obtaining or renewing a certificate of registration.

b. Professional incompetency.

c. Knowingly making misleading, deceptive, untrue, or fraudulent representations in the practice of the registrant's profession or engaging in unethical conduct or practice harmful or detrimental to the public. Proof of actual injury need not be established.

d. Conviction of a felony related to the profession or occupation of the registrant. A copy of the record of conviction or plea of guilty shall be conclusive evidence of the conviction.

e. Unlawful use of the title of "registered interior designer".

f. Willful or repeated violations of the provisions of this chapter or a rule adopted under this chapter.

2. Any person may appeal a finding of the board within thirty days of the date of notification of action. Upon appeal, the board shall schedule a hearing in accordance with chapter 17A.

2005 Acts, ch 104, §10

544C.10 Unlawful use of title of "registered interior designer" — violations — penalty — consent agreement.

1. It is unlawful for a person to use the title, or aid or abet a person in using the title, of "registered interior designer" or any title or device indicating that the person is a registered interior designer unless the person has been issued a certificate of registration as provided in this chapter. This section does not prohibit the provision of interior design services, or the use of the terms "interior design" or "interior designer", by an architect or by a person who is not registered as an interior designer.

2. A person who violates this section is guilty of a simple misdemeanor. The board, in its discretion and in lieu of prosecuting a first offense under this section, may enter into a

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consent agreement with a violator, or with a person guilty of aiding or abetting a violator, which acknowledges the violation and the violator's agreement to refrain from any further violations.

2005 Acts, ch 104, §11

544C.11 Injunction.

In addition to any other remedies, and on the petition of the board, any person violating this chapter may be restrained and permanently enjoined from committing or continuing the violations.

2005 Acts, ch 104, §12

544C.12 Scope of chapter.

This chapter does not apply to the following:

1. A person licensed to practice architecture pursuant to the laws of this state.
2. A person licensed as a professional engineer pursuant to the laws of this state.
3. A person who performs the following services: selling, selecting, or assisting in selecting personal property used in connection with furnishings of interior spaces or fixtures such as, but not limited to, furnishings, decorative accessories, furniture, paint, wall coverings, window treatments, floor coverings, cabinets, countertops, surface-mounted lighting, or decorative materials for a retail sale; or installing or coordinating installations as a part of the prospective retail sale, or providing computer-aided or other drawings for the purpose of retail sale if the drawings are used for material listed for retail sale; and who does not represent that the person is a registered interior designer.
4. A person engaged in an activity traditionally performed by an interior designer, including a professional service limited to the planning, design, and implementation of kitchen and bathroom spaces or the specification of products for kitchen and bathroom areas, in a noncommercial setting.
5. A person not registered under this chapter acting under the instruction, control, or supervision of a registered interior designer, or a person executing the plans of a registered interior designer, provided that such a person shall not be in charge of interior technical submissions.

2005 Acts, ch 104, §13; 2023 Acts, ch 20, §5

544C.13 Transition provisions. Repealed by 2023 Acts, ch 20, §9.

544C.14 Registered interior designers — stamp and seal.

1. A registered interior designer shall have a seal with which to identify all interior technical submissions issued by the registered interior designer for use in this state. The seal shall be of a design, content, and size prescribed by the board. A registered interior designer shall only sign and seal an interior technical submission within the scope of registered interior design.
2. Interior technical submissions prepared by a registered interior designer, or under a registered interior designer's direct supervision and responsible charge, shall be stamped with the impression of the registered interior designer's seal. A registered interior designer shall not impress the registered interior designer's seal on an interior technical submission if the registered interior designer was not the author of the interior technical submission or if interior technical submission was not prepared under the registered interior designer's direct supervision and responsible charge.
3. A registered interior designer may sign and seal an interior technical submission covering the scope of the registered interior design and shall have the authority to submit such interior technical submission to a state or local governmental entity for the purpose of obtaining any requisite permit for an interior alteration or construction project.
4. The placement of the registered interior designer's signature and seal shall indicate the document or part thereof for which the seal applies. The seal and date may be affixed electronically. The registered interior designer may provide, at the sole discretion of the registered interior designer, an original signature in the handwriting of the registered

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interior designer, a scanned copy of the document bearing an original signature, or a computer-generated signature.

5. A registered interior designer shall not affix, or permit to be affixed, the registration number, seal, or signature of the registered interior designer to any interior technical submission that the registered interior designer is not competent to perform.

6. A registered interior designer shall not sign and seal an interior technical submission that was not prepared by the registered interior designer or under the direct supervision and responsible charge of the registered interior designer.

2023 Acts, ch 20, §6
Referred to in §544C.15, 544C.16

544C.15 Registered interior designer stamp and seal — conflicts of interest — penalties.

1. A person shall not intentionally do any of the following:

a. Affix the signature or seal of a registered interior designer to any interior technical submission without the permission of the registered interior designer.

b. Use or attempt to use the interior design registration or seal of another except as provided in section 544C.14.

c. Impersonate a registered interior designer.

d. Obtain or attempt to obtain registration from the board by fraud.

e. Make any willfully false oath or affirmation to the board.

f. As a registered interior designer, accept compensation from a client in connection with a registered interior design project, except as payment for the provision of registered interior design services, which would reasonably appear to compromise the registered interior designer's professional judgment in serving the best interests of the client or public.

2. A person who intentionally violates a provision of subsection 1 is guilty of a simple misdemeanor.

3. A registered interior designer shall avoid conflicts of interest.

a. If an unavoidable conflict of interests arises, a registered interior designer shall do all of the following:

(1) Immediately inform the client or employer of all circumstances that may interfere with or impair the obligation of the registered interior designer to provide professional services.

(2) Notify the client or employer and withdraw from employment at any time when it is not possible to faithfully discharge the responsibilities and duties owed to the client or employer.

b. If an unavoidable conflict of interest arises, a registered interior designer shall not do any of the following:

(1) Agree to perform professional registered interior design services for a client or employer if the registered interior designer has a significant financial or other interest that would impair or interfere with the responsibility of the registered interior designer to faithfully discharge professional interior design services on behalf of the client or employer.

(2) Accept payment from any party other than a client or employer for a particular project and not have any direct or indirect financial interest in a service or phase of a service to be provided as part of a project unless the client or employer approves of the conflict.

(3) Solicit or accept anything of value from material or equipment suppliers in return for specifying or endorsing a product.

(4) Violate the confidences of a client or employer except as otherwise required by law.

(5) Perform services for a client or employer while a full-time employee of another employer without notifying all parties concerned.

4. This section shall not limit the professional responsibility of a registered interior designer to an owner of a project when the registered interior designer is employed by a person under contract to engage in interior design practice for that project.

2023 Acts, ch 20, §7

544C.16 Submission of interior technical submissions.

1. A registered interior designer may sign and seal an interior technical submission that

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is required for an interior alteration or construction project and that shall be kept as a public record.

2. If a political subdivision of the state requires a seal or stamp on an interior technical submission that is submitted for an interior alteration or construction project, the political subdivision shall accept an interior technical submission impressed with the seal or stamp of a registered interior designer consistent with the provisions of section 544C.14.

2023 Acts, ch 20, §8

CHAPTER 545

RESERVED

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SUBTITLE 5

REGULATION OF COMMERCIAL ENTERPRISES

CHAPTER 546

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Referred to in §669.14

546.1 Definitions.
546.2 Department of insurance and financial services.
546.3 Banking division.
546.4 Credit union division.
546.5 Savings and loan division. Repealed by 2007 Acts, ch 88, §50.
546.6 Reserved.
546.7 Utilities division. Repealed by 2023 Acts, ch 19, §2702.
546.8 Insurance division.
546.9 Alcoholic beverages division. Repealed by 2023 Acts, ch 19, §2470.
546.10 Licensing and regulation of business and commerce-related professions. Transferred to §10A.506; 2023 Acts, ch 19, §1711.
546.11 Reserved.
546.12 Commerce revolving fund.
546.13 Confidential records and data.

546.1 Definitions.

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

1. *"Department"* means the department of insurance and financial services.
2. *"Director"* means the director of the department of insurance and financial services.

86 Acts, ch 1245, §701; 2023 Acts, ch 19, §2760

546.2 Department of insurance and financial services.

1. A department of insurance and financial services is created to coordinate and administer the various regulatory, service, and licensing functions of the state relating to the conducting of business or commerce in the state.

2. The chief administrative officer of the department is the director. The director shall be the commissioner of insurance appointed pursuant to section 505.2. The director shall fulfill the responsibilities and duties of the director of the department in addition to the director's responsibilities and duties as the head of the insurance division.

3. The department is administratively organized into the following divisions:

a. Banking.

b. Credit union.

c. Insurance.

4. The director shall have the following responsibilities:

a. To establish general operating policies for the department to provide general uniformity among the divisions while providing for necessary flexibility.

b. To assemble a department structure and strategic plan that will provide optimal decentralization of responsibilities and authorities with sufficient coordination for appropriate growth and development.

c. To coordinate personnel services and shared administrative support services to assure maximum support and assistance to the divisions.

d. To coordinate the development of an annual budget which quantifies the operational plans of the divisions.

e. To identify and, with the chief administrative officers of each division, facilitate the opportunities for consolidation and efficiencies within the department.

f. To maintain monitoring and control systems, procedures, and policies which will permit each level of responsibility to quickly and precisely measure its results with its plan and standards.

5. The chief administrative officer of each division shall have the following responsibilities:

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a. To make rules pursuant to chapter 17A except to the extent that rulemaking authority is vested in a policymaking commission.

b. To hire, allocate, develop, and supervise employees of the division necessary to perform duties assigned to the division by law.

c. To supervise and direct personnel and other resources to accomplish duties assigned to the division by law.

d. To establish fees assessed to the regulated industry except to the extent this power is vested in a policymaking commission.

6. Each division is responsible for policymaking and enforcement duties assigned to the division under the law.

a. Each division shall adopt rules pursuant to chapter 17A to implement its duties. Such rules shall not be subject to section 17A.7, subsection 3.

b. Decisions by the divisions are final agency actions pursuant to chapter 17A.

c. Each division may adopt rules pursuant to chapter 17A consistent with model or uniform regulations approved by national, federal, or international insurance, securities, banking, or credit union regulatory organizations, and not inconsistent with Iowa law. Such rules are exempt from the requirements of section 17A.6, subsection 5.

86 Acts, ch 1245, §702; 87 Acts, ch 234, §438; 93 Acts, ch 175, §20; 2000 Acts, ch 1219, §17; 2006 Acts, ch 1177, §49; 2007 Acts, ch 88, §44; 2023 Acts, ch 19, §2030, 2761; 2024 Acts, ch 1169, §23, 24

Referred to in §7E.5, 505.2

546.3 Banking division.

The banking division shall regulate and supervise banks under chapter 524, debt management licensees under chapter 533A, money services under chapter 533C, delayed deposit services under chapter 533D, mortgage bankers and brokers under chapter 535B, regulated loan companies under chapter 536, and industrial loan companies under chapter 536A, and shall perform other duties assigned to the division by law. The division is headed by the superintendent of banking who is appointed pursuant to section 524.201. The state banking council shall render advice within the division when requested by the superintendent.

86 Acts, ch 1245, §703; 91 Acts, ch 63, §5; 2004 Acts, ch 1141, §32; 2006 Acts, ch 1177, §50; 2007 Acts, ch 88, §45; 2012 Acts, ch 1017, §151; 2016 Acts, ch 1124, §29, 32; 2023 Acts, ch 19, §1703, 2031

546.4 Credit union division.

1. The credit union division created by section 533.103 shall regulate and supervise credit unions under chapter 533.

2. The division is headed by the superintendent of credit unions who shall be appointed pursuant to section 533.104.

3. The credit union review board shall perform duties within the division as prescribed in chapter 533.

86 Acts, ch 1245, §704; 2007 Acts, ch 174, §96

546.5 Savings and loan division. Repealed by 2007 Acts, ch 88, §50.

546.6 Reserved.

546.7 Utilities division. Repealed by 2023 Acts, ch 19, §2702.

546.8 Insurance division.

The insurance division shall regulate and supervise the conducting of the business of insurance in the state. The division shall enforce and implement Title XIII, subtitle 1, insurance and related regulation, and chapter 502, and shall perform other duties assigned

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to the division by law. The division is headed by the commissioner of insurance who shall be appointed pursuant to section 505.2.

86 Acts, ch 1245, §708; 93 Acts, ch 60, §24; 94 Acts, ch 1023, §115

546.9 Alcoholic beverages division. Repealed by 2023 Acts, ch 19, §2470.

546.10 Licensing and regulation of business and commerce-related professions. Transferred to §10A.506; 2023 Acts, ch 19, §1711.

546.11 Reserved.

546.12 Commerce revolving fund.

1. A commerce revolving fund is created in the state treasury. The fund shall consist of moneys collected by the banking division; credit union division; utilities commission, including moneys collected on behalf of the office of consumer advocate established in section 475A.3; and the insurance division of the department; and deposited into an account for that division, commission, or office within the fund on a monthly basis. Except as otherwise provided by statute, all costs for operating the office of consumer advocate and the banking division, the credit union division, the utilities commission, and the insurance division of the department shall be paid from the division's accounts within the fund, subject to appropriation by the general assembly. The insurance division shall administer the fund and all other divisions shall work with the insurance division to make sure the fund is properly accounted and reported to the department of management and the department of administrative services. The divisions shall provide quarterly reports to the department of management and the legislative services agency on revenues billed and collected and expenditures from the fund in a format as determined by the department of management in consultation with the legislative services agency.

2. To meet cash flow needs for the office of consumer advocate and the banking division, credit union division, utilities commission, or the insurance division of the department, the administrative head of that division, commission, or office may temporarily use funds from the general fund of the state to pay expenses in excess of moneys available in the revolving fund for that division, commission, or office if those additional expenditures are fully reimbursable and the division, commission, or office reimburses the general fund of the state and ensures all moneys are repaid in full by the close of the fiscal year. Notwithstanding any provision to the contrary, the divisions shall, to the fullest extent possible, make an estimate of billings and make such billings as early as possible in each fiscal year, so that the need for the use of general fund moneys is minimized to the lowest extent possible. Periodic billings shall be deemed sufficient to satisfy this requirement. Because any general fund moneys used shall be fully reimbursed, such temporary use of funds from the general fund of the state shall not constitute an appropriation for purposes of calculating the state general fund expenditure limitation pursuant to section 8.54.

3. Section 8.33 does not apply to any moneys credited or appropriated to the commerce revolving fund from any other fund.

4. The establishment of the commerce revolving fund pursuant to this section shall not be interpreted in any manner to compromise or impact the accountability of, or limit authority with respect to, an agency or entity under state law. Any provision applicable to, or responsibility of, a division, commission, or office collecting moneys for deposit into the fund established pursuant to this section shall not be altered or impacted by the existence of the fund and shall remain applicable to the same extent as if the division, commission, or office were receiving moneys pursuant to a general fund appropriation. The divisions of the department of insurance and financial services shall comply with directions by the governor to executive branch departments regarding restrictions on out-of-state travel,

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hiring justifications, association memberships, equipment purchases, consulting contracts, and any other expenditure efficiencies that the governor deems appropriate.

2009 Acts, ch 181, §108; 2011 Acts, ch 127, §51, 89; 2023 Acts, ch 19, §2762; 2024 Acts, ch 1170, §369

Referred to in §475A.3, 476.10, 476.51, 476.87, 476.95B, 476.103, 476A.14, 478.4, 479.16, 479A.9, 479B.12, 505.7, 524.207, 533.111, 533A.14

546.13 Confidential records and data.

1. Notwithstanding sections 8E.104 and 8E.209, the department of insurance and financial services shall not share or provide to the department of management any trade secrets, information regulated by third parties, or information deemed confidential by law or contractual commitment.

2. The department of management shall not be the lawful custodian of any department of insurance and financial services records or data for purposes of chapter 22. Information provided to the department of management pursuant to sections 8E.104 and 8E.209 shall remain confidential information of the department of insurance and financial services, and any statistical information derived from such information shall only be disseminated by the department of management in anonymized and aggregate form.

2024 Acts, ch 1185, §80

CHAPTER 546A

UNUSED PROPERTY MARKETS — REGULATION OF SALES

Referred to in §669.14

546A.1	Definitions.	546A.3	Receipts.
546A.2	Sales prohibited.	546A.4	Penalties.

546A.1 Definitions.

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

1. *"Baby food"* or *"infant formula"* means any food manufactured, packaged, and labeled specifically for sale for consumption by a child under two years of age.

2. *"Cosmetic"* means any of the following, but does not include soap:

a. An article intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part of a human body for cleaning, beautifying, promoting attractiveness, or altering the appearance.

b. An article intended for use as a component of an article defined in paragraph "*a*".

3. *"Medical device"* means an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, tool, or other similar or related article, including any component, part, or accessory, to which either of the following applies:

a. The article is required under federal law to bear the label "Caution: Federal law requires dispensing by or on the order of a physician".

b. The article is defined by federal law as a medical device, and is intended for use in one of the following:

(1) The diagnosis of disease or other conditions.

(2) The cure, mitigation, treatment, or prevention of disease in humans or other animals.

(3) To affect the structure or any function of the body of man or other animals, but none of its principal intended purposes are achieved through chemical action within or on the body of a human or other animal nor is achievement of any of its principal intended purposes dependent upon the article being metabolized.

4. *"New and unused property*" means tangible personal property that was acquired by the unused property merchant directly from the producer, manufacturer, wholesaler, or retailer in the ordinary course of business which has never been used since its production or manufacture or which is in its original and unopened package or container, if such personal property was so packaged when originally produced or manufactured.

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5. *"Nonprescription drug"* means any nonnarcotic medicine, drug, or other substance that may be sold without a prescription or medication order, and is prepackaged for use by the consumer, prepared by the manufacturer or producer for use by the consumer, and properly labeled and unadulterated, pursuant to the requirements of state and federal laws. *"Nonprescription drug"* does not include herbal products, dietary supplements, botanical extracts, or vitamins.

6. *"Personal care product"* means an item used in essential activities of daily living which may include but are not limited to bathing, personal hygiene, dressing, and grooming.

7. *a. "Unused property market"* means any of the following:

(1) An event where two or more persons offer personal property for sale or exchange, for which a fee is charged for sale or exchange of personal property, or at which a fee is charged to prospective buyers for admission to the area at which personal property is offered or displayed for sale or exchange, provided that the event is held more than six times in any twelve-month period.

(2) Any similar event that involves a series of sales sufficient in number, scope, and character to constitute a regular course of business, regardless of where the event is held, and regardless of the terminology applied to such event, including but not limited to "swap meet", "indoor swap meet", "flea market", or other similar terms.

b. "Unused property market" shall not mean any of the following:

(1) An event that is organized for the exclusive benefit of any community chest, fund, foundation, association, or corporation organized and operated for religious, educational, or charitable purposes, provided that no part of any admission fee or parking fee charged vendors or prospective purchasers or the gross receipts or net earnings from the sale or exchange of personal property, whether in the form of a percentage of the receipts or earnings, as salary, or otherwise, inures to the benefit of any private shareholder or person participating in the organization or conduct of the event.

(2) An event where all of the personal property offered for sale or displayed is new, and all persons selling, exchanging, or offering or displaying personal property for sale or exchange are manufacturers or authorized representatives of manufacturers or distributors.

8. *"Unused property merchant"* means any person, other than a vendor or merchant with an established retail store in the county where the unused property market event occurs, who transports an inventory of goods to a building, vacant lot, or other unused property market location and who, at that location, displays the goods for sale and sells the goods at retail or offers the goods for sale at retail. *"Unused property merchant"* does not mean a merchant as defined in section 554.2104.

2004 Acts, ch 1053, §1; 2005 Acts, ch 3, §92

546A.2 Sales prohibited.

1. An unused property merchant shall not offer for sale or knowingly permit the sale at an unused property market of baby food, infant formula, cosmetics, or personal care products, or any nonprescription drug or medical device.

2. This section shall not apply to a person who possesses and keeps available for public inspection authentic written authorization identifying that person as an authorized representative of the manufacturer or distributor of such product. Authorization that is false, fraudulent, or fraudulently obtained shall not satisfy the requirement under this subsection.

2004 Acts, ch 1053, §2

546A.3 Receipts.

1. An unused property merchant shall maintain receipts for the purchase of new and unused property from the producer, manufacturer, wholesaler, or retailer. A receipt shall include all of the following:

a. The date of the purchase.

b. The name and address of the person from whom the new or unused property was acquired.

c. An identification and description of the new and unused property acquired.

d. The price paid for such new and unused property.

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e. The signature of the seller and buyer of the new and unused property.

2. An unused property merchant shall maintain receipts required under subsection 1 for two years.

3. An unused property merchant shall not knowingly do either of the following:

a. Falsify, obliterate, or destroy receipts required under subsection 1. Disposal or destruction of receipts after the two-year retention period required by subsection 2 shall not violate this paragraph.

b. Refuse or fail upon request and reasonable notice to make receipts required under subsection 1 available for inspection.

4. This section shall not apply to any of the following:

a. The sale of a motor vehicle or trailer that is required to be registered or is subject to the certificate of title laws of this state.

b. The sale of wood for fuel, ice, or livestock.

c. Business conducted during an industry or association trade show.

d. New and unused property that was not recently produced or manufactured, and the style, packaging, or material of the property clearly indicates that it was not recently produced or manufactured.

e. A person who sells by sample, catalog, or brochure for future delivery.

f. The sale of arts or crafts or other merchandise by a person who produces such arts or crafts or merchandise or by a person acting on such person's behalf.

g. A person who makes a sales presentation pursuant to a prior, individualized invitation issued to the consumer by the owner or legal occupant of the premises.

2004 Acts, ch 1053, §3

546A.4 Penalties.

A person who violates any provision of this chapter commits:

1. A simple misdemeanor for a first offense.
2. A serious misdemeanor for a second offense.
3. An aggravated misdemeanor for a third or subsequent offense.

2004 Acts, ch 1053, §4; 2005 Acts, ch 3, §93

CHAPTER 546B

VETERANS BENEFITS ASSISTANCE

Referred to in §669.14

Former chapter 546B repealed by 2018 Acts, ch 1115, §7

546B.1	Definitions.	546B.3	Prohibited acts or practices.
546B.2	Advertising or promotion disclosures.	546B.4	Inapplicability of chapter.
		546B.5	Unfair practice — penalties.

546B.1 Definitions.

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

1. *"Compensation"* means money, property, or anything else of value, which includes but is not limited to exclusive arrangements or agreements for the provision of services or the purchase of products.

2. *"Person"* includes, where applicable, natural persons, corporations, trusts, unincorporated associations, and partnerships.

3. *"Trade or commerce"* includes the marketing or sale of assets, goods, or services, or any commerce directly or indirectly affecting the people of this state.

4. *"Veteran"* means as defined in section 35.1.

5. *"Veterans' benefit matter"* means any preparation, presentation, or prosecution of a claim affecting a person who has filed or has expressed an intention to file an application for determination of payment, service, commodity, function, or status, entitlement to which

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is determined under laws administered by the United States department of veterans affairs or the Iowa department of veterans affairs pertaining to veterans and their dependents or survivors.

2018 Acts, ch 1115, §2
Former §546B.1 repealed by 2018 Acts, ch 1115, §7

546B.2 Advertising or promotion disclosures.

1. A person who advertises or promotes any event, presentation, seminar, workshop, or other public gathering regarding veterans' benefits or entitlements shall include a disclosure as provided in this section and must disseminate the disclosure, both orally and in writing, at the beginning of the event, presentation, seminar, workshop, or other public gathering. The written disclosure must be in the same type size and font as the term "veteran" or any variation of that term as used in the advertisement or promotional materials for the event, presentation, seminar, workshop, or public gathering.

2. The disclosure required by this section shall be in the following form:

> This event is not sponsored by, or affiliated with, the United States Department of Veterans Affairs, the Iowa Department of Veterans Affairs, or any other congressionally chartered or recognized organization of honorably discharged members of the Armed Forces of the United States or any of their auxiliaries. Products or services that may be discussed at this event are not necessarily endorsed by those organizations. You may qualify for benefits other than or in addition to the benefits discussed at this event.

3. The requirement to provide a disclosure as provided in this section shall not apply under any of the following circumstances:

a. The United States department of veterans affairs, the Iowa department of veterans affairs, or any other congressionally chartered or recognized organization of honorably discharged members of the armed forces of the United States or any of their auxiliaries have granted written permission to the person for the use of its name, symbol, or insignia to advertise or promote any event, presentation, seminar, workshop, or other public gathering regarding veterans' benefits or entitlements.

b. The event, presentation, seminar, workshop, or public gathering is part of an accredited continuing legal education course.

2018 Acts, ch 1115, §3
Referred to in §546B.3
Former §546B.2 repealed by 2018 Acts, ch 1115, §7

546B.3 Prohibited acts or practices.

A person who commits any of the following acts or practices commits a violation of this chapter:

1. Receives compensation for advising or assisting another person with a veterans' benefit matter, except as permitted under Tit. 38 of the United States Code.

2. Uses financial or other personal information gathered in order to prepare documents for, or otherwise represent the interests of, another in a veterans' benefit matter for purposes of trade or commerce, except as permitted under Tit. 38 of the United States Code.

3. Receives compensation for referring another person to a person accredited by the United States department of veterans affairs.

4. Represents, either directly or by implication, and either orally or in writing, that the receipt of a certain level of veterans' benefits is guaranteed.

5. Fails to provide a disclosure required to be provided pursuant to section 546B.2.

2018 Acts, ch 1115, §4
Former §546B.3 repealed by 2018 Acts, ch 1115, §7

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546B.4 Inapplicability of chapter.

This chapter does not apply to officers, employees, or volunteers of the state, or of any county, city, or other political subdivision, or of a federal agency of the United States, who are acting in their official capacity.

2018 Acts, ch 1115, §5

546B.5 Unfair practice — penalties.

A violation of this chapter is a violation of section 714.16, subsection 2, paragraph *"a"*. Any civil penalty recovered for a violation of this chapter shall be deposited in the veterans trust fund created in section 35A.13.

2018 Acts, ch 1115, §6

CHAPTER 547

TRADE NAMES

Referred to in §446.16, 488.905, 543C.2, 669.14

547.1	Use of trade name — verified statement required.	547.4	Penalty.
547.2	Change in statement.	547.5	"Offense" defined.
547.3	Fee for recording.	547.6	Repealed by 91 Acts, ch 4, §1.

547.1 Use of trade name — verified statement required.

A person shall not engage in or conduct a business under a trade name, or an assumed name of a character other than the true surname of each person owning or having an interest in the business, unless the person first records with the county recorder of the county in which the business is to be conducted a verified statement showing the name, post office address, and residence address of each person owning or having an interest in the business, and the address where the business is to be conducted. However, this provision does not apply to any person organized or incorporated in this state as a domestic entity or authorized to do business in this state as a foreign entity if the person is a limited partnership under chapter 488; a limited liability company under chapter 489; a corporation under chapter 490; a professional corporation under chapter 496C; a cooperative or cooperative association under chapter 497, 498, 499, 501, or 501A; or a nonprofit corporation under chapter 504.

[C27, 31, 35, §9866-a1; C39, §**9866.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §547.1]

89 Acts, ch 102, §3; 96 Acts, ch 1170, §23; 2004 Acts, ch 1021, §119; 2004 Acts, ch 1049, §191; 2005 Acts, ch 4, §2; 2006 Acts, ch 1030, §67; 2008 Acts, ch 1162, §152, 154, 155; 2015 Acts, ch 29, §86

547.2 Change in statement.

A like verified statement shall be recorded of any change in ownership of the business, or persons interested in the business and the original owners are liable for all obligations until the certificate of change is recorded.

[C27, 31, 35, §9866-a2; C39, §**9866.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §547.2]

89 Acts, ch 102, §4

547.3 Fee for recording.

The county recorder shall collect fees in the amount specified in section 331.604 for each verified statement recorded under this chapter. The recorder may return the original instrument to the sender or dispose of the instrument if the sender does not wish to have the instrument returned. An instrument filed in the recorder's office before July 1, 1990, may

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be returned to the sender or disposed of if the sender does not wish to have the instrument returned and if there is an official copy of the instrument in the recorder's office.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §547.3]

85 Acts, ch 159, §4; 89 Acts, ch 102, §5; 90 Acts, ch 1021, §4; 2009 Acts, ch 27, §31

547.4 Penalty.

Any person violating the provisions of this chapter shall be guilty of a simple misdemeanor.

[C27, 31, 35, §9866-a3; C39, §**9866.3;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §547.4]

547.5 "Offense" defined.

Each day that any person or persons violate the provisions of this chapter shall be deemed to be a separate and distinct offense.

[C27, 31, 35, §9866-a4; C39, §**9866.4;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §547.5]

547.6 Repealed by 91 Acts, ch 4, §1.

CHAPTER 547A

MISUSE OF FINANCIAL INSTITUTION OR INSURER NAME

Referred to in §669.14

547A.1 Definition. 547A.2 Misuse of name — penalty.

547A.1 Definition.

As used in this chapter, unless the context otherwise requires, *"financial institution"* means the same as defined in section 527.2, and *"insurer"* means an insurer organized under Title XIII, subtitle 1, or similar laws of any other state or the United States.

2005 Acts, ch 22, §1

547A.2 Misuse of name — penalty.

1. A person who uses the name, trademark, logo, or symbol of a financial institution or insurer in connection with the sale, offering for sale, distribution, or advertising of any product or service without the consent of the financial institution or insurer, if such use is misleading or deceptive as to the source of origin or sponsorship of, or the affiliation with, the product or service, is guilty of a serious misdemeanor.

2. A financial institution or insurer may bring an action to enjoin the misleading or deceptive use prohibited in subsection 1 and recover all damages suffered by reason of the prohibited use, including reasonable attorney fees. The financial institution or insurer may recover any profits derived from the prohibited use. The state agency with regulatory authority over the financial institution or insurer may also bring an action to enjoin the misleading or deceptive use prohibited in subsection 1. This subsection does not preclude any other remedy provided by law.

2005 Acts, ch 22, §2

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CHAPTER 548

REGISTRATION AND PROTECTION OF MARKS

Referred to in §187.302, 669.14

548.101 Definitions.
548.102 Registrability.
548.103 Application for registration.
548.104 Filing of applications.
548.105 Certificate of registration.
548.106 Duration and renewal.
548.107 Assignments, changes of name, and other instruments.
548.108 Records.
548.109 Cancellation.
548.110 Classification.
548.111 Fraudulent registration.
548.112 Infringement.
548.113 Injury to business reputation — dilution.
548.114 Remedies.
548.115 Forum for actions regarding registration — service on out-of-state registrants.
548.116 Common law rights.
548.117 Fees.

548.101 Definitions.

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

1. *"Abandoned"* means the occurrence of any of the following in relation to a mark:

a. The use of the mark has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall constitute prima facie evidence of abandonment.

b. A course of conduct of the owner of the mark, including acts of omission as well as commission, causes the mark to lose its significance as a mark.

2. *"Applicant"* means a person filing an application for registration of a mark under this chapter, and the person's legal representative, successor, or assignee.

3. *"Dilution"* means the lessening of the capacity of a mark to identify and distinguish goods or services, regardless of the presence or absence of any of the following:

a. Competition between parties.

b. Likelihood of confusion, mistake, or deception.

4. *"Mark"* means a trademark or service mark, entitled to registration under this chapter, whether registered or not.

5. *"Person"* and any other word or term used to designate the applicant or other party entitled to a benefit or privilege or rendered liable under this chapter includes a juristic person as well as a natural person. The term *"juristic person"* includes a firm, partnership, corporation, union, association, or other organization capable of suing and being sued in a court of law.

6. *"Registrant"* means a person to whom the registration of a mark under this chapter is issued, and the legal representative, successor, or assignee of such person.

7. *"Secretary"* means the secretary of state or the designee of the secretary charged with the administration of this chapter.

8. *"Service mark"* means a word, name, symbol, or device or any combination of a word, name, symbol, or device, used by a person to identify services and to distinguish the services of that person, including a unique service, from the services of others, and to indicate the source of the services, even if that source is unknown. Titles, character names used by a person, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of a sponsor.

9. *"Trademark"* means a word, name, symbol, or device or any combination of a word, name, symbol, or device, used by a person to identify and distinguish the goods of that person, including a unique product, from those manufactured and sold by others, and to indicate the source of the goods, even if that source is unknown.

10. *"Trade name"* means a name used by a person to identify a business or vocation of such person.

11. *"Use"* means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For the purposes of this chapter, a mark shall be deemed to be in use under any of the following circumstances:

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a. On goods sold or transported in commerce in this state when the mark is placed in any manner on the goods or containers or associated displays, or on affixed tags or labels, or if the nature of the goods makes the placement on the goods or containers impracticable, on documents associated with the goods or their sale.

b. On services when the mark is used or displayed in the sale or advertising of services and the services are rendered in this state.

[C71, 73, 75, 77, 79, 81, §548.1]
94 Acts, ch 1090, §1
C95, §548.101
95 Acts, ch 49, §15; 95 Acts, ch 67, §38, 39

548.102 Registrability.

A mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall not be registered if the mark meets any of the following criteria:

1. Consists of or comprises immoral, deceptive, or scandalous matter.

2. Consists of or comprises matter which may disparage, bring into contempt or disrepute, or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

3. Consists of or comprises the flag, or coat of arms, or other insignia of the United States, or of any state or municipality, or of any foreign nation, or any simulation thereof.

4. Consists of, or comprises the name, signature, or portrait identifying a particular living individual, except by the individual's written consent.

5. *a.* Consists of a mark which is one of the following:

(1) When used on or in connection with the goods or services of the applicant, is merely descriptive or deceptively misdescriptive of the goods or services.

(2) When used on or in connection with the goods or services of the applicant, is primarily geographically descriptive or geographically misdescriptive of the goods or services.

(3) Is primarily merely a surname.

b. This subsection 5 does not prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods or services. The secretary may accept as evidence that the mark has become distinctive as used on or in connection with the applicant's goods or services, proof of continuous use thereof as a mark by the applicant in this state for the five years before the date on which the claim for distinctiveness is made.

6. Consists of or comprises a mark which so resembles a mark registered in this state or a mark or trade name previously used by another and not abandoned, so as to be likely, when used on or in connection with the goods or services of the applicant, to cause confusion or mistake, or to deceive.

[C71, 73, 75, 77, 79, 81, §548.2]
86 Acts, ch 1087, §1, 2; 94 Acts, ch 1090, §2
C95, §548.102
95 Acts, ch 67, §40; 2012 Acts, ch 1023, §157

548.103 Application for registration.

1. Subject to the limitations set forth in this chapter, a person who uses a mark may file in the office of the secretary, in the manner which will comply with the requirements of the secretary, an application for the registration of that mark setting forth, but not limited to, all of the following information:

a. The name and business address of the person applying for registration; and if a corporation, the state of incorporation, or if a partnership, the state in which the partnership is organized and the names of the general partners, as specified by the secretary.

b. The goods or services on or in connection with which the mark is in use, the mode or manner in which the mark is used on or in connection with those goods or services, and the class in which such goods or services fall, as described in rules adopted by the secretary.

c. The date on which the mark was first used anywhere by the applicant or the applicant's predecessor in interest.

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d. A statement that the applicant is the owner of the mark, that the mark is in use, and that, to the knowledge of the person verifying the application, no other person has registered, either federally or in this state, or has the right to use such mark either in the identical form or in such resemblance to the form as to be likely, when applied to the goods or services of such other person, to cause confusion or mistake, or to deceive.

2. The secretary may also require a statement as to whether an application to register the mark, or portions or a composite of the mark, has been filed by the applicant or a predecessor in interest in the United States patent and trademark office; and if so, the applicant shall provide full particulars with respect to the filing including the filing date and serial number of each application, the status of the application and if any application was finally refused registration or has otherwise not resulted in a registration, the reasons therefor.

3. The secretary may also require that a drawing of the mark, complying with such requirements as the secretary may specify, accompany the application.

4. The application shall be signed and verified by oath, affirmation, or declaration subject to perjury laws by the applicant or by a member of the firm or an officer of the corporation or association applying.

5. The application shall be accompanied by a specimen showing the mark as actually used.

6. The application shall be accompanied by the application fee payable to the secretary.

[C97, §5049; C24, 27, 31, 35, 39, §**9867, 9868, 9870;** C46, 50, 54, 58, 62, 66, §548.1, 548.2, 548.4; C71, 73, 75, 77, 79, 81, §548.3]

94 Acts, ch 1090, §3

C95, §548.103

97 Acts, ch 44, §1; 2012 Acts, ch 1023, §157

548.104 Filing of applications.

1. Upon the filing of an application for registration and payment of the application fee, the secretary may cause the application to be examined for conformity with this chapter.

2. The applicant shall provide any additional pertinent information requested by the secretary including a description of a design mark and may make, or authorize the secretary to make, such amendments to the application as may be reasonably requested by the secretary or deemed by the applicant to be advisable to respond to any rejection or objection.

3. The secretary may require the applicant to disclaim an unregisterable component of a mark otherwise registerable, and an applicant may voluntarily disclaim a component of a mark sought to be registered. A disclaimer shall not prejudice or affect the applicant's or registrant's rights existing at or after the time of disclaimer arising in the disclaimed matter, or the applicant's or registrant's rights of registration on another application if the disclaimed matter is or becomes distinctive of the applicant's or registrant's goods or services.

4. Amendments may be made by the secretary upon the application submitted by the applicant upon the applicant's agreement, or the secretary may require a new application to be submitted.

5. If the applicant is found not to be entitled to registration, the secretary shall advise the applicant thereof and of the reasons therefor. The applicant shall have a reasonable period of time specified by the secretary in which to reply or to amend the application, in which event the application shall be reexamined. This procedure may be repeated until the secretary finally refuses registration of the mark or the applicant fails to reply or amend within the specified period, whereupon the application shall be deemed to have been abandoned.

6. If the secretary finally refuses registration of the mark, the applicant may seek judicial review of the refusal in accordance with chapter 17A.

7. If the secretary is concurrently processing applications seeking registration of the same or confusingly similar marks for the same or related goods or services, the secretary shall grant priority to the applications in order of filing. If an application filed earlier is granted a registration, a later application shall be rejected. Any rejected applicant may bring an action for cancellation of the registration upon grounds of prior or superior rights to the mark, in accordance with the provisions of section 548.109.

94 Acts, ch 1090, §4

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548.105 Certificate of registration.

1. Upon compliance by the applicant with the requirements of this chapter, the secretary shall issue and deliver a certificate of registration to the applicant. The certificate of registration shall be issued under the signature and seal of the secretary. The certificate of registration shall show the name and business address and, if a corporation, the state of incorporation, or if a partnership, the state in which the partnership is organized and the names of the general partners, as specified by the secretary, of the person claiming ownership of the mark. The certificate of registration shall also show the date claimed for the first use of the mark anywhere and the date claimed for the first use of the mark in this state, the class of goods or services and a description of the goods or services on or in connection with which the mark is used, a description of the mark, the registration date, and the term of the registration.

2. A certificate of registration issued by the secretary under this section or a copy thereof duly certified by the secretary shall be admissible in evidence as competent and sufficient proof of the registration of such mark in an action or judicial proceeding in any court in this state.

[C97, §5049; C24, 27, 31, 35, 39, §**9868, 9869;** C46, 50, 54, 58, 62, 66, §548.2, 548.3; C71, 73, 75, 77, 79, 81, §548.4]

94 Acts, ch 1090, §5

C95, §548.105

97 Acts, ch 44, §2; 2019 Acts, ch 24, §104

548.106 Duration and renewal.

1. A registration of a mark under this chapter shall be effective for a term of five years from the date of registration and, upon application filed within six months prior to the expiration of the term, in a manner complying with the requirements of the secretary, the registration may be renewed for a like term from the end of the expiring term. A renewal fee payable to the secretary shall accompany an application for renewal of registration.

2. A registration may be renewed for successive periods of five years in like manner.

3. A registration in force on the date on which this chapter shall become effective shall continue in full force and effect for the unexpired term thereof and may be renewed by filing an application for renewal with the secretary complying with the requirements of the secretary and paying the renewal fee within six months prior to the expiration of the registration.

4. All applicants for renewal under this chapter, whether of registration made under this chapter or of registrations effected under any prior statute, shall include a verified statement that the mark has been and is still in use and include a specimen showing actual use of the mark on or in connection with the goods or services.

[C46, 50, 54, 58, 62, 66, §548.6; C71, 73, 75, 77, 79, 81, §548.5]

94 Acts, ch 1090, §6

C95, §548.106

2018 Acts, ch 1041, §127

548.107 Assignments, changes of name, and other instruments.

1. A mark and its registration under this chapter is assignable with the goodwill of the business in which the mark is used or with that part of the goodwill of the business connected with the use of and symbolized by the mark. Assignment shall be by a duly executed written instrument which may be recorded with the secretary upon the payment of a recording fee to the secretary, who, upon recording of the assignment, shall issue a new certificate in the name of the assignee for the remainder of the term of the assigned registration or of the last renewal of the registration. An assignment of a registration under this chapter shall be void as against any subsequent purchase for valuable consideration without notice, unless the assignment is recorded with the secretary within three months after the date of the assignment or prior to such subsequent purchase.

2. A registrant or applicant effecting a change of the name of the person to whom the mark was issued or for whom an application was filed may record a certificate of change of name

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of the registrant or applicant with the secretary upon the payment of the recording fee. The secretary may issue a certificate of registration of an assigned application in the name of the assignee. The secretary may issue in the name of the assignee, a new certificate or registration for the remainder of the term of the registration or last renewal of the registration.

3. Other instruments which relate to a mark registered or application pending pursuant to this chapter, such as, by way of example, licenses, security interests, or mortgages, may be recorded in the discretion of the secretary, if such instrument is in writing and duly executed.

4. Acknowledgment shall be prima facie evidence of the execution of an assignment or other instrument and, when recorded by the secretary, the record shall be prima facie evidence of execution.

5. A photocopy of any instrument referred to in subsections 1 through 3, shall be accepted for recording if it is certified by any of the parties to the registration, or their successors, to be a true and correct copy of the original.

[C46, 50, 54, 58, 62, 66, §548.5; C71, 73, 75, 77, 79, 81, §548.6]
94 Acts, ch 1090, §7
C95, §548.107
Referred to in §548.108

548.108 Records.

The secretary shall keep for public examination a record of all marks registered or renewed under this chapter, as well as a record of all documents recorded pursuant to section 548.107.

94 Acts, ch 1090, §8

548.109 Cancellation.

The secretary shall cancel from the register, in whole or in part, any of the following:

1. A registration concerning which the secretary receives a voluntary request for cancellation from the registrant or the assignee of record.

2. A registration granted under this chapter and not renewed in accordance with this chapter.

3. A registration concerning which a district court finds any of the following:

a. That the registered mark has been abandoned.

b. That the registrant is not the owner of the mark.

c. That the registration was granted improperly.

d. That the registration was obtained fraudulently.

e. That the mark has become the generic name for the goods or services, or a portion of the goods or services, for which the mark has been registered.

f. That the registered mark is so similar, as to be likely to cause confusion or mistake or to deceive, to a mark registered by another person in the United States patent and trademark office prior to the date of the filing of the application for registration by the registrant under this chapter, and not abandoned. However, if the registrant proves that the registrant is the owner of a concurrent registration of a mark in the United States patent and trademark office covering an area including this state, the registration under this chapter shall not be canceled for such area of the state.

4. A registration ordered canceled by a court on any ground.

[C71, 73, 75, 77, 79, 81, §548.7]
94 Acts, ch 1090, §9
C95, §548.109
Referred to in §548.104

548.110 Classification.

The secretary shall by rule establish a classification of goods and services for convenience in the administration of this chapter, but not limit or extend the applicant's or registrant's rights, and a single application for registration of a mark may include any or all goods upon which, or services with which, the mark is actually being used indicating the appropriate class or classes of goods or services. If a single application includes goods or services which fall within multiple classes, the secretary may require payment of a fee for each class. To the

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extent practical, the classification of goods and services should conform to the classification adopted by the United States patent and trademark office.

[C71, 73, 75, 77, 79, 81, §548.8]
94 Acts, ch 1090, §10
C95, §548.110

548.111 Fraudulent registration.

A person who, either on the person's own behalf or on behalf of any other person, procures the filing or registration of a mark in the office of the secretary under this chapter by knowingly making any false or fraudulent representation or declaration, orally or in writing, or by any other fraudulent means, is liable for the damages sustained in consequence of the filing or registration to be recovered by or on behalf of the party injured in district court.

[C71, 73, 75, 77, 79, 81, §548.9]
94 Acts, ch 1090, §11
C95, §548.111

548.112 Infringement.

1. Subject to section 548.116, a person shall not do any of the following:

a. Use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake, or to deceive as to the source of origin of such goods or services.

b. Reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of such goods or services.

2. The person shall be liable in a civil action by the registrant for any or all of the remedies provided in section 548.114, except that under subsection 1, paragraph *"b"*, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion or mistake or to deceive.

[C97, §5051; C24, 27, 31, 35, 39, §**9874;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §548.10]
94 Acts, ch 1090, §12
C95, §548.112
2012 Acts, ch 1023, §142

548.113 Injury to business reputation — dilution.

1. The owner of a mark which is famous in this state shall be entitled, subject to the principles of equity, to an injunction against another's use of a mark, commencing after the owner's mark becomes famous, which causes dilution of the distinctive quality of the owner's mark, and to obtain such other relief as is provided in this section. In determining whether a mark is famous, a court may consider factors such as, but not limited to:

a. The degree of inherent or acquired distinctiveness of the mark in this state.

b. The duration and extent of use of the mark in connection with the goods and services.

c. The duration and extent of advertising and publicity of the mark in this state.

d. The geographical extent of the trading area in which the mark is used.

e. The channels of trade for the goods or services with which the owner's mark is used.

f. The degree of recognition of the owner's mark in its and in the other's trading areas and channels of trade in this state.

g. The nature and extent of use of the same or similar mark by third parties.

2. The owner shall be entitled only to injunctive relief in this state in an action brought under this section, unless the subsequent user willfully intended to trade on the owner's reputation or to cause dilution of the owner's mark. If such willful intent is proven, the owner shall also be entitled to the remedies set forth in this chapter, subject to the discretion of the court and the principles of equity.

94 Acts, ch 1090, §13; 2012 Acts, ch 1023, §157

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548.114 Remedies.

1. The owner of a mark registered under this chapter may proceed by suit to enjoin the manufacture, use, display, or sale of any counterfeits or imitations of the mark and any court may grant injunctions to restrain such manufacture, use, display, or sale as the court deems just and reasonable, and may require the defendants to pay to such owner all profits derived from or all damages suffered by reason of such wrongful manufacture, use, display, or sale. The court may also order that any counterfeits or imitations in the possession or under the control of a defendant be delivered to an officer of the court, or to the complainant, to be destroyed. The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and reasonable attorney fees of the prevailing party in cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.

2. The enumeration of any right or remedy in this section shall not affect a registrant's right to prosecute under any penal law of this state.

[C97, §5050, 5051; C24, 27, 31, 35, 39, §**9871 – 9873, 9875;** C46, 50, 54, 58, 62, 66, §548.7 – 548.9, 548.11; C71, 73, 75, 77, 79, 81, §548.11]

94 Acts, ch 1090, §14
C95, §548.114
2019 Acts, ch 24, §104
Referred to in §548.112

548.115 Forum for actions regarding registration — service on out-of-state registrants.

1. Actions to require cancellation of a mark registered pursuant to this chapter shall be brought in district court. In an action for cancellation, the secretary shall not be made a party to the proceeding but shall be notified of the filing of the complaint by the clerk of the district court in which it is filed and shall be given the right to intervene in the action.

2. In an action brought against a nonresident registrant, service may be effected upon the secretary as agent for service of the registrant in accordance with the procedures established for service upon nonresident corporations and business entities under section 617.3.

94 Acts, ch 1090, §15

548.116 Common law rights.

This chapter shall not adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law.

94 Acts, ch 1090, §16
Referred to in §548.112

548.117 Fees.

The secretary shall by rule adopted pursuant to chapter 17A prescribe the fees payable for the various applications and recording fees and for related services. Unless specified by the secretary, the fees payable pursuant to this chapter are not refundable.

94 Acts, ch 1090, §17

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CHAPTER 549

MUSIC LICENSING FEES

Referred to in §669.14

549.1	Short title.	549.6	Investigations.
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549.3	Licensing negotiations.	549.8	Remedies cumulative.
549.4	Royalty contract requirements.	549.9	Exceptions.
549.5	Improper licensing practices.		

549.1 Short title.

This chapter may be cited as the *"Music Licensing Fees Act"*.

96 Acts, ch 1155, §1

549.2 Definitions.

As used in this chapter:

1. *"Copyright owner"* means the owner of a copyright of a nondramatic musical work recognized and enforceable under the copyright laws of the United States under 17 U.S.C. §101 et seq.

2. *"Performing rights society"* means an association or corporation, including an agent or employee of the association or corporation, that licenses the public performance of a nondramatic musical work on behalf of a copyright owner, including the American society of composers, authors and publishers (ASCAP), broadcast music, inc. (BMI), and the society of European stage authors and composers, inc. (SESAC).

3. *"Proprietor"* means the owner of a retail establishment, restaurant, inn, bar, tavern, or any other similar place of business located in this state in which the public may assemble and in which nondramatic musical works may be performed, broadcast, or otherwise transmitted.

4. *"Royalty"* or *"royalties"* means the license fee or fees payable by a proprietor to a performing rights society for the public performance of a nondramatic musical work.

96 Acts, ch 1155, §2

549.3 Licensing negotiations.

1. A performing rights society shall not enter onto the business premises of a proprietor for the purpose of discussing a contract for the payment of royalties for the public performance of copyrighted musical works by the proprietor unless the performing rights society first uses its best efforts to make an appointment to meet with the proprietor at the business premises during normal business hours, or if the proprietor or the proprietor's agent agrees, at a location other than the business premises or at the business premises when the business premises are not open to the public. Upon entering onto the business premises for the purpose of discussing a contract for the payment of royalties for the public performance of copyrighted musical works by the proprietor, the performing rights society shall clearly identify itself to the proprietor and describe to the proprietor the purpose for entering onto the business premises.

2. A performing rights society shall not enter into, or offer to enter into, a contract for the payment of royalties by a proprietor unless at the time of the offer, or any later time, but not later than seventy-two hours prior to the execution of the contract, the performing rights society provides to the proprietor, in writing, all of the following:

a. A schedule of the rates and terms of royalties under the contract.

b. Upon the request of the proprietor, the opportunity to review the most current available list of the members or affiliates represented by the performing rights society.

c. Notice that the performing rights society will make available, upon the written request of a proprietor, at the sole expense of the proprietor, the most current available listing of the copyrighted nondramatic musical or similar works in the performing rights society's repertory, provided that the notice shall specify the means by which the listing can be secured.

d. Notice that the performing rights society complies with federal law and orders of

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courts having appropriate jurisdiction regarding the rates and terms of royalties and the circumstances under which licenses for rights of public performance are offered to any proprietor.

96 Acts, ch 1155, §3; 2024 Acts, ch 1067, §1; 2025 Acts, ch 30, §94

549.4 Royalty contract requirements.

A contract for the payment of royalties between a performing rights society and a proprietor executed in this state shall meet all of the following requirements:

1. Be in writing.
2. Be signed by the parties.
3. Include, at a minimum, the following information:

a. The proprietor's name and business address and the name and location of each place of business to which the contract applies.

b. The name of the performing rights society.

c. The duration of the contract.

d. The schedule of rates and terms of the royalties to be collected under the contract, including any sliding scale or schedule for any increase or decrease of rates for the duration of the contract.

96 Acts, ch 1155, §4

549.5 Improper licensing practices.

A performing rights society shall not do any of the following:

1. Collect or attempt to collect from a proprietor licensed by that performing rights society, a royalty payment except as provided in a contract executed pursuant to the provisions of this chapter.
2. Make a misleading or threatening verbal or written communication to a proprietor in connection with a contract for the payment of royalties or an attempt to collect royalties.
3. State or imply in a verbal or written communication with a proprietor that the performing rights society is an agent or representative of a public body, regulatory agency, or law enforcement agency.

96 Acts, ch 1155, §5; 2024 Acts, ch 1067, §2

549.6 Investigations.

This chapter shall not be construed to prohibit a performing rights society from conducting investigations to determine the existence of music use by a proprietor or informing a proprietor of the proprietor's obligations under the federal copyright law, 17 U.S.C. §101 et seq.

96 Acts, ch 1155, §6

549.7 Remedies — injunction.

A person who suffers a violation of this chapter may bring an action to recover actual damages and reasonable attorney fees and to seek an injunction or any other available remedy.

96 Acts, ch 1155, §7

549.8 Remedies cumulative.

The rights, remedies, and prohibitions contained in this chapter shall be in addition to and cumulative of any other right, remedy, or prohibition accorded by common law or state or federal law. This chapter shall not be construed to deny, abrogate, or impair any such common law or statutory right, remedy, or prohibition.

96 Acts, ch 1155, §8

549.9 Exceptions.

This chapter shall not apply to a contract between a performing rights society or a copyright owner and a broadcaster licensed by the federal communications commission, or to a contract with a cable operator, programmer, or other transmission service. This chapter shall not

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apply to a nondramatic musical or similar work performed in synchronization with an audio or visual film or tape. This chapter shall also not apply to the gathering of information to determine compliance with or activities related to the enforcement of section 714.15.

96 Acts, ch 1155, §9

CHAPTER 550

TRADE SECRETS

Referred to in §15.318, 15.526, 15.532, 15E.29, 22.3A, 249A.20A, 669.14

550.1	Short title.	550.5	Defense — consent of disclosure.
550.2	Definitions.	550.6	Attorney fees.
550.3	Injunctive relief.	550.7	Preservation of secrecy.
550.4	Damages.	550.8	Statute of limitations.

550.1 Short title.

This chapter shall be known and may be cited as the *"Uniform Trade Secrets Act"*.

90 Acts, ch 1201, §1

550.2 Definitions.

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

1. *"Improper means"* means theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage, including but not limited to espionage through an electronic device.

2. *"Knows"* or *"knowledge"* means that a person has actual knowledge of information or a circumstance or that the person has reason to know of the information or circumstance.

3. *"Misappropriation"* means doing any of the following:

a. Acquisition of a trade secret by a person who knows that the trade secret is acquired by improper means.

b. Disclosure or use of a trade secret by a person who uses improper means to acquire the trade secret.

c. Disclosure or use of a trade secret by a person who at the time of disclosure or use, knows that the trade secret is derived from or through a person who had utilized improper means to acquire the trade secret.

d. Disclosure or use of a trade secret by a person who at the time of disclosure or use knows that the trade secret is acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use.

e. Disclosure or use of a trade secret by a person who at the time of disclosure or use knows that the trade secret is derived from or through a person who owes a duty to maintain the trade secret's secrecy or limit its use.

f. Disclosure or use of a trade secret by a person who, before a material change in the person's position, knows that the information is a trade secret and that the trade secret has been acquired by accident or mistake.

4. *"Trade secret"* means information, including but not limited to a formula, pattern, compilation, program, device, method, technique, or process that is both of the following:

a. Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by a person able to obtain economic value from its disclosure or use.

b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

90 Acts, ch 1201, §2; 91 Acts, ch 35, §1

Referred to in §716.6B

550.3 Injunctive relief.

1. The owner of a trade secret may petition the district court to enjoin an actual or

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threatened misappropriation. Upon application to the district court, an injunction shall be terminated when the trade secret has ceased to exist. However, the injunction may be continued for an additional reasonable period of time in order to eliminate a commercial advantage that otherwise would be derived from the misappropriation.

2. In exceptional circumstances, an injunction may condition future use of a trade secret upon payment of a reasonable royalty. The payment of a royalty shall continue for a period no longer than the period for which use of the trade secret may be prohibited. Exceptional circumstances include, but are not limited to, a material and prejudicial change of position of the person prior to acquiring knowledge of a misappropriation that renders a prohibitive injunction inequitable.

3. In appropriate circumstances, affirmative acts to protect a trade secret may be compelled by court order.

90 Acts, ch 1201, §3

550.4 Damages.

1. Except to the extent that a material and prejudicial change of a person's position occurs prior to acquiring knowledge of a misappropriation and renders a monetary recovery inequitable, an owner of a trade secret is entitled to recover damages for the misappropriation. Damages may include the actual loss caused by the misappropriation, and the unjust enrichment caused by the misappropriation which is not taken into account in computing the actual loss. In lieu of damages measured by any other methods, the damages caused by misappropriation may be measured by imposition of liability for a reasonable royalty for a person's unauthorized disclosure or use of a trade secret.

2. If a person commits a willful and malicious misappropriation, the court may award exemplary damages in an amount not exceeding twice the award made under subsection 1.

90 Acts, ch 1201, §4

550.5 Defense — consent of disclosure.

In an action for injunctive relief or damages against a person under this chapter, it shall be a complete defense that the person disclosing a trade secret made the disclosure with the implied or express consent of the owner of the trade secret.

90 Acts, ch 1201, §5

550.6 Attorney fees.

The court may award actual and reasonable attorney fees to the prevailing party in an action under this chapter if any of the following is applicable:

1. A claim of misappropriation is made in bad faith.
2. A motion to terminate an injunction is made or resisted in bad faith.
3. A person acts willfully and maliciously in the misappropriation.

90 Acts, ch 1201, §6

550.7 Preservation of secrecy.

In an action brought under this chapter, a court shall preserve the secrecy of an alleged trade secret by reasonable means, including but not limited to granting protective orders in connection with discovery proceedings, holding in-camera hearings, sealing the records of the action, and ordering a person involved in the litigation not to disclose an alleged trade secret without prior court approval.

90 Acts, ch 1201, §7

550.8 Statute of limitations.

An action for misappropriation under this chapter must be brought within three years after the misappropriation is discovered or should have been discovered by the exercise of reasonable diligence. For purposes of this section, a continuing misappropriation constitutes a single claim.

90 Acts, ch 1201, §8

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CHAPTER 551
UNFAIR DISCRIMINATION

Referred to in §553.19, 669.14

551.1	Unfair discrimination in sales.	551.6	Enforcement.
551.2	Unfair discrimination in purchases.	551.7	Complaint — to whom made.
551.3	Reserved.	551.8	Revocation of permit.
551.4	Penalty.	551.9	Corporation to be enjoined.
551.5	Contracts or agreements.	551.10	Cumulative remedies.
		551.11	Exceptions.

551.1 Unfair discrimination in sales.

Any person, firm, company, association, or corporation, foreign or domestic, doing business in the state, and engaged in the production, manufacture, sale, or distribution of any commodity of commerce or commercial services excepting those, the rate of which is now subject to control of cities or other governmental agency, that shall, for the purpose of destroying the business of a competitor in any locality or creating a monopoly, discriminate between different sections, localities, communities or cities of this state, by selling such commodity or commercial services excepting those, the rate of which is now subject to control of cities or other governmental agency at a lower price or rate in one section, locality, community or city than such commodity or commercial services excepting those, the rate of which is now subject to control of cities or other governmental agency is sold for by said person, firm, association, company, or corporation, in another section, locality, community or city, after making due allowance in case of telephone service for the difference in the cost of furnishing service in different localities, and in the case of commodities and commercial services other than telephone service, for the difference, if any, in the grade or quality, and in the actual cost of transportation from the point of production or purchase, if a raw product, or from the point of manufacture, if a manufactured product, to a place of sale, storage, or distribution shall be deemed guilty of unfair discrimination, which is hereby prohibited and declared to be unlawful; provided, however, that prices made to meet competition in such section, locality, community or city shall not be in violation of this section.

[S13, §5028-b; C24, 27, 31, 35, 39, §**9885;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.1]

Referred to in §551.4, 551.5, 551.6, 551.7, 551.8, 551.9

551.2 Unfair discrimination in purchases.

Any person, firm, association, company, or corporation, foreign or domestic, doing business in the state, and engaged in the business of purchasing for manufacture, storage, sale, or distribution, any commodity of commerce that shall, for the purpose of destroying the business of a competitor or creating a monopoly, discriminate between different sections, localities, communities or cities, in this state, by purchasing such commodity at a higher rate or price in one section, locality, community or city, than is paid for such commodity by such party in another section, locality, community or city, after making due allowance for the difference, if any, in the grade or quality, and in the actual cost of transportation from the point of purchase to the point of manufacture, sale, distribution, or storage, shall be deemed guilty of unfair discrimination, which is hereby prohibited and declared to be unlawful; provided, however, that prices made to meet competition in such section, locality, community or city shall not be in violation of this section.

[S13, §5028-b; C24, 27, 31, 35, 39, §**9886;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.2]

Referred to in §551.4, 551.5, 551.6, 551.7, 551.8, 551.9

551.3 Reserved.

551.4 Penalty.

Any person, firm, company, association, or corporation violating any of the provisions of sections 551.1 and 551.2, and any officer, agent, or receiver of any firm, company, association,

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or corporation, or any member of the same, or any individual violating any of such provisions shall be guilty of a serious misdemeanor.

[S13, §5028-c; C24, 27, 31, 35, 39, §**9888;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.4]

Referred to in §551.6

551.5 Contracts or agreements.

All contracts or agreements made in violation of any of the provisions of sections 551.1 and 551.2 shall be void.

[S13, §5028-d; C24, 27, 31, 35, 39, §**9889;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.5]

Referred to in §551.6

551.6 Enforcement.

It shall be the duty of the county attorneys, in their counties, and the attorney general, to enforce the provisions of sections 551.1, 551.2, 551.4, and 551.5, by appropriate actions in courts of competent jurisdiction.

[S13, §5028-e; C24, 27, 31, 35, 39, §**9890;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.6]

2021 Acts, ch 76, §134

551.7 Complaint — to whom made.

If complaint shall be made to the secretary of state that any corporation authorized to do business in this state is guilty of unfair discrimination, within the terms of sections 551.1 and 551.2, it shall be the duty of the secretary of state to refer the matter to the attorney general who may, if the facts justify it in the attorney general's judgment, institute proceedings in the courts against such corporation.

[S13, §5028-f; C24, 27, 31, 35, 39, §**9891;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.7]

551.8 Revocation of permit.

If any corporation, foreign or domestic, authorized to do business in this state, is found guilty of unfair discrimination, within the terms of sections 551.1 and 551.2, it shall be the duty of the secretary of state to immediately revoke the permit of such corporation to do business in this state.

[S13, §5028-g; C24, 27, 31, 35, 39, §**9892;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.8]

551.9 Corporation to be enjoined.

If after revocation of its permit such corporation, or any other corporation not having a permit and found guilty of having violated any of the provisions of sections 551.1 and 551.2, shall continue or attempt to do business in this state, it shall be the duty of the attorney general, by a proper suit in the name of the state of Iowa, to enjoin such corporation from transacting all business of every kind and character in said state.

[S13, §5028-h; C24, 27, 31, 35, 39, §**9893;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.9]

551.10 Cumulative remedies.

Nothing in this chapter shall be construed as repealing any other Act, or part of an Act, but the remedies herein provided shall be cumulative to all other remedies provided by law.

[S13, §5028-i; C24, 27, 31, 35, 39, §**9894;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §551.10]

2013 Acts, ch 30, §139

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551.11 Exceptions.

The provisions of this chapter shall not apply to any contract or agreement relating to any sale made to the state, its departments, commissions, agencies, boards and its governmental subdivisions.

[C71, 73, 75, 77, 79, 81, §551.11]

CHAPTER 551A

BUSINESS OPPORTUNITY PROMOTIONS

Referred to in §669.14

551A.1	Definitions.	551A.6	Cancellation of contract.
551A.2	Scope.	551A.7	Service of process — irrevocable consent.
551A.3	Disclosure documents — contracts.	551A.8	Liability — remedies.
551A.4	Exemptions from requirements — burden of proof.	551A.9	Fraudulent practices.
551A.5	Waiver of rights.	551A.10	Penalties.

551A.1 Definitions.

1. *"Advertising"* means a circular, prospectus, advertisement, or other material, or a communication by radio, television, pictures, or similar means used in connection with an offer or sale of a business opportunity.

2. *a.* *"Business opportunity"* means an opportunity to start a business according to the terms of a contract between a seller and purchaser in which the purchaser provides an initial investment exceeding five hundred dollars; the seller represents that the seller or a person recommended by the seller is to provide to the purchaser any products, equipment, supplies, materials, or services for the purpose of enabling the purchaser to start the business; and the seller represents, directly or indirectly, orally or in writing, any of the following:

(1) The seller or a person recommended by the seller will provide locations or assist the purchaser in finding locations for the use or operation of vending machines, racks, display cases, or other similar devices, on premises which are not owned or leased by the purchaser or seller.

(2) The seller or a person recommended by the seller will provide or assist the purchaser in finding outlets or accounts for the purchaser's products or services.

(3) The seller or a person specified by the seller will purchase any or all products made, produced, fabricated, grown, bred, or modified by the purchaser.

(4) The purchaser will derive income from the business which exceeds the price paid to the seller.

(5) The seller will refund all or part of the price paid to the seller, or repurchase any of the products, equipment, or supplies provided by the seller or a person recommended by the seller, if the purchaser is dissatisfied with the business.

(6) The seller will provide a marketing plan.

b. *"Business opportunity"* does not include any of the following:

(1) An offer or sale of an ongoing business operated by the seller which is to be sold in its entirety.

(2) An offer or sale of a business opportunity to an ongoing business where the seller will provide products, equipment, supplies, or services which are substantially similar to the products, equipment, supplies, or services sold by the purchaser in connection with the purchaser's ongoing business.

(3) An offer or sale of a business opportunity which involves a marketing plan made in conjunction with the licensing of a federally registered trademark or federally registered service mark provided that the seller has a minimum net worth of one million dollars as determined on the basis of the seller's most recent audited financial statement prepared within thirteen months of the first offer in this state. Net worth may be determined on

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a consolidated basis if the seller is at least eighty percent owned by one person and that person expressly guarantees the obligations of the seller with regard to the offer or sale of a business opportunity claimed to be excluded under this subparagraph.

(4) An offer or sale of a business opportunity by an executor, administrator, sheriff, receiver, trustee in bankruptcy, guardian, or conservator, or a judicial offer or sale of a business opportunity.

(5) The renewal or extension of a business opportunity entered into under this chapter or prior to July 1, 1981.

3. *"Contract"* means any agreement between parties which is express or implied, and which is made orally or in writing.

4. *a. "Franchise"* means a contract between a seller and a purchaser where the parties agree to all of the following:

(1) A franchisee is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan prescribed in substantial part by a franchisor.

(2) The operation of the franchisee's business pursuant to such a plan is substantially associated with the franchisor's business and trademark, service mark, trade name, logotype, advertising, or other commercial symbol designating the franchisor or its affiliate.

b. For the purposes of this subsection:

(1) *"Franchisee"* means a person to whom a franchise is granted.

(2) *"Franchisor"* means a person who grants a franchise.

5. *"Initial investment"* means the total amount a purchaser is obligated to pay under the terms of the business opportunity contract either prior to or at the time of the delivery of the merchandise or services or within six months of the purchaser commencing operation of the business opportunity. However, if payment is over a period of time, *"initial investment"* means the sum of the down payment and the total monthly payments specified in the contract.

6. *"Marketing plan"* means advice or training, provided to the purchaser by the seller or a person recommended by the seller, pertaining to the sale of any products, equipment, supplies, or services. The advice or training may include, but is not limited to, preparing or providing any of the following:

a. Promotional literature, brochures, pamphlets, or advertising materials.

b. Training regarding the promotion, operation, or management of the business opportunity.

c. Operational, managerial, technical, or financial guidelines or assistance.

7. *"Offer"* or *"offer to sell"* means an attempt to dispose of a business opportunity for value, or solicitation of an offer to purchase a business opportunity.

8. *"Ongoing business"* means an existing business that for at least six months prior to the offer, has been operated from a specific location, has been open for business to the general public, and has substantially all of the equipment and supplies necessary for operating the business.

9. *"Person"* means the same as defined in section 4.1, except that it does not include a government or governmental subdivision or agency.

10. *"Purchaser"* means a person who enters into a contract for the acquisition of a business opportunity or a person to whom an offer to sell a business opportunity is directed.

11. *"Record"* means the same as defined in section 523C.1.

12. *"Sale"* or *"sell"* includes every contract for sale, contract to sell, or disposition of, a business opportunity or interest in a business opportunity for value.

13. *"Seller"* means a person who sells or offers to sell a business opportunity or an agent or other person who directly or indirectly acts on behalf of such a person. *"Seller"* does not include the media in or by which an advertisement appears or is disseminated.

[81 Acts, ch 171, §1]

C83, §523B.1

91 Acts, ch 205, §1; 98 Acts, ch 1189, §11; 99 Acts, ch 90, §1, 3; 2000 Acts, ch 1147, §20; 2004 Acts, ch 1104, §5 – 10, 30

C2005, §551A.1

2012 Acts, ch 1023, §143; 2020 Acts, ch 1063, §313

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551A.2 Scope.

1. The provisions of this chapter concerning sales and offers to sell apply to persons who sell or offer to sell a business opportunity when any of the following apply:

a. An offer to sell is made in this state.

b. An offer to purchase is made and accepted in this state.

c. The purchaser is domiciled in this state and the business opportunity is or will be operated in this state.

2. For the purpose of this section, an offer to sell is made in this state, whether or not either party is then present in this state, when either of the following apply:

a. The offer originates from this state.

b. The offer is directed by the offeror to this state and received at the place to which the offer is directed or at a post office in this state in the case of a mailed offer.

3. An offer to sell is not made in this state under either of the following circumstances:

a. If the offer appears in a bona fide newspaper or other publication of general circulation which is not published in this state, or which is published in this state but has had more than two-thirds of its circulation outside this state during the past twelve months.

b. If the offer is made on a radio or television program originating outside this state which is received in this state.

4. For the purpose of this section, an offer to sell is accepted in this state when both of the following occur:

a. The acceptance is communicated to the offeror in this state.

b. The acceptance has not previously been communicated to the offeror, orally, or in writing, outside this state. For the purpose of this section the acceptance is communicated to the offeror in this state, whether or not either party is then present in this state, when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state, and the acceptance is received at the place to which it is directed or at a post office in this state in the case of a mailed acceptance.

91 Acts, ch 205, §10
CS91, §523B.13
94 Acts, ch 1031, §22; 2004 Acts, ch 1104, §29, 30
C2005, §551A.2

551A.3 Disclosure documents — contracts.

1. *Disclosure document required.* A person required to file an irrevocable consent to service of process with the secretary of state as a seller as provided in section 551A.7 shall not act as seller in this state unless the person provides a written disclosure document to each purchaser. The person shall deliver the written disclosure document to the purchaser at least ten business days prior to the earlier of the purchaser's execution of a contract imposing a binding legal obligation on the purchaser or the payment by a purchaser of any consideration in connection with the offer or sale of the business opportunity.

2. *Disclosure document cover sheet.*

a. The disclosure document shall have a cover sheet which shall consist of a title printed in bold and a statement. The title and statement shall be in at least ten point type and shall appear as follows:

DISCLOSURE
REQUIRED BY IOWA LAW

This business opportunity does not have the approval, recommendation, or endorsement of the state of Iowa. The information contained in this disclosure document has not been verified by this state. If you have any questions or concerns about this investment, seek professional advice before you sign a contract or make any payment. You are to be provided ten (10) business days to review this document before signing a contract or making any payment to the seller or the seller's representative.

b. The seller's name and principal business address, along with the date of the disclosure

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document, shall also be provided on the cover sheet. No other information shall appear on the cover sheet.

3. *Disclosure document contents.* A disclosure document shall be in one of the following forms:

a. A uniform franchise offering circular prepared in accordance with the guidelines adopted by the North American securities administrators association, inc.

b. A disclosure document prepared pursuant to the federal trade commission rule relating to disclosure requirements and prohibitions concerning franchising and business opportunity ventures in accordance with 16 C.F.R. pt. 436 or any successor regulation.

c. A form that includes all of the following:

(1) The names and residential addresses of those salespersons who will engage in the offer or sale of the business opportunity in this state.

(2) The name of the seller; whether the seller is doing business as an individual, partnership, corporation, or other entity; the names under which the seller has done, is doing, or intends to do business; and the name of any parent or affiliated company that will engage in business transactions with purchasers or that will take responsibility for statements made by the seller.

(3) The names, addresses, and titles of the seller's officers, directors, trustees, general managers, principal executives, agents, and any other persons charged with responsibility for the seller's business activities relating to the sale of the business opportunity.

(4) Prior business experience of the seller relating to business opportunities including all of the following:

(a) The name, address, and a description of any business opportunity previously offered by the seller.

(b) The length of time the seller has offered each such business opportunity.

(c) The length of time the seller has conducted the business opportunity currently being offered to the purchaser.

(5) With respect to each person identified in subparagraph (3), all of the following:

(a) A description of the person's business experience for the ten-year period preceding the filing date of this disclosure document. The description of business experience shall list principal occupations and employers.

(b) A listing of the person's educational and professional background, including the names of schools attended and degrees received, and any other information that will demonstrate sufficient knowledge and experience to perform the services proposed.

(6) Whether any of the following apply to the seller or any person identified in subparagraph (3):

(a) The seller or other person has been convicted of a felony, pleaded nolo contendere to a felony charge, or has been the subject of a criminal, civil, or administrative proceeding alleging the violation of a business opportunity law, securities law, commodities law, or franchise law, or alleging fraud or deceit, embezzlement, fraudulent conversion, restraint of trade, an unfair or deceptive practice, misappropriation of property, or making comparable allegations.

(b) The seller or other person has filed for bankruptcy, been adjudged bankrupt, or been reorganized due to insolvency, or was an owner, principal officer, or general partner of a person, or any other person that has filed for bankruptcy or was adjudged bankrupt, or been reorganized due to insolvency during the last seven years.

(7) The name of any person identified in subparagraph (6), the nature of and the parties to the action or proceeding, the court or other forum, the date of the institution of the action, the docket references to the action, the current status of the action or proceeding, the terms and conditions of any order or decree, and the penalties or damages assessed and terms of settlement.

(8) The initial payment required, or if the exact amount cannot be determined, a detailed estimate of the amount of the initial payment to be made to the seller.

(9) A detailed description of the actual services the seller agrees to perform for the purchaser.

(10) A detailed description of any training the seller agrees to provide for the purchaser.

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(11) A detailed description of services the seller agrees to perform in connection with the placement of equipment, products, or supplies at a location, as well as any agreement necessary in order to locate or operate equipment, products, or supplies on premises which are not owned or leased by the purchaser or seller.

(12) A detailed description of any license or permit that will be necessary in order for the purchaser to engage in or operate the business opportunity.

(13) Any representations made by the seller to the purchaser concerning sales or earnings that may be made from this business opportunity, including, but not limited to the following:

(a) The bases or assumptions for any actual, average, projected, or forecasted sales, profits, income, or earnings.

(b) The total number of purchasers who, within a period of three years of the date of the disclosure document, purchased a business opportunity involving the product, equipment, supplies, or services being offered to the purchaser.

(c) The total number of purchasers who, within three years of the date of the disclosure document, purchased a business opportunity involving the product, equipment, supplies, or services being offered to the purchaser who, to the seller's knowledge, have actually received earnings in the amount or range specified.

(14) A detailed description of the elements of a guarantee made by a seller to a purchaser. The description shall include, but is not limited to, the duration, terms, scope, conditions, and limitations of the guarantee.

(15) A statement including all of the following:

(a) The total number of business opportunities that are the same or similar in nature to those being sold or organized by the seller.

(b) The names and addresses of purchasers who have requested a refund or rescission from the seller within the last twelve months and the number of those who have received the refund or rescission.

(c) The total number of business opportunities the seller intends to sell in this state within the next twelve months.

(d) The total number of purchasers known to the seller to have failed in the business opportunity.

(16) A statement describing any contractual restrictions, prohibitions, or limitations on the purchaser's conduct. Attach a copy of all contracts proposed for use or in use in this state including, without limitation, all lease agreements, option agreements, and purchase agreements.

(17) The rights and obligations of the seller and the purchaser regarding termination of the business opportunity contract.

(18) A statement accurately describing the grounds upon which the purchaser may initiate legal action to terminate the business opportunity contract.

(19) A copy of the most recent audited financial statement of the seller, prepared within thirteen months of the first offer in this state, together with a statement of any material changes in the financial condition of the seller from that date.

(20) A list of the states in which this business opportunity is registered.

(21) A list of the states in which this disclosure document is on file.

(22) A list of the states which have denied, suspended, or revoked the registration of this business opportunity.

(23) A section entitled "Risk Factors" containing a series of short concise statements summarizing the principal factors which make this business opportunity a high risk or one of a speculative nature. Each statement shall include a cross-reference to the page on which further information regarding that risk factor can be found in the disclosure document.

4. *Contract provisions.*

a. A person shall not offer or sell a business opportunity unless a business opportunity contract is in writing and a copy of the contract is provided to the purchaser at the time the purchaser executes the contract.

b. A business opportunity contract shall set forth in at least ten point type or equivalent size, if handwritten, all of the following:

(1) The terms and conditions of any and all payments due to the seller.

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(2) The seller's principal business address and the name and address of the seller's agent in this state authorized to receive service of process.

(3) The business form of the seller, whether corporate, partnership, or otherwise.

(4) The delivery date, or when the contract provides for a periodic delivery of items to the purchaser, the approximate delivery date of the product, equipment, or supplies the seller is to deliver to the purchaser to enable the purchaser to start business.

(5) Whether the product, equipment, or supplies are to be delivered to the purchaser's home or business address or are to be placed or caused to be placed by the seller at locations owned or managed by persons other than the purchaser.

(6) A statement that accurately states the purchaser's right to void the contract under the circumstances and in the manner set forth in section 551A.6.

(7) The cancellation statement appearing in section 555A.3.

(8) The rights and responsibilities of the parties regarding the marketing of a business opportunity, including but not limited to all of the following:

(a) Whether the seller assigns the purchaser a territory in which to sell a business opportunity.

(b) Whether the seller assists the purchaser in finding locations in which to sell a business opportunity.

(c) Whether the purchaser is solely responsible for marketing a business opportunity.

[81 Acts, ch 171, §2]

C83, §523B.2

91 Acts, ch 205, §2; 98 Acts, ch 1189, §12 – 14; 99 Acts, ch 166, §11; 2000 Acts, ch 1147, §21 – 24; 2004 Acts, ch 1104, §11 – 19, 30

C2005, §551A.3

2005 Acts, ch 3, §94; 2005 Acts, ch 56, §1; 2006 Acts, ch 1030, §68; 2012 Acts, ch 1023, §157; 2014 Acts, ch 1092, §191; 2017 Acts, ch 54, §76

Referred to in §551A.4, 551A.8, 551A.9, 551A.10

551A.4 Exemptions from requirements — burden of proof.

1. The following business opportunities are exempt from the requirements of section 551A.3:

a. The offer or sale of a business opportunity if the purchaser is a bank, federally chartered savings and loan association, trust company, insurance company, credit union, or investment company as defined by the federal Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., a pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer registered pursuant to chapter 502, whether the purchaser is acting for itself or in a fiduciary capacity.

b. (1) An offer or sale of a business opportunity which is a franchise, provided that the seller delivers to each purchaser at the earlier of the first personal meeting between the seller and the purchaser, or fourteen days prior to the earlier of the execution by a purchaser of a contract imposing a binding legal obligation on the purchaser or the payment by a purchaser of any consideration in connection with the offer or sale of the business opportunity, one of the following disclosure documents:

(a) A uniform franchise offering circular prepared in accordance with the guidelines adopted by the North American securities administrators association, inc.

(b) A disclosure document prepared pursuant to the federal trade commission rule entitled "Disclosure requirements and prohibitions concerning franchising and business opportunity ventures", 16 C.F.R. pt. 436 or any successor regulation.

(2) For the purposes of this paragraph *"b"*, a *"personal meeting"* means a face-to-face meeting between the purchaser and the seller or their representatives, which is held for the purpose of discussing the offer or sale of a business opportunity.

c. The offer or sale of a business opportunity for which the cash payment made by a purchaser does not exceed five hundred dollars and the payment is made for the not-for-profit sale of sales demonstration equipment, material, or samples, or the payment is made for product inventory sold to the purchaser at a bona fide wholesale price.

2. In an administrative, civil, or criminal proceeding related to this chapter, the burden of

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proving an exemption, an exception from a definition, or an exclusion from this chapter is upon the person claiming it.

[81 Acts, ch 171, §3]
C83, §523B.3
91 Acts, ch 205, §3; 98 Acts, ch 1189, §15, 16; 99 Acts, ch 90, §2, 3; 2004 Acts, ch 1104, §21, 30
C2005, §551A.4
2005 Acts, ch 56, §2; 2012 Acts, ch 1017, §152; 2012 Acts, ch 1023, §157; 2014 Acts, ch 1092, §192; 2015 Acts, ch 30, §173

551A.5 Waiver of rights.

A waiver of this chapter by a purchaser prior to or at the time of sale is contrary to public policy and is void and unenforceable. An attempt by a seller to have a purchaser waive any rights given in this chapter is a violation of this chapter.

[81 Acts, ch 171, §9]
C83, §523B.9
2004 Acts, ch 1104, §30
C2005, §551A.5

551A.6 Cancellation of contract.

The purchaser has the right to cancel a contract with a seller for a business opportunity for any reason at any time within three business days of the date the purchaser signs the contract or the date the contract is accepted by the seller whichever is later. The notice of the right to cancel, the seller's obligation to provide the purchaser with cancellation forms, and the procedures to be followed when a contract is canceled shall be the same as the procedures in chapter 555A for door-to-door sales.

[81 Acts, ch 171, §6]
C83, §523B.6
2004 Acts, ch 1104, §30
C2005, §551A.6
Referred to in §551A.3

551A.7 Service of process — irrevocable consent.

A seller shall file an irrevocable consent with the secretary of state. The seller shall file the irrevocable consent prior to executing a business opportunity contract or engaging in the sale of a business opportunity in this state. The irrevocable consent shall appoint the secretary of state to be the seller's attorney to receive service of any lawful process in a noncriminal suit, action, or proceeding against the seller or the seller's successor, executor, or administrator which arises under this chapter after the irrevocable consent has been filed. The irrevocable consent shall have the same force and validity as if the seller were served service of process personally.

2004 Acts, ch 1104, §20, 30
Referred to in §551A.3

551A.8 Liability — remedies.

1. A person who violates the requirements for disclosure or for the contents of a business opportunity contract pursuant to section 551A.3 is liable to the purchaser in an action for rescission of the contract, or for recovery of all money or other valuable consideration paid for the business opportunity, and for actual damages together with interest as determined pursuant to section 668.13 from the date of sale, reasonable attorney fees, and court costs.

2. Every person who directly or indirectly controls a party liable under this section, every partner in a partnership so liable, every principal executive officer or director of a corporation so liable, every person occupying a similar status in, or performing similar functions for, and every employee of, a party so liable who materially aids in the act or transaction constituting the violation is also liable jointly and severally with and to the same extent as the party, unless the person liable as a result of the person's relationship with the liable party as defined under this section proves that the person did not know, and in the exercise of reasonable care could

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not have known of the existence of the facts giving rise to the alleged liability. Among the persons held liable, a party paying more than the party's percentage share of damages may recover judgment for contribution upon motion to the court or in a separate action.

3. An action shall not be maintained under this section unless commenced within three years after the act or transaction constituting the violation, or within one year after the discovery of the facts constituting the violation, whichever period later expires.

4. In addition to any remedies provided by law, a person injured by a violation of this chapter may bring a civil action and recover damages or obtain other appropriate relief including injunctive or other equitable relief. If the person is the prevailing party, the person shall be awarded court costs, reasonable attorney fees, and expert fees which shall be taxed as part of the costs of the action.

[81 Acts, ch 171, §7]
C83, §523B.7
91 Acts, ch 205, §6; 98 Acts, ch 1189, §17; 2004 Acts, ch 1104, §22 – 24, 30
C2005, §551A.8
2017 Acts, ch 54, §76

551A.9 Fraudulent practices.

1. *Misleading statements.* A person shall not make or cause to be made a misleading statement in a disclosure document required pursuant to section 551A.3 or in a proceeding under this chapter. The statement shall be deemed to be misleading if any of the following apply:

a. At the time and in the light of the circumstances under which it is made, the statement is false or misleading in a material respect.

b. An omission of a material fact is necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

2. *Advertising.* A seller shall not, in connection with the offer or sale of a business opportunity in this state, publish, circulate, or use advertising which contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

3. *Misrepresentations, omissions, and misleading conduct.* A seller of a business opportunity shall not do any of the following:

a. Misrepresent, by failure to disclose or otherwise, the known required total investment for such business opportunity.

b. Misrepresent or fail to disclose efforts to sell or establish more business opportunities than it is reasonable to expect the market or market area for the particular business opportunity to sustain.

c. Misrepresent the quantity or the quality of the products to be sold or distributed through the business opportunity.

d. Misrepresent the training and management assistance available to the purchaser.

e. Misrepresent the amount of profits, net or gross, which the purchaser can expect from the operation of the business opportunity.

f. Misrepresent, by failure to disclose or otherwise, the termination, transfer, or renewal provision of a business opportunity contract.

g. Falsely claim or imply that a primary marketer or trademark of products or services sponsors or participates directly or indirectly in the business opportunity.

h. Assign a so-called exclusive territory encompassing the same area to more than one purchaser.

i. Provide vending locations for which written authorizations have not been granted by the property owners or lessees.

j. Provide merchandise, machines, or displays of a brand or kind substantially different from or inferior to those promised by the seller.

k. Fail to provide the purchaser a written contract.

l. Misrepresent the ability of a person or entity providing services to provide locations or

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assist the purchaser in finding locations expected to have a positive impact on the success of the business opportunity.

m. Misrepresent or omit to state a material fact or create a false or misleading impression in the sale of a business opportunity.

91 Acts, ch 205, §9
CS91, §523B.12
98 Acts, ch 1189, §20; 2004 Acts, ch 1104, §26 – 28, 30
C2005, §551A.9
2005 Acts, ch 19, §116
Referred to in §551A.10

551A.10 Penalties.

1. A seller who willfully violates the requirements for disclosure or for the contents of a business opportunity contract pursuant to section 551A.3, who provides misleading advertising as provided in section 551A.9, who willfully violates a rule under this chapter, or who willfully violates an order of which the person has notice, upon conviction, is guilty of a class "D" felony. Otherwise, a person who violates a rule adopted or order issued under this chapter is, upon conviction, guilty of an aggravated misdemeanor. Each of the acts specified constitutes a separate offense and a prosecution or conviction for any one of such offenses does not bar prosecution or conviction for any other offense.

2. A violation of this chapter is an unlawful practice pursuant to section 714.16.

3. A seller who willfully uses any device or scheme to defraud a person in connection with an advertisement, offer to sell or lease, sale, or lease of a business opportunity, or who willfully violates any other provision of this chapter, except as provided in subsection 1, is, upon conviction, guilty of a fraudulent practice as provided in chapter 714.

[81 Acts, ch 171, §11]
C83, §523B.11
91 Acts, ch 205, §8; 98 Acts, ch 1189, §19; 2004 Acts, ch 1104, §25, 30
C2005, §551A.10
2013 Acts, ch 38, §1

CHAPTER 552

PHYSICAL EXERCISE CLUBS

Referred to in §552A.2, 669.14

552.1 Definitions.
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552.1 Definitions.

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

1. *"Contract price"* means the total price paid or to be paid, including service charges or

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membership fees, which entitles the buyer either directly or indirectly to membership in a physical exercise club or to the use of the services or facilities of a physical exercise club.

2. *"Finance charge"* means *"finance charge"* as defined in section 537.1301, subsection 21.

3. *"Physical exercise club"* means a person offering services or facilities, or both, for the preservation, maintenance, encouragement, or development of physical fitness or well-being in return for the payment of a fee entitling the buyer to the use of the services or facilities. The term includes but is not limited to persons offering services and facilities known as "health clubs", "health spas", "sports and health clubs", "tennis clubs", "racquetball courts", "golf clubs", "gymnasiums", "figure salons", "health studios", "weight control studios", and persons operating establishments whose primary purpose is the teaching of a particular form of self-defense or martial arts, such as judo, karate, or kung fu. *"Physical exercise club"* does not include:

a. A person or establishment which does not charge a membership fee and from which a buyer may only purchase or become obligated to purchase the use of services or facilities to be rendered for a period of not more than thirty days, and which does not collect more than thirty days in advance for the rendering of the services.

b. Except for purposes of sections 552.4, 552.7, 552.13, 552.14, and 552.16, a nonprofit organization organized and operating as a nonprofit organization.

c. An entity primarily engaged in physical rehabilitation activities related to an individual's injury or disease.

d. A private club owned and operated by its members.

e. Except for purposes of sections 552.4, 552.7, 552.13, and 552.14, a facility operated by the state or any of its political subdivisions.

f. A facility owned and operated on a not-for-profit basis by a person or a contractor of a person that is operated solely for the purpose of serving employees of the person, whether currently employed or retired, and family members of employees.

4. *"Physical exercise club contract"* means an agreement by which a buyer is entitled to membership in a physical exercise club or use of the services or facilities of a physical exercise club.

5. *"Prepayment"* means any partial or full payment for services or the use of facilities made before the services are actually made available by the physical exercise club or the facility is fully opened for business as described in section 552.16, subsection 3.

88 Acts, ch 1221, §1; 98 Acts, ch 1044, §1
Referred to in §552.12

552.2 Purpose.

The purpose of this chapter is to safeguard the public against fraud, deceit, and financial hardship and to foster and encourage competition, fair dealing, and prosperity in the field of physical exercise club operations and services by prohibiting or restricting practices by which the public has been injured in connection with contracts for and the marketing of physical exercise club services.

88 Acts, ch 1221, §2

552.3 Unenforceable contracts.

A physical exercise club contract or assignment of a contract that does not comply with this chapter is unenforceable as contrary to public policy.

88 Acts, ch 1221, §3

552.4 Contracts for physical exercise club services — right of cancellation.

1. A physical exercise club contract shall provide that the contract may be canceled within three business days after the date of receipt by the buyer of a copy of the signed contract. Cancellation shall be by written notice delivered to the seller at an address which shall be specified in the contract. Cancellation is complete upon mailing of the notice of cancellation. After receipt of the cancellation, the physical exercise club may request the return of contract forms, membership cards, and all other documents and evidence of membership previously

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delivered to the buyer. The buyer is entitled to a refund of the entire consideration paid for the contract, if any, less twenty dollars.

2. A physical exercise club contract shall in plain terms disclose whether the physical exercise club will allow the buyer to cancel the contract in the event of the death or disability of the buyer.

88 Acts, ch 1221, §4; 2021 Acts, ch 76, §150
Referred to in §552.1, 552.16

552.5 Contract — statement of buyer's rights — form.

1. *a.* A physical exercise club contract shall be in writing and signed by the buyer. The contract shall state in at least ten point boldface type:

NOTICE TO BUYER: Do not sign this contract until you read it. Do not sign this contract if it contains blank spaces.

b. A copy of the physical exercise club contract shall be delivered to the buyer at the time the contract is signed.

2. *a.* A physical exercise club contract shall designate the date on which the buyer actually signs the contract and shall contain a statement of the buyer's rights which complies with this subsection. The statement shall appear in the contract under the conspicuous caption "BUYER'S RIGHT TO CANCEL", and shall read as follows:

.....
(enter date of transaction)

You may cancel this transaction within three business days from the above date.

If you cancel, any payments made by you under the contract, less twenty dollars, and any negotiable instrument executed by you will be returned within forty-five days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. After you cancel, the physical exercise club may request the return of all contracts, membership cards, and other documents or evidence of membership.

To cancel this transaction, send, or deliver a signed and dated copy of this cancellation notice or any other written notice by certified or registered mail to ..... (name of seller), at ..... (address of seller's place of business) not later than midnight of ..... (date).

I hereby cancel this transaction.

.....
(Date)

.....
(Buyer's signature)

b. The full text of this statement shall be in ten point boldface type.

88 Acts, ch 1221, §5; 2012 Acts, ch 1023, §157

552.6 Delivery of physical exercise club rules.

A physical exercise club contract shall include a complete statement of the rules of the physical exercise club, or an acknowledgment in a conspicuous form that the buyer has received a copy of the rules. Physical exercise club rules shall include, but are not limited to, the hours of operation.

88 Acts, ch 1221, §6

552.7 Buyer's cancellation.

If a buyer cancels a physical exercise club contract pursuant to the three-day cancellation provision, the physical exercise club shall send the buyer a written confirmation of cancellation, together with the buyer's refund and any negotiable instruments executed by the buyer, within forty-five days after receipt by the physical exercise club of the buyer's

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cancellation notice. If the physical exercise club fails to send the written confirmation to the buyer within forty-five days after receiving a timely cancellation, the physical exercise club is deemed to have accepted the cancellation.

88 Acts, ch 1221, §7
Referred to in §552.1

552.8 Duration of contract — renewal.

A physical exercise club contract shall not have a duration longer than thirty-six months. If a physical exercise club offers a contract of more than twelve months duration, it shall also offer a twelve-month contract. A physical exercise club contract shall not contain an automatic renewal clause.

88 Acts, ch 1221, §8

552.9 Notice of membership plans, prices, and right of cancellation.

The physical exercise club shall orally inform the buyer prior to the buyer's entering into a physical exercise club contract of the three-day cancellation provision and provide the buyer with a written list of all membership plans and their respective prices.

88 Acts, ch 1221, §9

552.10 Statement regarding assignability of buyer's obligation.

If the buyer's obligation is in a form that may be assigned, the contract shall state in boldface type on the front page of the contract that the contract may be discounted and sold to third parties to whom the buyer will become obligated to make full payment.

88 Acts, ch 1221, §10

552.11 Buyer's rights upon assignment.

1. A physical exercise club contract is not assignable by the physical exercise club without written notice of the assignment mailed to the buyer at the buyer's address as stated in the contract. The notice shall identify the contract, state the name and address of the assignee, the amount payable by the buyer and the number, amounts, and due dates of any payments, and shall contain a conspicuous notice to the buyer of the provisions of subsection 2.

2. If the physical exercise club assigns the buyer's obligation, the buyer has thirty days from the date of the mailing of the notice of the assignment within which to notify the assignee in writing of any claims or defenses the buyer may have against the physical exercise club. If written notification of the claims or defenses is not received by the assignee within the thirty-day period, the assignee has the right to enforce the contract free of any claims or defenses the buyer may have against the physical exercise club.

88 Acts, ch 1221, §11

552.12 Listing of equipment and services.

1. A physical exercise club, which accepts prepayments as defined in section 552.1, subsection 5, shall compile a written list which shall be available to a buyer upon request showing:

a. The equipment by kind and quantity that is or will be made available.

b. Each service which the physical exercise club intends to have available for use by the buyers.

2. Subject to section 552.16, subsection 3, a physical exercise club that accepts prepayments shall not be considered fully open for business until all of the equipment and services so listed are actually available for use by the buyers.

88 Acts, ch 1221, §12; 2012 Acts, ch 1023, §157

552.13 Remedies — violations.

1. If a physical exercise club violates a provision of this chapter, the buyer may cancel the physical exercise club contract. The buyer also has a right of action against the physical exercise club for recovery of the amount the buyer paid to the physical exercise club under the

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contract. In addition to any judgment awarded to the buyer, the court may allow reasonable attorney's fees.

2. A violation of any of the provisions of this chapter shall be deemed an unlawful practice under section 714.16, subsection 2, paragraph *"a"*.

3. Unless displaced by the particular provisions of this chapter, the principles of law and equity supplement the provisions of this chapter.

88 Acts, ch 1221, §13
Referred to in §552.1

552.14 Prohibited activities.

1. It is unlawful for a physical exercise club to make any misrepresentation to current members, prospective buyers, or buyers of physical exercise club contracts regarding:

a. Qualifications of staff.

b. Availability, quality, or extent of facilities or services.

c. Results obtained through exercise, dieting, or weight control programs.

d. Membership rights.

e. The period that a special offer or discount will be available.

2. It is unlawful for a physical exercise club to fail or refuse to establish the escrow account required by section 552.16.

3. It is unlawful for a physical exercise club to advertise, state, or represent that it is approved by the state or that it has complied with this chapter.

88 Acts, ch 1221, §14; 2000 Acts, ch 1021, §1
Referred to in §552.1

552.15 Repealed by 2000 Acts, ch 1021, §4.

552.16 Escrow — bond.

1. A physical exercise club or its assignee or agent that accepts prepayments shall deposit all of the funds received as prepayments in an escrow account established with a financial institution located in this state whose accounts are insured by the federal deposit insurance corporation, the national credit union administration, or the federal savings and loan insurance corporation, which shall hold the funds as escrow agent for the benefit of the buyers that prepay. The physical exercise club shall deposit all prepayments received at least biweekly and shall make the first deposit not later than the fourteenth day after the day on which the physical exercise club accepts the first prepayment. Not later than the fourteenth day after the day on which the first prepayment is received, the physical exercise club shall submit to the attorney general's consumer protection division a notarized statement that identifies the financial institution in which the prepayments are held in escrow and the name and account number in which the account is held. The prepayments shall be held in escrow until the thirtieth day after the date that the physical exercise club fully opens for business.

2. If the physical exercise club does not fully open for business before the two hundred eleventh day after the date it enters into the first physical exercise club contract or if the club does not remain fully open for thirty days, the buyers whose payments are held in escrow under this section shall receive a full refund, including the buyer's pro rata share of any interest earned thereon, from the escrow agent. Refunds pursuant to this section shall be made not later than the two hundred forty-first day after the date the first physical exercise club contract was signed. If the escrow agent fails to make a full refund as provided for in this section, the attorney general shall hold a hearing and determine whether the physical exercise club has fully opened and has remained open for thirty days, and if not, determine those persons who, as buyers, are entitled to a refund and, if appropriate, distribute the escrow proceeds. Notice shall be provided to the physical exercise club at the address specified in the contract pursuant to section 552.4 and to all buyers who have funds in the escrow account. All hearings held under this section shall be held in accordance with chapter 17A.

3. For the purposes of this section, the date on which a physical exercise club fully opens for business is the date on which all of the equipment and services of the physical exercise club that were advertised before the opening or promised to be made available, whether or not contained in the contract, are actually available for use by buyers. The attorney general may

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upon application certify that a physical exercise club is fully open for business if substantially all of the promised equipment and services are available for use, and the physical exercise club has made a diligent effort to provide the remaining equipment and services.

4. The buyer retains ownership of all moneys and interest held in escrow under this section.

5. In lieu of establishing the escrow account described in subsections 1 through 4, a physical exercise club may post a one hundred fifty thousand dollar bond with the office of the attorney general, in a form deemed acceptable by the attorney general to protect the interest of buyers. Notice of the existence of the bond must be disclosed to the buyer in the physical exercise club contract. Either the attorney general or a buyer shall be entitled to collect on the bond in the same manner and on the same terms as provided for an escrow account in subsections 1 through 4. The aggregate liability of the surety for all damages shall not exceed the amount of the bond.

88 Acts, ch 1221, §16; 2000 Acts, ch 1021, §2
Referred to in §552.1, 552.12, 552.14

552.17 Consumer credit sales.

1. A physical exercise club contract where a finance charge is made or where payment is required or permitted by agreement to be made in more than four periodic payments, excluding a down payment, is a consumer credit sale within the meaning of section 537.1301, subsection 13, and is subject to chapter 537. If any periodic payment, other than the down payment under an agreement requiring or permitting two or more periodic payments, is more than twice the amount of any other periodic payment other than the down payment, a transaction is "payable in installments" within the meaning of section 537.1301, subsection 34.

2. The provisions of this chapter providing rights and protections to buyers are in addition to the provisions of chapter 537.

88 Acts, ch 1221, §17; 2021 Acts, ch 76, §150

552.18 Waiver of provisions.

A waiver by the buyer of any of the provisions of this chapter is void as contrary to public policy.

88 Acts, ch 1221, §18

552.19 Immunity.

Notwithstanding chapter 669, there is no liability on behalf of the state of Iowa, the attorney general, or the employees of the attorney general, for damages for failure to execute, or for negligently executing, the duties or authority conferred upon them by this chapter, or the rules adopted pursuant to this chapter.

88 Acts, ch 1221, §19

552.20 Rules.

The attorney general may adopt rules in accordance with chapter 17A to carry out the provisions of this chapter.

88 Acts, ch 1221, §20

552.21 Construction of chapter.

This chapter does not limit the power or authority of the attorney general to seek administrative, legal, or equitable relief as provided by other statutes or at common law.

88 Acts, ch 1221, §21

552.22 Applicability.

This chapter applies to all physical exercise club contracts entered into in this state on or after July 1, 1988, concerning physical exercise club facilities located, or services to be provided, in this state.

88 Acts, ch 1221, §22

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CHAPTER 552A

BUYING CLUB MEMBERSHIPS

Referred to in §669.14

552A.1 Definitions.
552A.2 Exemptions.
552A.3 Right of cancellation — requirement of writing — internet sales.
552A.4 Limitation on membership period.
552A.5 Remedies.

552A.1 Definitions.

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

1. *"Buying club"* means a corporation, partnership, unincorporated association, or other business enterprise which sells or offers for sale to the public generally memberships or certificates of membership.

2. *"Contract"* means the agreement by which a person acquires a membership in a buying club.

3. *"Membership"* means certificates, memberships, shares, bonds, contracts, stocks, or agreements of any kind or character issued upon any plan offered generally to the public entitling the holder to purchase merchandise, materials, equipment, or service, either from the issuer or another person designated by the issuer, either under a franchise or otherwise, whether it be at a discount, at cost plus a percentage, at cost plus a fixed amount, at a fixed price, or on any other similar basis.

93 Acts, ch 60, §1

552A.2 Exemptions.

This chapter does not apply to any of the following:

1. Building and loan associations, state or national banks, insurance companies and associations, and mutual or cooperative telephone companies organized under chapter 491 which have been determined to be exempt from taxation under section 501(c)(12) of the Internal Revenue Code.

2. Corporations and cooperative associations subject to regulation under chapter 497, 498, or 499.

3. The sale of membership camping contracts by persons or entities registered or exempt under chapter 557B.

4. The sale of physical exercise club contracts by persons or entities registered under chapter 552.

5. Corporations, partnerships, unincorporated associations, or other business enterprises which sell or offer for sale memberships to an individual or to a family unit for consideration of no more than fifty dollars for a one-year period. Consideration for this purpose includes but is not limited to the amount of any required purchase under the terms of the contract.

6. *a.* The sale of goods or services by corporations, partnerships, unincorporated associations, or other business enterprises which sell products to direct sellers as defined by section 3508 of the Internal Revenue Code, where the initial contract establishing the relationship with the direct seller is terminable at will by either party, and where the corporation, partnership, unincorporated association, or other business enterprise offers to repurchase the products at reasonable commercial terms.

b. For purposes of this subsection, *"reasonable commercial terms"* includes the repurchase of all unencumbered products which are in an unused, commercially resalable condition within one year from the direct seller's date of purchase. The repurchase shall be at a price not less than ninety percent of the original net cost to the direct seller of the products being returned. *"Original net cost"* means the amount actually paid by the direct seller for the products, less any consideration received by the direct seller for the purchase of the products being returned. Products which are no longer marketed by a program shall be deemed resalable if the products are otherwise in an unused, commercially resalable condition and are returned to the seller within one year from the direct seller's date of

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purchase, provided, however, that products which are no longer marketed by a program shall not be deemed resalable if the products are sold to direct sellers as nonreturnable, discontinued, seasonal, or special promotion items and the nonreturnable nature of the product was clearly disclosed to the direct seller prior to purchase.

93 Acts, ch 60, §2; 2012 Acts, ch 1023, §157
Referred to in §557B.14

552A.3 Right of cancellation — requirement of writing — internet sales.

The requirements of sections 555A.1 through 555A.5, relating to door-to-door sales, shall apply to sales of buying club memberships, irrespective of the place or manner of sale or the purpose for which they are purchased, except that in connection with the sale of a buying club membership transacted through the internet by a company primarily engaged in the sale of goods through the internet, section 555A.4, subsections 1 and 3 shall not apply. In addition to the requirements of chapter 555A, a contract shall not be enforceable against a person acquiring a membership in a buying club unless the contract is in writing and signed by the purchaser.

93 Acts, ch 60, §3; 2015 Acts, ch 101, §1

552A.4 Limitation on membership period.

A contract shall not be valid for a term longer than eighteen months from the date on which the contract is signed. However, a buying club may allow a member to convert the contract into a contract for a period longer than eighteen months after the member has been a member of the club for at least one year. The duration of the contract shall be clearly and conspicuously disclosed in the contract in boldface type of a minimum size of fourteen points.

93 Acts, ch 60, §4

552A.5 Remedies.

1. A violation of this chapter is a violation of section 714.16, subsection 2, paragraph "*a*".
2. The rights, obligations, and remedies provided in this chapter shall be in addition to any other rights, obligations, or remedies provided by law or in equity.
3. In addition to the remedies otherwise provided by law, any person injured by a violation of this chapter may bring a civil action and recover damages, together with costs, including reasonable attorney's fees, and receive other equitable relief as determined by the court.

93 Acts, ch 60, §5

CHAPTER 553

IOWA COMPETITION LAW

Referred to in §28G.9, 423.23, 669.14

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553.2 Construction.
553.3 Definitions.
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553.5 Monopoly prohibited.
553.6 Exemptions.
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553.9 Investigation.
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553.12 Remedies.
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553.14 Criminal penalties.
553.15 Election of remedies.
553.16 Limitations.
553.17 Prima facie evidence.
553.18 Debarment.
553.19 Antitrust fund.

553.1 Short title.

This chapter shall be known and may be cited as the "*Iowa Competition Law*".

[C77, 79, 81, §553.1]

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553.2 Construction.

This chapter shall be construed to complement and be harmonized with the applied laws of the United States which have the same or similar purpose as this chapter. This construction shall not be made in such a way as to constitute a delegation of state authority to the federal government, but shall be made to achieve uniform application of the state and federal laws prohibiting restraints of economic activity and monopolistic practices.

[C77, 79, 81, §553.2]

553.3 Definitions.

As used in this chapter unless the context otherwise requires:

1. *"Commodity"* means tangible or intangible property, real, personal, or mixed.
2. *"Enterprise"* means a business, commercial or professional entity, including a corporation, partnership, limited partnership, professional corporation, proprietorship, incorporated or unincorporated association, or other form of organization.
3. *"Government agency"* means the state, its political subdivisions, and any public agency supported in whole or in part by taxation.
4. *"Person"* means a natural person, estate, trust, enterprise, or government agency.
5. *"Price"* includes the terms and conditions of sale, rental, rate, fee, or any other form of payment for a commodity or service.
6. *"Relevant market"* means the geographical area of actual or potential competition in a line of commerce, all or any part of which is within this state.
7. *"Service"* means any activity which is performed in whole or part for financial gain.
8. *"Trade or commerce"* means any economic activity involving or relating to any commodity, service, or business activity.

[C77, 79, 81, §553.3]

Referred to in §321.187A, 321M.6A

553.4 Restraint prohibited.

A contract, combination, or conspiracy between two or more persons shall not restrain or monopolize trade or commerce in a relevant market.

[C97, §5060, 5061; S13, §5067-a; C24, 27, 31, 35, 39, §**9906, 9907, 9915;** C46, 50, 54, 58, 62, 66, 71, 73, 75, §553.1, 553.2, 553.10; C77, 79, 81, §553.4]

553.5 Monopoly prohibited.

A person shall not attempt to establish or establish, maintain, or use a monopoly of trade or commerce in a relevant market for the purpose of excluding competition or of controlling, fixing, or maintaining prices.

[C97, §5060, 5061; S13, §5067-a; C24, 27, 31, 35, 39, §**9906, 9907, 9915;** C46, 50, 54, 58, 62, 66, 71, 73, 75, §553.1, 553.2, 553.10; C77, 79, 81, §553.5]

553.6 Exemptions.

This chapter shall not be construed to prohibit:

1. The activities of any labor organization, individual members of such an organization, or group of such organizations, of any employer or group of employers, or of any groups of employees, if these activities are directed solely to legitimate labor objectives which are permitted under the laws of either this state or the United States.
2. The activities of any agricultural or horticultural organization, whether incorporated or unincorporated, or of the individual members of such organizations, if these activities carry out the legitimate objectives of such organizations, to the extent permitted under the laws of either this state or the United States.
3. The activities of persons engaged in the production of agricultural products when these persons act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing the products of these persons, to the extent permitted under the laws of either this state or the United States. These associations may have marketing and purchasing agencies in common and their members may make the necessary contracts and agreements to effect such purposes. However, such

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associations must be operated for the mutual benefit of the members of these associations acting as producers to qualify under this subsection.

4. The activities or arrangements expressly approved or regulated by any regulatory body or officer acting under authority of this state or of the United States.

5. The activities of a city or county, or an administrative or legal entity created by a city or county, when acting within its statutory or constitutional home rule powers and to the same extent that the activities would not be prohibited if undertaken by the state.

[C24, 27, 31, 35, 39, §**9916;** C46, 50, 54, 58, 62, 66, 71, 73, 75, §553.11; C77, 79, 81, §553.6]
84 Acts, ch 1020, §1

553.7 Attorney general to enforce.

The attorney general, with such assistance as may be required from time to time of the county attorneys in their respective counties, shall institute all criminal and civil actions and proceedings brought under this Act in the name of the state.

[C97, §5067; C24, 27, 31, 35, 39, §**9913;** C46, 50, 54, 58, 62, 66, 71, 73, 75, §553.8; C77, 79, 81, §553.7]
Referred to in §331.756(61)

553.8 Venue.

A suit or proceeding brought under this chapter may be brought in the county where the cause of action arose, where any defendant resides or transacts business, or where an act in furtherance of the conduct prohibited by this chapter occurred.

[C77, 79, 81, §553.8]

553.9 Investigation.

1. If the attorney general has reasonable cause to believe that a person has engaged in or is engaging in conduct prohibited by this chapter, the attorney general shall make such investigation as is deemed necessary and may, prior to the commencement of a suit against this person under this chapter, do any of the following:

a. Issue written demand on this person, its officers, directors, partners, fiduciaries, or employees to compel their attendance before the attorney general and examine them under oath.

b. Issue written demand to produce, examine, and copy a document or tangible item in the possession of this person or its officers, directors, partners, or fiduciaries.

c. Upon an order of a district court, pursuant to a showing that such is reasonably necessary to an investigation being conducted under this section, do any of the following:

(1) Compel the attendance of any other person before the attorney general and examine this person under oath.

(2) Require the production, examination, and copying of a document or other tangible item in the possession of such person.

d. Upon an order of a district court, impound a document or other tangible item produced pursuant to this section and retain possession of it until the completion of all proceedings arising out of the investigation.

2. A written demand or court order issued pursuant to this section shall contain the following information, as applicable:

a. A reference to this chapter and a general description of the subject matter being investigated;

b. The date, time, and place at which any person is to appear or to produce documents or other tangible items;

c. Where the production of documents or other tangible items is required, a description of such documents or items by class with sufficient clarity so that they may be reasonably identified.

3. Any procedure, testimony taken, or material produced under this section shall be sealed by the court and be kept confidential by the attorney general, until an action is filed against a person under this chapter for the violation under investigation, unless confidentiality is waived by the person being investigated and the person who has testified,

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answered interrogatories, or produced material, or unless disclosure is authorized by the court for the purposes of interstate cooperation in enforcing this chapter and similar state and federal laws.

4. This chapter shall not be construed to limit or abridge statutory or constitutional limitations on self-incrimination.

5. Evidence obtained from a natural person pursuant to the provisions of this section shall not be introduced in a subsequent criminal prosecution of this person. However, evidence obtained from a natural person pursuant to a grand jury proceeding may be so introduced.

[C77, 79, 81, §553.9]
2022 Acts, ch 1021, §159
Referred to in §553.10, 553.11

553.10 Investigation enforcement.

If a person objects or otherwise fails to obey a written demand or court order issued under section 553.9, the attorney general may file in the district court of the county in which the person resides or maintains a principal place of business within this state an application for an order to enforce the demand or order. Notice of hearing and a copy of the application shall be served upon the person, who may appear in opposition to the application. If the court finds that the demand or order is proper, that there is reasonable cause to believe there has been a violation of this chapter, and that the information sought or document or object demanded is relevant to the violation, it shall order the person to comply with the demand or order, subject to such modification as the court may prescribe. Upon motion by the person and for good cause shown, the court may make any further order in the proceedings which justice requires to protect the person from unreasonable annoyance, embarrassment, oppression, burden, or expense.

[C77, 79, 81, §553.10]
Referred to in §553.11

553.11 Protective orders.

Before the attorney general files an application under section 553.10 and upon application of any person who was served a written demand or court order under section 553.9, upon notice and hearing, and for good cause shown, the district court may make any order which justice requires to protect the person from annoyance, embarrassment, oppression, or undue burden of expense, which may include any of the following:

1. That the examination of this person shall not be taken or that documents or other tangible items shall not be produced for inspection and copying.

2. That the examination or production of documents or other tangible items shall be had only on specified terms and conditions, including a change in the time or place.

3. That certain matters shall not be inquired into or that the scope of the examination or production shall be limited to certain matters.

4. That the examination or production and inspection shall be conducted with only those persons present as designated by the court.

5. That the transcript of the examination shall be sealed and be opened only by order of the court.

6. That a trade secret or other confidential research, development, or commercial information shall not be disclosed or shall be disclosed only in a designated way.

[C77, 79, 81, §553.11]
2022 Acts, ch 1021, §160

553.12 Remedies.

The state or a person who is injured or threatened with injury by conduct prohibited under this chapter may bring suit to:

1. Prevent or restrain conduct prohibited under this chapter and remove the conduct's effect by injunction, divestiture, divorcement, dissolution of domestic enterprises right to do business in this state, compelling the forfeiture or restraint of the issuance of a certificate of incorporation, permit to transact business, license, or franchise, or granting other equitable relief. The state may bring suit under this section without posting bond.

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2. Recover actual damages resulting from conduct prohibited under this chapter.

3. Recover, at the court's discretion, exemplary damages which do not exceed twice the actual damages awarded under subsection 2, from a person other than a city or county or legal entity created by a city or county, if all of the following apply:

a. The trier of fact determines that the prohibited conduct is willful or flagrant.

b. The person bringing suit is not the state.

4. Recover the necessary costs of bringing suit, including a reasonable attorney fee. However, the state may not recover any attorney fee.

[C77, 79, 81, §553.12]

84 Acts, ch 1020, §2; 2022 Acts, ch 1021, §161

Referred to in §553.13, 553.16, 553.17

553.13 Civil penalty.

In addition to suit under section 553.12, the state may bring suit to assess a civil penalty against an enterprise whose conduct is prohibited under this chapter. The suit may be tried to the jury and the civil penalty provided for in this section shall be imposed by the court. The civil penalty assessed shall not exceed ten percent of the total value of the specific commodities by their brand, make, and size or of services either of which were the subject of the prohibited conduct sold in the relevant market in this state by the enterprise in each year in which this conduct occurred, but this penalty shall not exceed one hundred fifty thousand dollars. In computing this penalty, only the four most recent years in which the prohibited conduct occurred, as of commencement of suit under this section, shall be used in the computation.

[C77, 79, 81, §553.13]

Referred to in §553.16

553.14 Criminal penalties.

1. A person or a natural person having substantial control over an enterprise who knowingly and willfully engages in conduct prohibited by this chapter shall be guilty of a serious misdemeanor.

2. A person having substantial control over an enterprise who knowingly and willfully engages in bid rigging or price fixing involving a contract with the state or a governmental agency is guilty of a class "D" felony.

[C97, §5062; S13, §5062, 5067-c, 5077-a5; C24, 27, 31, 35, 39, **§9908, 9918, 9926;** C46, 50, 54, 58, 62, 66, 71, 73, 75, §553.3, 553.13, 553.21; C77, 79, 81, §553.14]

84 Acts, ch 1143, §1; 2021 Acts, ch 76, §150

553.15 Election of remedies.

The bringing of suit to assess a civil penalty against a person by filing a petition shall be an election of remedies to not bring a criminal prosecution against this person. The bringing of a criminal prosecution against a person by filing an information or returning an indictment shall be an election of remedies to not bring suit to assess a civil penalty against this person.

[C77, 79, 81, §553.15]

553.16 Limitations.

1. Suit by the state to assess a civil penalty or to obtain a criminal conviction under this chapter must be commenced within four years after the cause of action accrues or, if there is fraudulent concealment of this cause of action, within four years after the cause of action becomes known, whichever period is later.

2. Suit under section 553.12 must be commenced within four years after the cause of action accrues or, if there is a fraudulent concealment of this cause of action, within four years after the cause of action becomes known, whichever period is later. However, if this cause is based, in whole or part, on the same set of facts as alleged in a suit brought under section 553.13, this period shall be suspended until one year after the suit brought under section 553.13 is concluded.

[C77, 79, 81, §553.16]

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553.17 Prima facie evidence.

A final decree or judgment, other than a consent decree or consent judgment entered before trial, in a suit brought by the state is prima facie evidence against the defendant in a suit brought by any person other than the state under section 553.12 as to all matters respecting which this decree or judgment would be an estoppel between the state and the defendant. This section shall not affect the application of collateral estoppel or issue preclusion.

[C77, 79, 81, §553.17]

553.18 Debarment.

A contractor or supplier of goods or services to the state or a governmental agency, and the enterprise for which the illegal action was taken, convicted under this chapter, or convicted under the laws of any other state or the federal government for actions which would constitute a violation of this chapter, are prohibited from bidding on a governmental contract for one year from the date of conviction, unless the state or governmental agency accepting bids expressly allows the contractor or supplier to bid after being informed of the conviction.

84 Acts, ch 1143, §2

553.19 Antitrust fund.

1. An antitrust fund is created as a separate fund in the state treasury to be administered by the attorney general. Moneys credited to the fund shall include amounts received as a result of a state or federal civil antitrust judgment or settlement which are based on damages sustained by the state, civil penalties, costs, or attorney fees, and amounts which are specifically directed to the credit of the fund by the judgment or settlement, and amounts which are designated by the judgment or settlement for use by the attorney general for antitrust enforcement or education. Amounts based upon damages sustained by individuals or entities outside of state government not designated for antitrust enforcement purposes or amounts based upon actual damages awarded to the state which would not otherwise be deposited in the general fund of the state shall not be credited to the fund.

2. For each fiscal year, not more than five hundred thousand dollars is appropriated from the fund to the department of justice to be used for enforcement of this chapter and chapter 551, and for enforcement of federal antitrust laws and for public education about state and federal antitrust laws.

3. Notwithstanding section 8.33, moneys credited to the fund shall not revert to any other fund. Notwithstanding section 12C.7, interest or earnings on the moneys in the fund shall be credited to the fund.

2007 Acts, ch 213, §23

See annual Iowa Acts for appropriation of unappropriated moneys in fund to the department of justice for a given fiscal year

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CHAPTER 554

UNIFORM COMMERCIAL CODE

Referred to in §12.81, 12.87, 12.91, 12A.4, 12E.11, 15.106D, 15E.204, 15E.207, 16.26, 16.105, 16.132, 16.177, 16.233, 34A.21, 163.3, 173.14B, 203.12A, 203C.4, 203C.12A, 256.201, 260C.72, 321.50, 321.105A, 331.606B, 331.609, 390.17, 423.1, 453A.45, 462A.83, 483A.51, 491.46, 501A.902, 521I.11, 521I.12, 537.1103, 537A.3, 554B.2, 554D.104, 554D.118, 558.1, 558.42, 654A.1, 654A.6, 654A.8, 717.3, 717.4, 809A.1

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PART 1

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ARTICLE 1

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Referred to in §554.2103, 554.3103, 554.4104, 554.5102, 554.7102, 554.8102, 554.9102, 554.12105, 554.13103, 554.14102, 554.15102

PART 1

GENERAL PROVISIONS

554.1101 Short titles.

1. This chapter may be cited as the Uniform Commercial Code.
2. This Article may be cited as Uniform Commercial Code — General Provisions.

[C66, 71, 73, 75, 77, 79, 81, §554.1101]
2007 Acts, ch 41, §1

554.1102 Scope of Article.

This Article applies to a transaction to the extent that it is governed by another Article of this chapter.

2007 Acts, ch 41, §2, 57

554.1103 Construction of this chapter to promote its purposes and policies — applicability of supplemental principles of law.

1. This chapter must be liberally construed and applied to promote its underlying purposes and policies, which are:

a. to simplify, clarify, and modernize the law governing commercial transactions;

b. to permit the continued expansion of commercial practices through custom, usage, and agreement of the parties; and

c. to make uniform the law among the various jurisdictions.

2. Unless displaced by the particular provisions of this chapter, the principles of law and equity, including the law merchant and the law relative to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, and other validating or invalidating cause supplement its provisions.

[S13, §3060-a196, 3138-a56, -b50; C24, 27, 31, 35, 39, §**8295, 9657, 9716, 9931, 10002;** C46, §487.52, 541.197, 542.56, 554.2, 554.74; C50, 54, 58, 62, §487.52, 493A.18, 541.197, 542.56, 554.2, 554.74; C66, 71, 73, 75, 77, 79, 81, §554.1103]
2007 Acts, ch 41, §3

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554.1104 Construction against implied repeal.

This chapter being a general Act intended as a unified coverage of its subject matter, no part of it shall be deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

[C66, 71, 73, 75, 77, 79, 81, §554.1104]
2007 Acts, ch 41, §4

554.1105 Severability.

If any provision or clause of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

[C66, 71, 73, 75, 77, 79, 81, §554.1108]
2007 Acts, ch 41, §9, 48
CS2007, §554.1105

554.1106 Use of singular and plural — gender.

In this chapter, unless the statutory context otherwise requires:

1. words in the singular number include the plural, and those in the plural include the singular; and
2. words of any gender also refer to any other gender.

2007 Acts, ch 41, §7, 57

554.1107 Section captions.

Section captions are parts of this chapter.

[C66, 71, 73, 75, 77, 79, 81, §554.1109]
2007 Acts, ch 41, §49
CS2007, §554.1107
Referred to in §3.3

554.1108 Relation to Electronic Signatures in Global and National Commerce Act.

This Article modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7001 et seq., except that nothing in this Article modifies, limits, or supersedes §7001(c) of that Act or authorizes electronic delivery of any of the notices described in §7003(b) of that Act.

2007 Acts, ch 41, §10, 57

554.1109 Reserved.

554.1110 Rules for filing and indexing.

The secretary of state shall make and promulgate rules for all filing and indexing pursuant to this chapter and chapter 554B including but not limited to rules on whether statements and documents shall be indexed in real estate records.

[C71, 73, 75, 77, 79, 81, §554.1110]
2014 Acts, ch 1026, §117

PART 2

GENERAL DEFINITIONS AND PRINCIPLES
OF INTERPRETATION

554.1201 General definitions.

1. Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other Articles of this chapter that apply to particular Articles or parts thereof, have the meanings stated.

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2. Subject to definitions contained in other Articles of this chapter that apply to particular Articles or parts thereof:

a. "Action" in the sense of a judicial proceeding, includes recoupment, counterclaim, setoff, suit in equity, and any other proceedings in which rights are determined.

b. "Aggrieved party" means a party entitled to pursue a remedy.

c. "Agreement", as distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in section 554.1303.

d. "Bank" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company.

e. "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or indorsed in blank.

f. "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

g. "Branch" includes a separately incorporated foreign branch of a bank.

h. "Burden of establishing" a fact means the burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.

i. "Buyer in ordinary course of business" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Article 2 may be a buyer in ordinary course of business. *"Buyer in ordinary course of business"* does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

0j. "Central bank digital currency" means a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States federal reserve system, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is made directly available to a consumer by such entities. The term includes a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States federal reserve system, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is processed or validated directly by such entities.

j. "Conspicuous", with reference to a term, means so written, displayed, or presented that, based on the totality of the circumstances, a reasonable person against which it is to operate ought to have noticed it. Whether a term is *"conspicuous"* or not is a decision for the court.

k. "Consumer" means an individual who enters into a transaction primarily for personal, family, or household purposes.

l. "Contract", as distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by this chapter as supplemented by any other applicable laws.

m. "Creditor" includes a general creditor, a secured creditor, a lien creditor, and any representative of creditors, including an assignee for the benefit of creditors, a trustee in bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor's or assignor's estate.

n. "Defendant" includes a person in the position of defendant in a counterclaim, cross-claim, or third-party claim.

o. "Delivery", with respect to an electronic document of title, means voluntary transfer of control and, with respect to an instrument, a tangible document of title, or an authoritative tangible copy of a record evidencing chattel paper, means voluntary transfer of possession.

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p. "Document of title" means a record that in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold, and dispose of the record and the goods the record covers and that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. An *"electronic document of title"* means a document of title evidenced by a record consisting of information stored in an electronic medium. A *"tangible document of title"* means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

q. "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

r. "Fault" means a default, breach, or wrongful act or omission.

s. "Fungible goods" means:

(1) goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or

(2) goods that by agreement are treated as equivalent.

t. "Genuine" means free of forgery or counterfeiting.

u. "Good faith", except as otherwise provided in Article 5, means honesty in fact and the observance of reasonable commercial standards of fair dealing.

v. "Holder" means:

(1) the person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession;

(2) the person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or

(3) the person in control, other than pursuant to section 554.7106, subsection 7, of a negotiable electronic document of title.

w. "Insolvency proceeding" includes any assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

x. "Insolvent" means:

(1) having generally ceased to pay debts in the ordinary course of business other than as a result of a bona fide dispute;

(2) being unable to pay debts as they become due; or

(3) being insolvent within the meaning of federal bankruptcy law.

y. "Money" means a medium of exchange that is currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization, or pursuant to an agreement between two or more countries. The term does not include an electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government. The term also does not include a central bank digital currency.

z. "Organization" means a person other than an individual.

aa. "Party", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to this chapter.

ab. "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity. The term includes a protected series, however denominated, of an entity if the protected series is established under law other than this chapter that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.

ac. "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

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ad. *"Purchase"* means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

ae. *"Purchaser"* means a person who takes by purchase.

af. *"Record"* means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

ag. *"Remedy"* means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

ah. *"Representative"* means a person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, executor, or administrator of an estate.

ai. *"Right"* includes remedy.

aj. *"Security interest"* means an interest in personal property or fixtures which secures payment or performance of an obligation. *"Security interest"* includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Article 9. *"Security interest"* does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under section 554.2401, but a buyer may also acquire a *"security interest"* by complying with Article 9. Except as otherwise provided in section 554.2505, the right of a seller or lessor of goods under Article 2 or 13 to retain or acquire possession of the goods is not a *"security interest"*, but a seller or lessor may also acquire a *"security interest"* by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under section 554.2401 is limited in effect to a reservation of a *"security interest"*. Whether a transaction in the form of a lease creates a *"security interest"* is determined pursuant to section 554.1203.

ak. *"Send"* in connection with a record or notification means:

(1) to deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, and addressed to any address reasonable under the circumstances; or

(2) to cause the record or notification to be received within the time it would have been received if properly sent under subparagraph (1).

al. (1) *"Sign"* means, with present intent to authenticate or adopt a record:

(a) to execute or adopt a tangible symbol; or

(b) to attach to or logically associate with the record an electronic symbol, sound, or process.

(2) *"Signed"*, *"signing"*, and *"signature"* have corresponding meanings.

am. *"State"* means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

an. *"Surety"* includes a guarantor or other secondary obligor.

ao. *"Term"* means that portion of an agreement that relates to a particular matter.

ap. *"Unauthorized signature"* means a signature made without actual, implied, or apparent authority. The term includes a forgery.

aq. *"Warehouse receipt"* means a document of title issued by a person engaged in the business of storing goods for hire.

ar. *"Writing"* includes printing, typewriting, or any other intentional reduction to tangible form. *"Written"* has a corresponding meaning.

[S13, §1889-a, 3060-a6, -a25, -a27, -a56, -a191, 3138-a1, -a58, -b, -b52; C24, 27, 31, 35, 39, §**8245, 8297, 9266, 9466, 9485 – 9487, 9516, 9652, 9661, 9718, 9932, 9934, 9935, 10000, 10005;** C46, 50, 54, 58, 62, §487.1, 487.54, 528.61, 541.6, 541.25 – 541.27, 541.56, 541.192, 542.1, 542.58, 554.3, 554.6, 554.7, 554.72, 554.77; C50, 54, 58, 62, §493A.22; C58, 62, §539.12; C66, 71, 73, 75, 77, 79, 81, §554.1201]

89 Acts, ch 113, §54; 94 Acts, ch 1052, §3; 94 Acts, ch 1167, §6, 122; 2000 Acts, ch 1149, §138, 139, 187; 2007 Acts, ch 30, §45 – 47; 2007 Acts, ch 41, §11, 43, 44; 2007 Acts, ch 215, §262; 2013 Acts, ch 30, §261; 2014 Acts, ch 1026, §118; 2018 Acts, ch 1041, §108, 109; 2022 Acts, ch 1117, §10, 11; 2024 Acts, ch 1023, §10, 11

Referred to in §123A.2, 537.3603, 554.3103, 554.9102, 554.12105, 554.13103, 554D.118

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554.1202 Notice — knowledge.

1. Subject to subsection 6, a person has *"notice"* of a fact if the person:

a. has actual knowledge of it;

b. has received a notice or notification of it; or

c. from all the facts and circumstances known to the person at the time in question, has reason to know that it exists.

2. *"Knowledge"* means actual knowledge. *"Knows"* has a corresponding meaning.

3. *"Discover"*, *"learn"*, or words of similar import refer to knowledge rather than to reason to know.

4. A person *"notifies"* or *"gives"* a notice or notification to another person by taking such steps as may be reasonably required to inform the other person in ordinary course, whether or not the other person actually comes to know of it.

5. Subject to subsection 6, a person *"receives"* a notice or notification when:

a. it comes to that person's attention; or

b. it is duly delivered in a form reasonable under the circumstances at the place of business through which the contract was made or at another location held out by that person as the place for receipt of such communications.

6. Notice, knowledge, or a notice or notification received by an organization is effective for a particular transaction from the time it is brought to the attention of the individual conducting that transaction and, in any event, from the time it would have been brought to the individual's attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the organization to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

2007 Acts, ch 41, §13, 57

Referred to in §554.12106

554.1203 Lease distinguished from security interest.

1. Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.

2. A transaction in the form of a lease creates a security interest if the consideration that the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease and is not subject to termination by the lessee, and:

a. the original term of the lease is equal to or greater than the remaining economic life of the goods;

b. the lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods;

c. the lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement; or

d. the lessee has an option to become the owner of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement.

3. A transaction in the form of a lease does not create a security interest merely because:

a. the present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into;

b. the lessee assumes risk of loss of the goods;

c. the lessee agrees to pay, with respect to the goods, taxes, insurance, filing, recording, or registration fees, or service or maintenance costs;

d. the lessee has an option to renew the lease or to become the owner of the goods;

e. the lessee has an option to renew the lease for a fixed rent that is equal to or greater

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than the reasonably predictable fair market rent for the use of the goods for the term of the renewal at the time the option is to be performed; or

f. the lessee has an option to become the owner of the goods for a fixed price that is equal to or greater than the reasonably predictable fair market value of the goods at the time the option is to be performed.

4. Additional consideration is nominal if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised. Additional consideration is not nominal if:

a. when the option to renew the lease is granted to the lessee, the rent is stated to be the fair market rent for the use of the goods for the term of the renewal determined at the time the option is to be performed; or

b. when the option to become the owner of the goods is granted to the lessee, the price is stated to be the fair market value of the goods determined at the time the option is to be performed.

5. The "remaining economic life of the goods" and "reasonably predictable" fair market rent, fair market value, or cost of performing under the lease agreement must be determined with reference to the facts and circumstances at the time the transaction is entered into.

2007 Acts, ch 41, §14, 57
Referred to in §554.1201

554.1204 Value.

Except as otherwise provided in Articles 3, 4, 5, and 14, a person gives value for rights if the person acquires them:

1. in return for a binding commitment to extend credit or for the extension of immediately available credit, whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;
2. as security for, or in total or partial satisfaction of, a preexisting claim;
3. by accepting delivery under a preexisting contract for purchase; or
4. in return for any consideration sufficient to support a simple contract.

2007 Acts, ch 41, §16, 57; 2022 Acts, ch 1117, §12

554.1205 Reasonable time — seasonableness.

1. Whether a time for taking an action required by this chapter is reasonable depends on the nature, purpose, and circumstances of the action.

2. An action is taken seasonably if it is taken at or within the time agreed or, if no time is agreed, at or within a reasonable time.

[S13, §3060-a193; C24, 27, 31, 35, 39, §**9654, 9972;** C46, 50, 54, 58, 62, §541.194, 554.44; C66, 71, 73, 75, 77, 79, 81, §554.1204]

2007 Acts, ch 41, §15, 52
CS2007, §554.1205

554.1206 Presumptions.

Whenever this chapter creates a "*presumption*" with respect to a fact, or provides that a fact is "*presumed*", the trier of fact must find the existence of the fact unless and until evidence is introduced that supports a finding of its nonexistence.

2007 Acts, ch 41, §18, 57

PART 3

TERRITORIAL APPLICABILITY
AND GENERAL RULES

554.1301 Territorial applicability — parties' power to choose applicable law.

1. Except as otherwise provided in this section, when a transaction bears a reasonable relation to this state and also to another state or nation the parties may agree that the law either of this state or of such other state or nation shall govern their rights and duties.

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2. In the absence of an agreement effective under subsection 1, and except as provided in subsection 3, this chapter applies to transactions bearing an appropriate relation to this state.

3. If 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 so specified:

a. Section 554.2402;
b. Section 554.4102;
c. Section 554.5116;
d. Section 554.8110;
e. Sections 554.9301 through 554.9307;
f. Section 554.12507;
g. Sections 554.13105 and 554.13106;
h. Section 554.14107.

[C66, 71, 73, 75, 77, 79, 81, §554.1105]
92 Acts, ch 1146, §39; 94 Acts, ch 1052, §2; 94 Acts, ch 1121, §3; 96 Acts, ch 1026, §19; 96 Acts, ch 1138, §5, 84; 2000 Acts, ch 1149, §137, 187; 2007 Acts, ch 41, §5, 45
CS2007, §554.1301
2024 Acts, ch 1023, §12, 13

554.1302 Variation by agreement.

1. Except as otherwise provided in subsection 2 or elsewhere in this chapter, the effect of provisions of this chapter may be varied by agreement.

2. The obligations of good faith, diligence, reasonableness, and care prescribed by this chapter may not be disclaimed by agreement. The parties, by agreement, may determine the standards by which the performance of those obligations is to be measured if those standards are not manifestly unreasonable. Whenever this chapter requires an action to be taken within a reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

3. The presence in certain provisions of this chapter of the phrase "unless otherwise agreed", or words of similar import, does not imply that the effect of other provisions may not be varied by agreement under this section.

2007 Acts, ch 41, §22
Referred to in §554.5103, 554.12204, 554.13518, 554.13519, 554.13527, 554.13528

554.1303 Course of performance, course of dealing, and usage of trade.

1. A *"course of performance"* is a sequence of conduct between the parties to a particular transaction that exists if:

a. the agreement of the parties with respect to the transaction involves repeated occasions for performance by a party; and

b. the other party, with knowledge of the nature of the performance and opportunity for objection to it, accepts the performance or acquiesces in it without objection.

2. A *"course of dealing"* is a sequence of conduct concerning previous transactions between the parties to a particular transaction that is fairly to be regarded as establishing a common basis of understanding for interpreting their expressions and other conduct.

3. A *"usage of trade"* is any practice or method of dealing having such regularity of observance in a place, vocation, or trade as to justify an expectation that it will be observed with respect to the transaction in question. The existence and scope of such a usage must be proved as facts. If it is established that such a usage is embodied in a trade code or similar record, the interpretation of the record is a question of law.

4. A course of performance or course of dealing between the parties or usage of trade in the vocation or trade in which they are engaged or of which they are or should be aware is relevant in ascertaining the meaning of the parties' agreement, may give particular meaning to specific terms of the agreement, and may supplement or qualify the terms of the agreement. A usage of trade applicable in the place in which part of the performance under the agreement is to occur may be so utilized as to that part of the performance.

5. Except as otherwise provided in subsection 6, the express terms of an agreement and

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any applicable course of dealing, or usage of trade must be construed wherever reasonable as consistent with each other. If such a construction is unreasonable:

a. express terms prevail over course of performance, course of dealing, and usage of trade;

b. course of performance prevails over course of dealing and usage of trade; and

c. course of dealing prevails over usage of trade.

6. Subject to section 554.2209, a course of performance is relevant to show a waiver or modification of any term inconsistent with the course of performance.

7. Evidence of a relevant usage of trade offered by one party is not admissible unless that party has given the other party notice that the court finds sufficient to prevent unfair surprise to the other party.

[C24, 27, 31, 35, 39, §**9938, 9944, 9947, 10000;** C46, 50, 54, 58, 62, §554.10, 554.16, 554.19, 554.72; C66, 71, 73, 75, 77, 79, 81, §554.1205]

2007 Acts, ch 41, §17, 53

CS2007, §554.1303

Referred to in §554.1201, 554.2202

554.1304 Obligation of good faith.

Every contract or duty within this chapter imposes an obligation of good faith in its performance or enforcement.

[C66, 71, 73, 75, 77, 79, 81, §554.1203]

2007 Acts, ch 41, §51

CS2007, §554.1304

554.1305 Remedies to be liberally administered.

1. The remedies provided by this chapter must be liberally administered to the end that the aggrieved party may be put in as good a position as if the other party had fully performed but neither consequential or special damages nor penal damages may be had except as specifically provided in this chapter or by other rule of law.

2. Any right or obligation declared by this chapter is enforceable by action unless the provision declaring it specifies a different and limited effect.

[C24, 27, 31, 35, 39, §**10001;** C46, 50, 54, 58, 62, §554.73; C66, 71, 73, 75, 77, 79, 81, §554.1106]

2007 Acts, ch 41, §6, 46

CS2007, §554.1305

Referred to in §554.13501

554.1306 Waiver or renunciation of claim or right after breach.

A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in a signed record.

[S13, §3060-a118, -a122; SS15, §3060-a120; C24, 27, 31, 35, 39, §**9579, 9581, 9583;** C46, 50, 54, 58, 62, §541.119, 541.121, 541.123; C66, 71, 73, 75, 77, 79, 81, §554.1107]

2007 Acts, ch 41, §8, 47

CS2007, §554.1306

2024 Acts, ch 1023, §14

Referred to in §554D.104

554.1307 Prima facie evidence by third-party documents.

A document in due form purporting to be a bill of lading, policy or certificate of insurance, official weigher's or inspector's certificate, consular invoice, or any other document authorized or required by the contract to be issued by a third party is prima facie evidence of its own authenticity and genuineness and of the facts stated in the document by the third party.

[C66, 71, 73, 75, 77, 79, 81, §554.1202]

2007 Acts, ch 41, §12, 50

CS2007, §554.1307

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554.1308 Performance or acceptance under reservation of rights.

1. A party that with explicit reservation of rights performs or promises performance or assents to performance in a manner demanded or offered by the other party does not thereby prejudice the rights reserved. Such words as "without prejudice", "under protest", or the like are sufficient.

2. Subsection 1 does not apply to an accord and satisfaction.

[C66, 71, 73, 75, 77, 79, 81, §554.1207]
94 Acts, ch 1167, §7, 122; 2007 Acts, ch 41, §19, 54
CS2007, §554.1308

554.1309 Option to accelerate at will.

A term providing that one party or that party's successor in interest may accelerate payment or performance or require collateral or additional collateral "at will" or when the party "deems itself insecure" or words of similar import, means that that party has power to do so only if that party in good faith believes that the prospect of payment or performance is impaired. The burden of establishing lack of good faith is on the party against which the power has been exercised.

[C66, 71, 73, 75, 77, 79, 81, §554.1208]
2007 Acts, ch 41, §20, 55
CS2007, §554.1309

554.1310 Subordinated obligations.

An obligation may be issued as subordinated to performance of another obligation of the person obligated, or a creditor may subordinate its right to performance of an obligation by agreement with either the person obligated or another creditor of the person obligated. Subordination does not create a security interest as against either the common debtor or a subordinated creditor.

[C75, 77, 79, 81, §554.1209]
2007 Acts, ch 41, §21, 56
CS2007, §554.1310

ARTICLE 2

SALES

Referred to in §214A.41, 554.1201, 554.7509, 554.9110, 554.9203, 554.9322, 554D.104

PART 1

SHORT TITLE, GENERAL CONSTRUCTION, AND SUBJECT MATTER

554.2101 Short title.

This Article shall be known and may be cited as Uniform Commercial Code — Sales.

[C66, 71, 73, 75, 77, 79, 81, §554.2101]

554.2102 Scope — certain security and other transactions excluded from this Article.

1. Unless the context otherwise requires, and except as provided in subsection 3, this Article applies to transactions in goods and, in the case of a hybrid transaction, it applies to the extent provided in subsection 2.

2. In a hybrid transaction:

a. if the sale-of-goods aspects do not predominate, only the provisions of this Article which relate primarily to the sale-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply.

b. if the sale-of-goods aspects predominate, this Article applies to the transaction but

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does not preclude application in appropriate circumstances of other law to aspects of the transaction which do not relate to the sale of goods.

3. This Article does not:

a. apply to a transaction that, even though in the form of an unconditional contract to sell or present sale, operates only to create a security interest; or

b. impair or repeal a statute regulating sales to consumers, farmers, or other specified classes of buyers.

[C24, 27, 31, 35, 39, §**10004;** C46, 50, 54, 58, 62, §554.76; C66, 71, 73, 75, 77, 79, 81, §554.2102]

2024 Acts, ch 1023, §15

554.2103 Definitions and index of definitions.

1. In this Article unless the context otherwise requires

a. *"Buyer"* means a person who buys or contracts to buy goods.

b. Reserved.

c. *"Receipt"* of goods means taking physical possession of them.

d. *"Seller"* means a person who sells or contracts to sell goods.

2. Other definitions applying to this Article or to specified parts thereof, and the sections in which they appear are:

a. "Acceptance" ..... Section 554.2606
b. "Banker's credit" ..... Section 554.2325
c. "Between merchants" ..... Section 554.2104
d. "Cancellation" ..... Section 554.2106(4)
e. "Commercial unit" ..... Section 554.2105
f. "Confirmed credit" ..... Section 554.2325
g. "Conforming to contract" ..... Section 554.2106
h. "Contract for sale" ..... Section 554.2106
i. "Cover" ..... Section 554.2712
j. "Entrusting" ..... Section 554.2403
k. "Financing agency" ..... Section 554.2104
l. "Future goods" ..... Section 554.2105
m. "Goods" ..... Section 554.2105
n. "Identification" ..... Section 554.2501
o. "Installment contract" ..... Section 554.2612
p. "Letter of credit" ..... Section 554.2325
q. "Lot" ..... Section 554.2105
r. "Merchant" ..... Section 554.2104
s. "Overseas" ..... Section 554.2323
t. "Person in position of seller" ..... Section 554.2707
u. "Present sale" ..... Section 554.2106
v. "Sale" ..... Section 554.2106
w. "Sale on approval" ..... Section 554.2326
x. "Sale or return" ..... Section 554.2326
y. "Termination" ..... Section 554.2106

3. The following definitions in other Articles apply to this Article:

a. "Check" ..... Section 554.3104
b. "Consignee" ..... Section 554.7102
c. "Consignor" ..... Section 554.7102
d. "Consumer goods" ..... Section 554.9102
e. "Control" ..... Section 554.7106
f. "Dishonor" ..... Section 554.3502
g. "Draft" ..... Section 554.3104

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4. In addition Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

[C24, 27, 31, 35, 39, §**10005;** C46, 50, 54, 58, 62, §554.77; C66, 71, 73, 75, 77, 79, 81, §554.2103]

94 Acts, ch 1167, §8, 122; 2000 Acts, ch 1149, §140, 187; 2007 Acts, ch 30, §45, 46, 48; 2007 Acts, ch 41, §23; 2012 Acts, ch 1023, §144, 157

Referred to in §554.7102, 554.13103

554.2104 Definitions: "merchant" — "between merchants" — "financing agency".

1. *"Merchant"* means a person who deals in goods of the kind or otherwise by the person's occupation holds that person out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such knowledge or skill may be attributed by the person's employment of an agent or broker or other intermediary who by the intermediary's occupation holds the intermediary out as having such knowledge or skill.

2. *"Financing agency"* means a bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany or are associated with the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (section 554.2707).

3. *"Between merchants"* means in any transaction with respect to which both parties are chargeable with the knowledge or skill of merchants.

[S13, §3138-b34, -b36; C24, 27, 31, 35, 39, §**8279, 8281;** C46, 50, 54, 58, 62, §487.35, 487.37; C66, 71, 73, 75, 77, 79, 81, §554.2104]

2007 Acts, ch 30, §45, 46, 49

Referred to in §546A.1, 554.2103, 554.9102, 554.13103

554.2105 Definitions: transferability — "goods" — "future" goods — "lot" — "commercial unit".

1. *"Goods"* means all things (including specially manufactured goods) which are movable at the time of identification to the contract for sale other than the money in which the price is to be paid, investment securities (Article 8) and things in action. "Goods" also includes the unborn young of animals and growing crops and other identified things attached to realty as described in the section on goods to be severed from realty (section 554.2107).

2. Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are "future" goods. A purported present sale of future goods or of any interest therein operates as a contract to sell.

3. There may be a sale of a part interest in existing identified goods.

4. An undivided share in an identified bulk of fungible goods is sufficiently identified to be sold although the quantity of the bulk is not determined. Any agreed proportion of such a bulk or any quantity thereof agreed upon by number, weight or other measure may to the extent of the seller's interest in the bulk be sold to the buyer who then becomes an owner in common.

5. *"Lot"* means a parcel or a single article which is the subject matter of a separate sale or delivery, whether or not it is sufficient to perform the contract.

6. *"Commercial unit"* means such a unit of goods as by commercial usage is a single whole for purposes of sale and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article (as a machine) or a set of articles (as a suite of furniture or an assortment of sizes) or a quantity (as a bale, gross, or carload) or any other unit treated in use or in the relevant market as a single whole.

[C24, 27, 31, 35, 39, §**9934, 9935, 10005;** C46, 50, 54, 58, 62, §554.6, 554.7, 554.77; C66, 71, 73, 75, 77, 79, 81, §554.2105]

Referred to in §537.1301, 554.2103

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554.2106 Definitions: "contract" — "agreement" — "contract for sale" — "sale" — "present sale" — "conforming" to contract — "termination" — "cancellation" — "hybrid transaction".

1. In this Article unless the context otherwise requires *"contract"* and *"agreement"* are limited to those relating to the present or future sale of goods. *"Contract for sale"* includes both a present sale of goods and a contract to sell goods at a future time. A *"sale"* consists in the passing of title from the seller to the buyer for a price (section 554.2401). A *"present sale"* means a sale which is accomplished by the making of the contract.

2. Goods or conduct including any part of a performance are *"conforming"* or conform to the contract when they are in accordance with the obligations under the contract.

3. *"Termination"* occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On "termination" all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

4. *"Cancellation"* occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of "termination" except that the canceling party also retains any remedy for breach of the whole contract or any unperformed balance.

5. *"Hybrid transaction"* means a single transaction involving a sale of goods and:

a. the provision of services;

b. a lease of other goods; or

c. a sale, lease, or license of property other than goods.

[C24, 27, 31, 35, 39, §**9930, 9940;** C46, 50, 54, 58, 62, §554.1, 554.12; C66, 71, 73, 75, 77, 79, 81, §554.2106]

2022 Acts, ch 1032, §95; 2024 Acts, ch 1023, §16

Referred to in §554.2103, 554.7102, 554.9102, 554.13103

554.2107 Goods to be severed from realty: recording.

1. A contract for the sale of minerals or the like (including oil and gas) or a structure or its materials to be removed from realty is a contract for the sale of goods within this Article if they are to be severed by the seller but until severance a purported present sale thereof which is not effective as a transfer of an interest in land is effective only as a contract to sell.

2. A contract for the sale apart from the land of growing crops or other things attached to realty and capable of severance without material harm thereto but not described in subsection 1 or of timber to be cut is a contract for the sale of goods within this Article whether the subject matter is to be severed by the buyer or by the seller even though it forms part of the realty at the time of contracting, and the parties can by identification effect a present sale before severance.

3. The provisions of this section are subject to any third party rights provided by the law relating to realty records, and the contract for sale may be executed and recorded as a document transferring an interest in land and shall then constitute notice to third parties of the buyer's rights under the contract for sale.

[C24, 27, 31, 35, 39, §**10005;** C46, 50, 54, 58, 62, §554.77; C66, 71, 73, 75, 77, 79, 81, §554.2107]

Referred to in §554.2105

PART 2

FORM, FORMATION, AND READJUSTMENT OF CONTRACT

554.2201 Formal requirements — statute of frauds.

1. Except as otherwise provided in this section a contract for the sale of goods for the price of five hundred dollars or more is not enforceable by way of action or defense unless there is a record sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by the party's authorized agent or broker. A record is not insufficient because it omits or incorrectly states a term agreed

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upon but the contract is not enforceable under this subsection beyond the quantity of goods shown in the record.

2. Between merchants if within a reasonable time a record in confirmation of the contract and sufficient against the sender is received and the party receiving it has reason to know its contents, it satisfies the requirements of subsection 1 against the party unless notice in a record of objection to its contents is given within ten days after it is received.

3. A contract which does not satisfy the requirements of subsection 1 but which is valid in other respects is enforceable

a. if the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the seller's business and the seller, before notice of repudiation is received and under circumstances which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture or commitments for their procurement; or

b. if the party against whom enforcement is sought admits in that party's pleading, testimony or otherwise in court that a contract for sale was made, but the contract is not enforceable under this provision beyond the quantity of goods admitted; or

c. with respect to goods for which payment has been made and accepted or which have been received and accepted (section 554.2606).

[C24, 27, 31, 35, 39, §**9933;** C46, 50, 54, 58, 62, §554.4; C66, 71, 73, 75, 77, 79, 81, §554.2201]
2024 Acts, ch 1023, §17
Referred to in §554.2209, 554.2326

554.2202 Final expression — parol or extrinsic evidence.

Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a record intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented:

1. by course of performance, course of dealing, or usage of trade (section 554.1303); and

2. by evidence of consistent additional terms unless the court finds the record to have been intended also as a complete and exclusive statement of the terms of the agreement.

[C66, 71, 73, 75, 77, 79, 81, §554.2202]
2007 Acts, ch 41, §24; 2024 Acts, ch 1023, §18
Referred to in §554.2316, 554.2326, 715B.2

554.2203 Seals inoperative.

The affixing of a seal to a record evidencing a contract for sale or an offer to buy or sell goods does not constitute the record a sealed instrument and the law with respect to sealed instruments does not apply to such a contract or offer.

[C24, 27, 31, 35, 39, §**9932;** C46, 50, 54, 58, 62, §554.3; C66, 71, 73, 75, 77, 79, 81, §554.2203]
2024 Acts, ch 1023, §19

554.2204 Formation in general.

1. A contract for sale of goods may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of such a contract.

2. An agreement sufficient to constitute a contract for sale may be found even though the moment of its making is undetermined.

3. Even though one or more terms are left open a contract for sale does not fail for indefiniteness if the parties have intended to make a contract and there is a reasonably certain basis for giving an appropriate remedy.

[C24, 27, 31, 35, 39, §**9930, 9932;** C46, 50, 54, 58, 62, §554.1, 554.3; C66, 71, 73, 75, 77, 79, 81, §554.2204]
Referred to in §554.2311

554.2205 Firm offers.

An offer by a merchant to buy or sell goods in a signed record which by its terms gives assurance that it will be held open is not revocable, for lack of consideration, during the

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time stated or if no time is stated for a reasonable time, but in no event may such period of irrevocability exceed three months; but any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

[C24, 27, 31, 35, 39, §**9930, 9932;** C46, 50, 54, 58, 62, §554.1, 554.3; C66, 71, 73, 75, 77, 79, 81, §554.2205]

2024 Acts, ch 1023, §20

554.2206 Offer and acceptance in formation of contract.

1. Unless otherwise unambiguously indicated by the language or circumstances

a. an offer to make a contract shall be construed as inviting acceptance in any manner and by any medium reasonable in the circumstances;

b. an order or other offer to buy goods for prompt or current shipment shall be construed as inviting acceptance either by a prompt promise to ship or by the prompt or current shipment of conforming or nonconforming goods, but such a shipment of nonconforming goods does not constitute an acceptance if the seller seasonably notifies the buyer that the shipment is offered only as an accommodation to the buyer.

2. Where the beginning of a requested performance is a reasonable mode of acceptance an offeror who is not notified of acceptance within a reasonable time may treat the offer as having lapsed before acceptance.

[C24, 27, 31, 35, 39, §**9930, 9932;** C46, 50, 54, 58, 62, §554.1, 554.3; C66, 71, 73, 75, 77, 79, 81, §554.2206]

554.2207 Additional terms in acceptance or confirmation.

1. A definite and seasonable expression of acceptance or a written confirmation which is sent within a reasonable time operates as an acceptance even though it states terms additional to or different from those offered or agreed upon, unless acceptance is expressly made conditional on assent to the additional or different terms.

2. The additional terms are to be construed as proposals for addition to the contract. Between merchants such terms become part of the contract unless:

a. the offer expressly limits acceptance to the terms of the offer;

b. they materially alter it; or

c. notification of objection to them has already been given or is given within a reasonable time after notice of them is received.

3. Conduct by both parties which recognizes the existence of a contract is sufficient to establish a contract for sale although the writings of the parties do not otherwise establish a contract. In such case the terms of the particular contract consist of those terms on which the writings of the parties agree, together with any supplementary terms incorporated under any other provisions of this chapter.

[C24, 27, 31, 35, 39, §**9930, 9932;** C46, 50, 54, 58, 62, §554.1, 554.3; C66, 71, 73, 75, 77, 79, 81, §554.2207]

554.2208 Course of performance or practical construction. Repealed by 2007 Acts, ch 41, §60. See §554.1303.

554.2209 Modification, rescission, and waiver.

1. An agreement modifying a contract within this Article needs no consideration to be binding.

2. A signed agreement which excludes modification or rescission except by a signed writing or other signed record cannot be otherwise modified or rescinded, but except as between merchants such a requirement on a form supplied by the merchant must be separately signed by the other party.

3. The requirements of the statute of frauds section of this Article (section 554.2201) must be satisfied if the contract as modified is within its provisions.

4. Although an attempt at modification or rescission does not satisfy the requirements of subsection 2 or 3 it can operate as a waiver.

5. A party who has made a waiver affecting an executory portion of the contract

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may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver.

[C24, 27, 31, 35, 39, §**9990;** C46, 50, 54, 58, 62, §554.62; C66, 71, 73, 75, 77, 79, 81, §554.2209]
2024 Acts, ch 1023, §21
Referred to in §554.1303

554.2210 Delegation of performance — assignment of rights.

1. A party may perform that party's duty through a delegate unless otherwise agreed or unless the other party has a substantial interest in having the original promisor perform or control the acts required by the contract. No delegation of performance relieves the party delegating of any duty to perform or any liability for breach.

2. Except as otherwise provided in section 554.9406, unless otherwise agreed all rights of either seller or buyer can be assigned except where the assignment would materially change the duty of the other party, or increase materially the burden of risk imposed on the other party by the contract, or impair materially the other party's chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the assignor's due performance of the assignor's entire obligation can be assigned despite agreement otherwise.

3. The creation, attachment, perfection, or enforcement of a security interest in the seller's interest under a contract is not a transfer that materially changes the duty of or increases materially the burden or risk imposed on the buyer or impairs materially the buyer's chance of obtaining return performance within the purview of subsection 2 unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the seller. Even in that event, the creation, attachment, perfection, and enforcement of the security interest remain effective, but the seller is liable to the buyer for damages caused by the delegation to the extent that the damages could not reasonably be prevented by the buyer, and a court having jurisdiction may grant other appropriate relief, including cancellation of the contract for sale or an injunction against enforcement of the security interest or consummation of the enforcement.

4. Unless the circumstances indicate the contrary a prohibition of assignment of "the contract" is to be construed as barring only the delegation to the assignee of the assignor's performance.

5. An assignment of "the contract" or of "all my rights under the contract" or an assignment in similar general terms is an assignment of rights and unless the language or the circumstances (as in an assignment for security) indicate the contrary, it is a delegation of performance of the duties of the assignor and its acceptance by the assignee constitutes a promise by the assignee to perform those duties. This promise is enforceable by either the assignor or the other party to the original contract.

6. The other party may treat any assignment which delegates performance as creating reasonable grounds for insecurity and may without prejudice to that party's rights against the assignor demand assurances from the assignee (section 554.2609).

[C66, 71, 73, 75, 77, 79, 81, §554.2210]
2000 Acts, ch 1149, §141, 142, 187; 2013 Acts, ch 30, §261

PART 3

GENERAL OBLIGATION AND CONSTRUCTION OF CONTRACT

554.2301 General obligations of parties.

The obligation of the seller is to transfer and deliver and that of the buyer is to accept and pay in accordance with the contract.

[C24, 27, 31, 35, 39, §**9940, 9970;** C46, 50, 54, 58, 62, §554.12, 554.42; C66, 71, 73, 75, 77, 79, 81, §554.2301]

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554.2302 Unconscionable contract or clause.

1. If the court as a matter of law finds the contract or any clause of the contract to have been unconscionable at the time it was made the court may refuse to enforce the contract, or it may enforce the remainder of the contract without the unconscionable clause, or it may so limit the application of any unconscionable clause as to avoid any unconscionable result.

2. When it is claimed or appears to the court that the contract or any clause thereof may be unconscionable the parties shall be afforded a reasonable opportunity to present evidence as to its commercial setting, purpose and effect to aid the court in making the determination.

[C66, 71, 73, 75, 77, 79, 81, §554.2302]

554.2303 Allocation or division of risks.

Where this Article allocates a risk or a burden as between the parties "unless otherwise agreed", the agreement may not only shift the allocation but may also divide the risk or burden.

[C66, 71, 73, 75, 77, 79, 81, §554.2303]

554.2304 Price payable in money, goods, realty, or otherwise.

1. The price can be made payable in money or otherwise. If it is payable in whole or in part in goods each party is a seller of the goods which that party is to transfer.

2. Even though all or part of the price is payable in an interest in realty the transfer of the goods and the seller's obligations with reference to them are subject to this Article, but not the transfer of the interest in realty or the transferor's obligations in connection therewith.

[C24, 27, 31, 35, 39, §**9938;** C46, 50, 54, 58, 62, §554.10; C66, 71, 73, 75, 77, 79, 81, §554.2304]

554.2305 Open price term.

1. The parties if they so intend can conclude a contract for sale even though the price is not settled. In such a case the price is a reasonable price at the time for delivery if

a. nothing is said as to price; or

b. the price is left to be agreed by the parties and they fail to agree; or

c. the price is to be fixed in terms of some agreed market or other standard as set or recorded by a third person or agency and it is not so set or recorded.

2. A price to be fixed by the seller or by the buyer means a price for that party to fix in good faith.

3. When a price left to be fixed otherwise than by agreement of the parties fails to be fixed through fault of one party the other may at that party's option treat the contract as canceled or fix a reasonable price.

4. Where, however, the parties intend not to be bound unless the price be fixed or agreed and it is not fixed or agreed there is no contract. In such a case the buyer must return any goods already received or if unable so to do must pay their reasonable value at the time of delivery and the seller must return any portion of the price paid on account.

[C24, 27, 31, 35, 39, §**9938, 9939;** C46, 50, 54, 58, 62, §554.10, 554.11; C66, 71, 73, 75, 77, 79, 81, §554.2305]

554.2306 Output, requirements and exclusive dealings.

1. A term which measures the quantity by the output of the seller or the requirements of the buyer means such actual output or requirements as may occur in good faith, except that no quantity unreasonably disproportionate to any stated estimate or in the absence of a stated estimate to any normal or otherwise comparable prior output or requirements may be tendered or demanded.

2. A lawful agreement by either the seller or the buyer for exclusive dealing in the kind of goods concerned imposes unless otherwise agreed an obligation by the seller to use best efforts to supply the goods and by the buyer to use best efforts to promote their sale.

[C66, 71, 73, 75, 77, 79, 81, §554.2306]

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554.2307 Delivery in single lot or several lots.

Unless otherwise agreed all goods called for by a contract for sale must be tendered in a single delivery and payment is due only on such tender but where the circumstances give either party the right to make or demand delivery in lots the price if it can be apportioned may be demanded for each lot.

[C24, 27, 31, 35, 39, §**9974;** C46, 50, 54, 58, 62, §554.46; C66, 71, 73, 75, 77, 79, 81, §554.2307]

554.2308 Absence of specified place for delivery.

Unless otherwise agreed

1. the place for delivery of goods is the seller's place of business or if the seller has none the seller's residence; but

2. in a contract for sale of identified goods which to the knowledge of the parties at the time of contracting are in some other place, that place is the place for their delivery; and

3. documents of title may be delivered through customary banking channels.

[C24, 27, 31, 35, 39, §**9972;** C46, 50, 54, 58, 62, §554.44; C66, 71, 73, 75, 77, 79, 81, §554.2308]

2009 Acts, ch 41, §263

554.2309 Absence of specific time provisions — notice of termination.

1. The time for shipment or delivery or any other action under a contract if not provided in this Article or agreed upon shall be a reasonable time.

2. Where the contract provides for successive performances but is indefinite in duration it is valid for a reasonable time but unless otherwise agreed may be terminated at any time by either party.

3. Termination of a contract by one party except on the happening of an agreed event requires that reasonable notification be received by the other party and an agreement dispensing with notification is invalid if its operation would be unconscionable.

[C24, 27, 31, 35, 39, §**9972, 9974, 9976, 9977;** C46, 50, 54, 58, 62, §554.44, 554.46, 554.48, 554.49; C66, 71, 73, 75, 77, 79, 81, §554.2309]

554.2310 Open time for payment or running of credit — authority to ship under reservation.

Unless otherwise agreed

1. payment is due at the time and place at which the buyer is to receive the goods even though the place of shipment is the place of delivery; and

2. if the seller is authorized to send the goods the seller may ship them under reservation, and may tender the documents of title, but the buyer may inspect the goods after their arrival before payment is due unless such inspection is inconsistent with the terms of the contract (section 554.2513); and

3. if delivery is authorized and made by way of documents of title otherwise than by subsection 2 then payment is due regardless of where the goods are to be received at the time and place at which the buyer is to receive delivery of the tangible documents or at the time the buyer is to receive delivery of the electronic documents and at the seller's place of business or if none, the seller's residence; and

4. where the seller is required or authorized to ship the goods on credit the credit period runs from the time of shipment but post-dating the invoice or delaying its dispatch will correspondingly delay the starting of the credit period.

[C24, 27, 31, 35, 39, §**9971, 9976;** C46, 50, 54, 58, 62, §554.43, 554.48; C66, 71, 73, 75, 77, 79, 81, §554.2310]

2007 Acts, ch 30, §45, 46, 50; 2009 Acts, ch 41, §263; 2010 Acts, ch 1061, §72

554.2311 Options and cooperation respecting performance.

1. An agreement for sale which is otherwise sufficiently definite (section 554.2204, subsection 3) to be a contract is not made invalid by the fact that it leaves particulars of performance to be specified by one of the parties. Any such specification must be made in good faith and within limits set by commercial reasonableness.

2. Unless otherwise agreed specifications relating to assortment of the goods are at the

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buyer's option and except as otherwise provided in section 554.2319, subsection 1, paragraph "*c*", and section 554.2319, subsection 3, specifications or arrangements relating to shipment are at the seller's option.

3. Where such specification would materially affect the other party's performance but is not seasonably made or where one party's cooperation is necessary to the agreed performance of the other but is not seasonably forthcoming the other party in addition to all other remedies

a. is excused for any resulting delay in that party's own performance; and

b. may also either proceed to perform in any reasonable manner or after the time for a material part of that party's own performance treat the failure to specify or to cooperate as a breach by failure to deliver or accept the goods.

[C66, 71, 73, 75, 77, 79, 81, §554.2311]

2013 Acts, ch 30, §140; 2014 Acts, ch 1026, §119; 2015 Acts, ch 29, §87

Referred to in §554.2319

554.2312 Warranty of title and against infringement — buyer's obligation against infringement.

1. Subject to subsection 2 there is in a contract for sale a warranty by the seller that

a. the title conveyed shall be good, and its transfer rightful; and

b. the goods shall be delivered free from any security interest or other lien or encumbrance of which the buyer at the time of contracting has no knowledge.

2. A warranty under subsection 1 will be excluded or modified only by specific language or by circumstances which give the buyer reason to know that the person selling does not claim title or that the person selling is purporting to sell only such right or title as the person selling or a third person may have.

3. Unless otherwise agreed a seller who is a merchant regularly dealing in goods of the kind warrants that the goods shall be delivered free of the rightful claim of any third person by way of infringement or the like but a buyer who furnishes specifications to the seller must hold the seller harmless against any such claim which arises out of compliance with the specifications.

[C24, 27, 31, 35, 39, §**9942;** C46, 50, 54, 58, 62, §554.14; C66, 71, 73, 75, 77, 79, 81, §554.2312]

Referred to in §554.2607

554.2313 Express warranties by affirmation, promise, description, sample.

1. Express warranties by the seller are created as follows:

a. Any affirmation of fact or promise made by the seller to the buyer which relates to the goods and becomes part of the basis of the bargain creates an express warranty that the goods shall conform to the affirmation or promise.

b. Any description of the goods which is made part of the basis of the bargain creates an express warranty that the goods shall conform to the description.

c. Any sample or model which is made part of the basis of the bargain creates an express warranty that the whole of the goods shall conform to the sample or model.

2. It is not necessary to the creation of an express warranty that the seller use formal words such as "warrant" or "guarantee" or that the seller have a specific intention to make a warranty, but an affirmation merely of the value of the goods or a statement purporting to be merely the seller's opinion or commendation of the goods does not create a warranty.

[C24, 27, 31, 35, 39, §**9941, 9943, 9945;** C46, 50, 54, 58, 62, §554.13, 554.15, 554.17; C66, 71, 73, 75, 77, 79, 81, §554.2313]

554.2314 Implied warranty: merchantability — usage of trade.

1. Unless excluded or modified (section 554.2316), a warranty that the goods shall be merchantable is implied in a contract for their sale if the seller is a merchant with respect to goods of that kind. Under this section the serving for value of food or drink to be consumed either on the premises or elsewhere is a sale.

2. Goods to be merchantable must be at least such as

a. pass without objection in the trade under the contract description; and

b. in the case of fungible goods, are of fair average quality within the description; and

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c. are fit for the ordinary purposes for which such goods are used; and

d. run, within the variations permitted by the agreement, of even kind, quality and quantity within each unit and among all units involved; and

e. are adequately contained, packaged, and labeled as the agreement may require; and

f. conform to the promises or affirmations of fact made on the container or label if any.

3. Unless excluded or modified (section 554.2316) other implied warranties may arise from course of dealing or usage of trade.

[C24, 27, 31, 35, 39, §**9944;** C46, 50, 54, 58, 62, §554.16; C66, 71, 73, 75, 77, 79, 81, §554.2314]
Referred to in §554A.1

554.2315 Implied warranty — fitness for particular purpose.

Where the seller at the time of contracting has reason to know any particular purpose for which the goods are required and that the buyer is relying on the seller's skill or judgment to select or furnish suitable goods, there is unless excluded or modified under section 554.2316 an implied warranty that the goods shall be fit for such purpose.

[C24, 27, 31, 35, 39, §**9944;** C46, 50, 54, 58, 62, §554.16; C66, 71, 73, 75, 77, 79, 81, §554.2315]
2008 Acts, ch 1032, §67
Referred to in §554A.1

554.2316 Exclusion or modification of warranties.

1. Words or conduct relevant to the creation of an express warranty and words or conduct tending to negate or limit warranty shall be construed wherever reasonable as consistent with each other; but subject to the provisions of this Article on parol or extrinsic evidence (section 554.2202) negation or limitation is inoperative to the extent that such construction is unreasonable.

2. Subject to subsection 3, to exclude or modify the implied warranty of merchantability or any part of it the language must mention merchantability and in case of a writing must be conspicuous, and to exclude or modify any implied warranty of fitness the exclusion must be by a writing and conspicuous. Language to exclude all implied warranties of fitness is sufficient if it states, for example, that "There are no warranties which extend beyond the description on the face hereof."

3. Notwithstanding subsection 2

a. unless the circumstances indicate otherwise, all implied warranties are excluded by expressions like "as is", "with all faults" or other language which in common understanding calls the buyer's attention to the exclusion of warranties and makes plain that there is no implied warranty; and

b. when the buyer before entering into the contract has examined the goods or the sample or model as fully as the buyer desired or has refused to examine the goods there is no implied warranty with regard to defects which an examination ought in the circumstances to have revealed to the buyer; and

c. an implied warranty can also be excluded or modified by course of dealing or course of performance or usage of trade.

4. Remedies for breach of warranty can be limited in accordance with the provisions of this Article on liquidation or limitation of damages and on contractual modification of remedy (sections 554.2718 and 554.2719).

[C66, 71, 73, 75, 77, 79, 81, §554.2316]
Referred to in §554.2314, 554.2315, 554A.1
Livestock warranty exemption, chapter 554A

554.2317 Cumulation and conflict of warranties express or implied.

Warranties whether express or implied shall be construed as consistent with each other and as cumulative, but if such construction is unreasonable the intention of the parties shall determine which warranty is dominant. In ascertaining that intention the following rules apply:

1. Exact or technical specifications displace an inconsistent sample or model or general language of description.

2. A sample from an existing bulk displaces inconsistent general language of description.

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3. Express warranties displace inconsistent implied warranties other than an implied warranty of fitness for a particular purpose.

[C24, 27, 31, 35, 39, §**9943 – 9945;** C46, 50, 54, 58, 62, §554.15 – 554.17; C66, 71, 73, 75, 77, 79, 81, §554.2317]

2009 Acts, ch 41, §263

554.2318 Third party beneficiaries of warranties express or implied.

A seller's warranty whether express or implied extends to any person who may reasonably be expected to use, consume or be affected by the goods and who is injured by breach of the warranty. A seller may not exclude or limit the operation of this section with respect to injury to the person of an individual to whom the warranty extends.

[C66, 71, 73, 75, 77, 79, 81, §554.2318]

554.2319 F.O.B. and F.A.S. terms.

1. Unless otherwise agreed the term F.O.B. (which means "free on board") at a named place, even though used only in connection with the stated price, is a delivery term under which

a. when the term is F.O.B. the place of shipment, the seller must at that place ship the goods in the manner provided in this Article (section 554.2504) and bear the expense and risk of putting them into the possession of the carrier; or

b. when the term is F.O.B. the place of destination, the seller must at the seller's own expense and risk transport the goods to that place and there tender delivery of them in the manner provided in this Article (section 554.2503);

c. when under either paragraph "*a*" or "*b*" the term is also F.O.B. vessel, car or other vehicle, the seller must in addition at the seller's own expense and risk load the goods on board. If the term is F.O.B. vessel the buyer must name the vessel and in an appropriate case the seller must comply with the provisions of this Article on the form of bill of lading (section 554.2323).

2. Unless otherwise agreed the term F.A.S. vessel (which means "free alongside") at a named port, even though used only in connection with the stated price, is a delivery term under which the seller must

a. at the seller's own expense and risk deliver the goods alongside the vessel in the manner usual in that port or on a dock designated and provided by the buyer; and

b. obtain and tender a receipt for the goods in exchange for which the carrier is under a duty to issue a bill of lading.

3. Unless otherwise agreed in any case falling within subsection 1, paragraph "*a*" or "*c*" or subsection 2 the buyer must seasonably give any needed instructions for making delivery, including when the term is F.A.S. or F.O.B. the loading berth of the vessel and in an appropriate case its name and sailing date. The seller may treat the failure of needed instructions as a failure of cooperation under this Article (section 554.2311). The seller may also at the seller's option move the goods in any reasonable manner preparatory to delivery or shipment.

4. Under the term F.O.B. vessel or F.A.S. unless otherwise agreed the buyer must make payment against tender of the required documents and the seller may not tender nor the buyer demand delivery of the goods in substitution for the documents.

[C66, 71, 73, 75, 77, 79, 81, §554.2319]

2013 Acts, ch 30, §141, 142

Referred to in §554.2311

554.2320 C.I.F. and C. & F. terms.

1. The term C.I.F. means that the price includes in a lump sum the cost of the goods and the insurance and freight to the named destination. The term C. & F. or C.F. means that the price so includes cost and freight to the named destination.

2. Unless otherwise agreed and even though used only in connection with the stated price and destination, the term C.I.F. destination or its equivalent requires the seller at the seller's own expense and risk to

a. put the goods into the possession of a carrier at the port for shipment and obtain a

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negotiable bill or bills of lading covering the entire transportation to the named destination; and

b. load the goods and obtain a receipt from the carrier (which may be contained in the bill of lading) showing that the freight has been paid or provided for; and

c. obtain a policy or certificate of insurance, including any war risk insurance, of a kind and on terms then current at the port of shipment in the usual amount, in the currency of the contract, shown to cover the same goods covered by the bill of lading and providing for payment of loss to the order of the buyer or for the account of whom it may concern; but the seller may add to the price the amount of the premium for any such war risk insurance; and

d. prepare an invoice of the goods and procure any other documents required to effect shipment or to comply with the contract; and

e. forward and tender with commercial promptness all the documents in due form and with any endorsement necessary to perfect the buyer's rights.

3. Unless otherwise agreed the term C. & F. or its equivalent has the same effect and imposes upon the seller the same obligations and risks as a C.I.F. term except the obligation as to insurance.

4. Under the term C.I.F. or C. & F. unless otherwise agreed the buyer must make payment against tender of the required documents and the seller may not tender nor the buyer demand delivery of the goods in substitution for the documents.

[C66, 71, 73, 75, 77, 79, 81, §554.2320]

554.2321 C.I.F. or C. & F. — "net landed weights" — "payment on arrival" — warranty of condition on arrival.

Under a contract containing a term C.I.F. or C. & F.

1. Where the price is based on or is to be adjusted according to "net landed weights", "delivered weights", "out turn" quantity or quality or the like, unless otherwise agreed the seller must reasonably estimate the price. The payment due on tender of the documents called for by the contract is the amount so estimated, but after final adjustment of the price a settlement must be made with commercial promptness.

2. An agreement described in subsection 1 or any warranty of quality or condition of the goods on arrival places upon the seller the risk of ordinary deterioration, shrinkage and the like in transportation but has no effect on the place or time of identification to the contract for sale or delivery or on the passing of the risk of loss.

3. Unless otherwise agreed where the contract provides for payment on or after arrival of the goods the seller must before payment allow such preliminary inspection as is feasible; but if the goods are lost delivery of the documents and payment are due when the goods should have arrived.

[C66, 71, 73, 75, 77, 79, 81, §554.2321]

Referred to in §554.2513

554.2322 Delivery "ex-ship".

1. Unless otherwise agreed a term for delivery of goods "ex-ship" (which means from the carrying vessel) or in equivalent language is not restricted to a particular ship and requires delivery from a ship which has reached a place at the named port of destination where goods of the kind are usually discharged.

2. Under such a term unless otherwise agreed

a. the seller must discharge all liens arising out of the carriage and furnish the buyer with a direction which puts the carrier under a duty to deliver the goods; and

b. the risk of loss does not pass to the buyer until the goods leave the ship's tackle or are otherwise properly unloaded.

[C66, 71, 73, 75, 77, 79, 81, §554.2322]

554.2323 Form of bill of lading required in overseas shipment — "overseas".

1. Where the contract contemplates overseas shipment and contains a term C.I.F. or C. & F. or F.O.B. vessel, the seller unless otherwise agreed must obtain a negotiable bill of lading

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stating that the goods have been loaded on board or, in the case of a term C.I.F. or C. & F., received for shipment.

2. Where in a case within subsection 1 a tangible bill of lading has been issued in a set of parts, unless otherwise agreed if the documents are not to be sent from abroad the buyer may demand tender of the full set; otherwise only one part of the bill of lading need be tendered. Even if the agreement expressly requires a full set,

a. due tender of a single part is acceptable within the provisions of this Article on cure of improper delivery (section 554.2508, subsection 1); and

b. even though the full set is demanded, if the documents are sent from abroad the person tendering an incomplete set may nevertheless require payment upon furnishing an indemnity which the buyer in good faith deems adequate.

3. A shipment by water or by air or a contract contemplating such shipment is "overseas" insofar as by usage of trade or agreement it is subject to the commercial, financing or shipping practices characteristic of international deep water commerce.

[C66, 71, 73, 75, 77, 79, 81, §554.2323]
2007 Acts, ch 30, §45, 46, 51; 2015 Acts, ch 29, §88
Referred to in §554.2103, 554.2319, 554.2503

554.2324 "No arrival, no sale" term.

Under a term "no arrival, no sale" or terms of like meaning, unless otherwise agreed,

1. the seller must properly ship conforming goods and if they arrive by any means the seller must tender them on arrival but the seller assumes no obligation that the goods will arrive unless the seller has caused the nonarrival; and

2. where without fault of the seller the goods are in part lost or have so deteriorated as no longer to conform to the contract or arrive after the contract time, the buyer may proceed as if there had been casualty to identified goods (section 554.2613).

[C66, 71, 73, 75, 77, 79, 81, §554.2324]
2009 Acts, ch 41, §263
Referred to in §554.2613

554.2325 "Letter of credit" term — "confirmed credit".

1. Failure of the buyer seasonably to furnish an agreed letter of credit is a breach of the contract for sale.

2. The delivery to seller of a proper letter of credit suspends the buyer's obligation to pay. If the letter of credit is dishonored, the seller may on seasonable notification to the buyer require payment directly from the buyer.

3. Unless otherwise agreed the term *"letter of credit"* or *"banker's credit"* in a contract for sale means an irrevocable credit issued by a financing agency of good repute and, where the shipment is overseas, of good international repute. The term *"confirmed credit"* means that the credit must also carry the direct obligation of such an agency which does business in the seller's financial market.

[C66, 71, 73, 75, 77, 79, 81, §554.2325]
Referred to in §554.2103

554.2326 Sale on approval and sale or return — rights of creditors.

1. Unless otherwise agreed, if delivered goods may be returned by the buyer even though they conform to the contract, the transaction is

a. a "sale on approval" if the goods are delivered primarily for use, and

b. a "sale or return" if the goods are delivered primarily for resale.

2. Goods held on approval are not subject to the claims of the buyer's creditors until acceptance; goods held on sale or return are subject to such claims while in the buyer's possession.

3. Any "or return" term of a contract for sale is to be treated as a separate contract for sale within the statute of frauds section of this Article (section 554.2201) and as contradicting the

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sale aspect of the contract within the provisions of this Article on parol or extrinsic evidence (section 554.2202).

[C24, 27, 31, 35, 39, §**9948;** C46, 50, 54, 58, 62, §554.20; C66, 71, 73, 75, 77, 79, 81, §554.2326]
2000 Acts, ch 1149, §143, 187
Referred to in §554.2103, 554.13103

554.2327 Special incidents of sale on approval and sale or return.

1. Under a sale on approval unless otherwise agreed

a. although the goods are identified to the contract the risk of loss and the title do not pass to the buyer until acceptance; and

b. use of the goods consistent with the purpose of trial is not acceptance but failure seasonably to notify the seller of election to return the goods is acceptance, and if the goods conform to the contract acceptance of any part is acceptance of the whole; and

c. after due notification of election to return, the return is at the seller's risk and expense but a merchant buyer must follow any reasonable instructions.

2. Under a sale or return unless otherwise agreed

a. the option to return extends to the whole or any commercial unit of the goods while in substantially their original condition, but must be exercised seasonably; and

b. the return is at the buyer's risk and expense.

[C24, 27, 31, 35, 39, §**9948;** C46, 50, 54, 58, 62, §554.20; C66, 71, 73, 75, 77, 79, 81, §554.2327]
Referred to in §554.2509

554.2328 Sale by auction.

1. In a sale by auction if goods are put up in lots each lot is the subject of a separate sale.

2. A sale by auction is complete when the auctioneer so announces by the fall of the hammer or in other customary manner. Where a bid is made while the hammer is falling in acceptance of a prior bid the auctioneer may in the auctioneer's discretion reopen the bidding or declare the goods sold under the bid on which the hammer was falling.

3. Such a sale is with reserve unless the goods are in explicit terms put up without reserve. In an auction with reserve the auctioneer may withdraw the goods at any time until the auctioneer announces completion of the sale. In an auction without reserve, after the auctioneer calls for bids on an article or lot, that article or lot cannot be withdrawn unless no bid is made within a reasonable time. In either case a bidder may retract the bidder's bid until the auctioneer's announcement of completion of the sale, but a bidder's retraction does not revive any previous bid.

4. If the auctioneer knowingly receives a bid on the seller's behalf or the seller makes or procures such a bid, and notice has not been given that liberty for such bidding is reserved, the buyer may at the buyer's option avoid the sale or take the goods at the price of the last good faith bid prior to the completion of the sale. This subsection shall not apply to any bid at a forced sale.

[C24, 27, 31, 35, 39, §**9950;** C46, 50, 54, 58, 62, §554.22; C66, 71, 73, 75, 77, 79, 81, §554.2328]

PART 4

TITLE, CREDITORS, AND GOOD FAITH PURCHASERS

554.2401 Passing of title — reservation for security — limited application of this section.

Each provision of this Article with regard to the rights, obligations and remedies of the seller, the buyer, purchasers or other third parties applies irrespective of title to the goods except where the provision refers to such title. Insofar as situations are not covered by the other provisions of this Article and matters concerning title become material the following rules apply:

1. Title to goods cannot pass under a contract for sale prior to their identification to the contract (section 554.2501), and unless otherwise explicitly agreed the buyer acquires by their identification a special property as limited by this chapter. Any retention or reservation by

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the seller of the title (property) in goods shipped or delivered to the buyer is limited in effect to a reservation of a security interest. Subject to these provisions and to the provisions of the Article on Secured Transactions (Article 9), title to goods passes from the seller to the buyer in any manner and on any conditions explicitly agreed on by the parties.

2. Unless otherwise explicitly agreed title passes to the buyer at the time and place at which the seller completes the seller's performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title is to be delivered at a different time or place; and in particular and despite any reservation of a security interest by the bill of lading

a. if the contract requires or authorizes the seller to send the goods to the buyer but does not require the seller to deliver them at destination, title passes to the buyer at the time and place of shipment; but

b. if the contract requires delivery at destination, title passes on tender there.

3. Unless otherwise explicitly agreed where delivery is to be made without moving the goods,

a. if the seller is to deliver a tangible document of title, title passes at the time when and the place where the seller delivers such documents and if the seller is to deliver an electronic document of title, title passes when the seller delivers the document; or

b. if the goods are at the time of contracting already identified and no documents of title are to be delivered, title passes at the time and place of contracting.

4. A rejection or other refusal by the buyer to receive or retain the goods, whether or not justified, or a justified revocation of acceptance revests title to the goods in the seller. Such revesting occurs by operation of law and is not a "sale".

[C24, 27, 31, 35, 39, §**9946 – 9949;** C46, 50, 54, 58, 62, §554.18 – 554.21; C66, 71, 73, 75, 77, 79, 81, §554.2401]

2007 Acts, ch 30, §45, 46, 52

Referred to in §554.1201, 554.2106, 554.9102, 554.9109, 554.9110, 554.9309

554.2402 Rights of seller's creditors against sold goods.

1. Except as provided in subsections 2 and 3, rights of unsecured creditors of the seller with respect to goods which have been identified to a contract for sale are subject to the buyer's rights to recover the goods under this Article (sections 554.2502 and 554.2716).

2. A creditor of the seller may treat a sale or an identification of goods to a contract for sale as void if as against the creditor a retention of possession by the seller is fraudulent under any rule of law of the state where the goods are situated, except that retention of possession in good faith and current course of trade by a merchant-seller for a commercially reasonable time after a sale or identification is not fraudulent.

3. Nothing in this Article shall be deemed to impair the rights of creditors of the seller

a. under the provisions of the Article on Secured Transactions (Article 9); or

b. where identification to the contract or delivery is made not in current course of trade but in satisfaction of or as security for a preexisting claim for money, security or the like and is made under circumstances which under any rule of law of the state where the goods are situated would apart from this Article constitute the transaction a fraudulent transfer or voidable preference.

[C24, 27, 31, 35, 39, §**9955;** C46, 50, 54, 58, 62, §554.27; C66, 71, 73, 75, 77, 79, 81, §554.2402]

2020 Acts, ch 1062, §61

Referred to in §554.1301, 554.7504

554.2403 Power to transfer — good faith purchase of goods — "entrusting".

1. A purchaser of goods acquires all title which the purchaser's transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such power even though

a. the transferor was deceived as to the identity of the purchaser, or

b. the delivery was in exchange for a check which is later dishonored, or

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c. it was agreed that the transaction was to be a "cash sale", or

d. the delivery was procured through fraud punishable as larcenous under the criminal law.

2. Any entrusting of possession of goods to a merchant who deals in goods of that kind gives the merchant power to transfer all rights of the entruster to a buyer in ordinary course of business.

3. *"Entrusting"* includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor's disposition of the goods have been such as to be larcenous under the criminal law.

4. The rights of other purchasers of goods and of lien creditors are governed by the Articles on Secured Transactions (Article 9) and Documents of Title (Article 7).

[C24, 27, 31, 35, 39, §**9949, 9952 – 9954;** C46, 50, 54, 58, 62, §554.21, 554.24 – 554.26; C66, 71, 73, 75, 77, 79, 81, §554.2403]

94 Acts, ch 1121, §4; 2023 Acts, ch 64, §91

Referred to in §554.2103, 554.2702, 554.7209, 554.7503, 554.9315, 554.13103

PART 5

PERFORMANCE

554.2501 Insurable interest in goods — manner of identification of goods.

1. The buyer obtains a special property and an insurable interest in goods by identification of existing goods as goods to which the contract refers even though the goods so identified are nonconforming and the buyer has an option to return or reject them. Such identification can be made at any time and in any manner explicitly agreed to by the parties. In the absence of explicit agreement identification occurs

a. when the contract is made if it is for the sale of goods already existing and identified;

b. if the contract is for the sale of future goods other than those described in paragraph *"c"*, when goods are shipped, marked or otherwise designated by the seller as goods to which the contract refers;

c. when the crops are planted or otherwise become growing crops or the young are conceived if the contract is for the sale of unborn young to be born within twelve months after contracting or for the sale of crops to be harvested within twelve months or the next normal harvest season after contracting whichever is longer.

2. The seller retains an insurable interest in goods so long as title to or any security interest in the goods remains in the seller and where the identification is by the seller alone the seller may until default or insolvency or notification to the buyer that the identification is final substitute other goods for those identified.

3. Nothing in this section impairs any insurable interest recognized under any other statute or rule of law.

[C24, 27, 31, 35, 39, §**9946, 9948;** C46, 50, 54, 58, 62, §554.18, 554.20; C66, 71, 73, 75, 77, 79, 81, §554.2501]

Referred to in §554.2103, 554.2401, 554.2502

554.2502 Buyer's right to goods on seller's repudiation, failure to deliver, or insolvency.

1. Subject to subsections 2 and 3 and even though the goods have not been shipped a buyer who has paid a part or all of the price of goods in which the buyer has a special property under the provisions of section 554.2501 may on making and keeping good a tender of any unpaid portion of their price recover them from the seller if:

a. in the case of goods bought for personal, family, or household purposes, the seller repudiates or fails to deliver as required by the contract; or

b. in all cases the seller becomes insolvent within ten days after receipt of the first installment on their price.

2. The buyer's right to recover the goods under subsection 1, paragraph *"a"*, vests upon acquisition of a special property, even if the seller had not then repudiated or failed to deliver.

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3. If the identification creating the buyer's special property has been made by the buyer, the buyer acquires the right to recover the goods only if they conform to the contract for sale.

[C24, 27, 31, 35, 39, §**9946 – 9948;** C46, 50, 54, 58, 62, §554.18 – 554.20; C66, 71, 73, 75, 77, 79, 81, §554.2502]

2000 Acts, ch 1149, §144, 187; 2008 Acts, ch 1032, §68

Referred to in §554.2402, 554.2711

554.2503 Manner of seller's tender of delivery.

1. Tender of delivery requires that the seller put and hold conforming goods at the buyer's disposition and give the buyer any notification reasonably necessary to enable the buyer to take delivery. The manner, time and place for tender are determined by the agreement and this Article, and in particular,

a. tender must be at a reasonable hour, and if it is of goods they must be kept available for the period reasonably necessary to enable the buyer to take possession; but

b. unless otherwise agreed the buyer must furnish facilities reasonably suited to the receipt of the goods.

2. Where the case is within section 554.2504 respecting shipment tender requires that the seller comply with its provisions.

3. Where the seller is required to deliver at a particular destination tender requires that the seller comply with subsection 1 and also in any appropriate case tender documents as described in subsections 4 and 5 of this section.

4. Where goods are in the possession of a bailee and are to be delivered without being moved,

a. tender requires that the seller either tender a negotiable document of title covering such goods or procure acknowledgment by the bailee of the buyer's right to possession of the goods; but

b. tender to the buyer of a nonnegotiable document of title or of a record directing the bailee to deliver is sufficient tender unless the buyer seasonably objects, and except as otherwise provided in Article 9 receipt by the bailee of notification of the buyer's rights fixes those rights as against the bailee and all third persons; but risk of loss of the goods and of any failure by the bailee to honor the nonnegotiable document of title or to obey the direction remains on the seller until the buyer has had a reasonable time to present the document or direction, and a refusal by the bailee to honor the document or to obey the direction defeats the tender.

5. Where the contract requires the seller to deliver documents,

a. the seller must tender all such documents in correct form except as provided in this Article with respect to bills of lading in a set (section 554.2323, subsection 2); and

b. tender through customary banking channels is sufficient and dishonor of a draft accompanying or associated with the documents constitutes nonacceptance or rejection.

[C24, 27, 31, 35, 39, §**9940, 9948, 9949, 9972, 9975, 9980;** C46, 50, 54, 58, 62, §554.12, 554.20, 554.21, 554.44, 554.47, 554.52; C66, 71, 73, 75, 77, 79, 81, §554.2503]

2007 Acts, ch 30, §45, 46, 53, 54; 2008 Acts, ch 1032, §69; 2015 Acts, ch 29, §89

Referred to in §554.2319, 554.2509

554.2504 Shipment by seller.

1. Where the seller is required or authorized to send the goods to the buyer and the contract does not require the seller to deliver them at a particular destination, then unless otherwise agreed the seller must:

a. Put the goods in the possession of such a carrier and make such a contract for their transportation as may be reasonable having regard to the nature of the goods and other circumstances of the case; and

b. Obtain and promptly deliver or tender in due form any document necessary to enable the buyer to obtain possession of the goods or otherwise required by the agreement or by usage of trade; and

c. Promptly notify the buyer of the shipment.

2. Failure to notify the buyer under subsection 1, paragraph "*c*", or to make a proper

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contract under subsection 1, paragraph *"a"*, is a ground for rejection only if material delay or loss ensues.

[C24, 27, 31, 35, 39, §**9975;** C46, 50, 54, 58, 62, §554.47; C66, 71, 73, 75, 77, 79, 81, §554.2504]
2009 Acts, ch 41, §258
Referred to in §554.2319, 554.2503, 554.2505

554.2505 Seller's shipment under reservation.

1. Where the seller has identified goods to the contract by or before shipment:

a. the seller's procurement of a negotiable bill of lading to the seller's own order or otherwise reserves in the seller a security interest in the goods. The seller's procurement of the bill to the order of a financing agency or of the buyer indicates in addition only the seller's expectation of transferring that interest to the person named.

b. a nonnegotiable bill of lading to the seller or the seller's nominee reserves possession of the goods as security, but except in a case of conditional delivery (section 554.2507, subsection 2) a nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession or control of the bill of lading.

2. When shipment by the seller with reservation of a security interest is in violation of the contract for sale it constitutes an improper contract for transportation under section 554.2504 but impairs neither the rights given to the buyer by shipment and identification of the goods to the contract nor the seller's powers as a holder of a negotiable document of title.

[C24, 27, 31, 35, 39, §**9949;** C46, 50, 54, 58, 62, §554.21; C66, 71, 73, 75, 77, 79, 81, §554.2505]
2007 Acts, ch 30, §45, 46, 55, 56; 2008 Acts, ch 1031, §61; 2015 Acts, ch 29, §90
Referred to in §554.1201, 554.2509, 554.9102, 554.9109, 554.9110, 554.9309

554.2506 Rights of financing agency.

1. A financing agency by paying or purchasing for value a draft which relates to a shipment of goods acquires to the extent of the payment or purchase and in addition to its own rights under the draft and any document of title securing it any rights of the shipper in the goods including the right to stop delivery and the shipper's right to have the draft honored by the buyer.

2. The right to reimbursement of a financing agency which has in good faith honored or purchased the draft under commitment to or authority from the buyer is not impaired by subsequent discovery of defects with reference to any relevant document which was apparently regular.

[S13, §3138-b36; C24, 27, 31, 35, 39, §**8281;** C46, 50, 54, 58, 62, §487.37; C66, 71, 73, 75, 77, 79, 81, §554.2506]
2007 Acts, ch 30, §45, 46, 57

554.2507 Effect of seller's tender — delivery on condition.

1. Tender of delivery is a condition to the buyer's duty to accept the goods and, unless otherwise agreed, to the buyer's duty to pay for them. Tender entitles the seller to acceptance of the goods and to payment according to the contract.

2. Where payment is due and demanded on the delivery to the buyer of goods or documents of title, the buyer's right as against the seller to retain or dispose of them is conditional upon the buyer's making the payment due.

[C24, 27, 31, 35, 39, §**9940, 9970, 9971, 9998;** C46, 50, 54, 58, 62, §554.12, 554.42, 554.43, 554.70; C66, 71, 73, 75, 77, 79, 81, §554.2507]
Referred to in §554.2505

554.2508 Cure by seller of improper tender or delivery — replacement.

1. Where any tender or delivery by the seller is rejected because nonconforming and the time for performance has not yet expired, the seller may seasonably notify the buyer of the seller's intention to cure and may then within the contract time make a conforming delivery.

2. Where the buyer rejects a nonconforming tender which the seller had reasonable grounds to believe would be acceptable with or without money allowance the seller may

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if the seller seasonably notifies the buyer have a further reasonable time to substitute a conforming tender.

[C66, 71, 73, 75, 77, 79, 81, §554.2508]
Referred to in §554.2323

554.2509 Risk of loss in the absence of breach.

1. Where the contract requires or authorizes the seller to ship the goods by carrier:

a. if it does not require the seller to deliver them at a particular destination, the risk of loss passes to the buyer when the goods are duly delivered to the carrier even though the shipment is under reservation (section 554.2505); but

b. if it does require the seller to deliver them at a particular destination and the goods are there duly tendered while in the possession of the carrier, the risk of loss passes to the buyer when the goods are there duly so tendered as to enable the buyer to take delivery.

2. Where the goods are held by a bailee to be delivered without being moved, the risk of loss passes to the buyer:

a. on the buyer's receipt of possession or control of a negotiable document of title covering the goods; or

b. on acknowledgment by the bailee of the buyer's right to possession of the goods; or

c. after the buyer's receipt of possession or control of a nonnegotiable document of title or other direction to deliver in a record, as provided in section 554.2503, subsection 4, paragraph *"b"*.

3. In any case not within subsection 1 or 2, the risk of loss passes to the buyer on the buyer's receipt of the goods if the seller is a merchant; otherwise the risk passes to the buyer on tender of delivery.

4. The provisions of this section are subject to contrary agreement of the parties and to the provisions of this Article on sale on approval (section 554.2327) and on effect of breach on risk of loss (section 554.2510).

[C24, 27, 31, 35, 39, §**9951;** C46, 50, 54, 58, 62, §554.23; C66, 71, 73, 75, 77, 79, 81, §554.2509]
2007 Acts, ch 30, §45, 46, 58

554.2510 Effect of breach on risk of loss.

1. Where a tender or delivery of goods so fails to conform to the contract as to give a right of rejection the risk of their loss remains on the seller until cure or acceptance.

2. Where the buyer rightfully revokes acceptance the buyer may to the extent of any deficiency in the buyer's effective insurance coverage treat the risk of loss as having rested on the seller from the beginning.

3. Where the buyer as to conforming goods already identified to the contract for sale repudiates or is otherwise in breach before risk of their loss has passed to the buyer, the seller may to the extent of any deficiency in the seller's effective insurance coverage treat the risk of loss as resting on the buyer for a commercially reasonable time.

[C66, 71, 73, 75, 77, 79, 81, §554.2510]
Referred to in §554.2509

554.2511 Tender of payment by buyer — payment by check.

1. Unless otherwise agreed tender of payment is a condition to the seller's duty to tender and complete any delivery.

2. Tender of payment is sufficient when made by any means or in any manner current in the ordinary course of business unless the seller demands payment in legal tender and gives any extension of time reasonably necessary to procure it.

3. Subject to the provisions of this chapter on the effect of an instrument on an obligation (section 554.3310), payment by check is conditional and is defeated as between the parties by dishonor of the check on due presentment.

[C24, 27, 31, 35, 39, §**9971;** C46, 50, 54, 58, 62, §554.43; C66, 71, 73, 75, 77, 79, 81, §554.2511]
94 Acts, ch 1167, §9, 122

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554.2512 Payment by buyer before inspection.

1. Where the contract requires payment before inspection nonconformity of the goods does not excuse the buyer from so making payment unless

a. the nonconformity appears without inspection; or

b. despite tender of the required documents the circumstances would justify injunction against honor under this chapter (section 554.5109, subsection 2).

2. Payment pursuant to subsection 1 does not constitute an acceptance of goods or impair the buyer's right to inspect or any of the buyer's remedies.

[C24, 27, 31, 35, 39, §**9976, 9978;** C46, 50, 54, 58, 62, §554.48, 554.50; C66, 71, 73, 75, 77, 79, 81, §554.2512]

96 Acts, ch 1026, §20; 97 Acts, ch 23, §68

554.2513 Buyer's right to inspection of goods.

1. Unless otherwise agreed and subject to subsection 3, where goods are tendered or delivered or identified to the contract for sale, the buyer has a right before payment or acceptance to inspect them at any reasonable place and time and in any reasonable manner. When the seller is required or authorized to send the goods to the buyer, the inspection may be after their arrival.

2. Expenses of inspection must be borne by the buyer but may be recovered from the seller if the goods do not conform and are rejected.

3. Unless otherwise agreed and subject to the provisions of this Article on C.I.F. contracts (section 554.2321, subsection 3), the buyer is not entitled to inspect the goods before payment of the price when the contract provides

a. for delivery "C.O.D." or on other like terms; or

b. for payment against documents of title, except where such payment is due only after the goods are to become available for inspection.

4. A place or method of inspection fixed by the parties is presumed to be exclusive but unless otherwise expressly agreed it does not postpone identification or shift the place for delivery or for passing the risk of loss. If compliance becomes impossible, inspection shall be as provided in this section unless the place or method fixed was clearly intended as an indispensable condition failure of which avoids the contract.

[C24, 27, 31, 35, 39, §**9976;** C46, 50, 54, 58, 62, §554.48; C66, 71, 73, 75, 77, 79, 81, §554.2513]

2015 Acts, ch 29, §91

Referred to in §554.2310

554.2514 When documents deliverable on acceptance — when on payment.

Unless otherwise agreed documents against which a draft is drawn are to be delivered to the drawee on acceptance of the draft if it is payable more than three days after presentment; otherwise, only on payment.

[S13, §3138-b40; C24, 27, 31, 35, 39, §**8285;** C46, 50, 54, 58, 62, §487.41; C66, 71, 73, 75, 77, 79, 81, §554.2514]

554.2515 Preserving evidence of goods in dispute.

In furtherance of the adjustment of any claim or dispute

1. either party on reasonable notification to the other and for the purpose of ascertaining the facts and preserving evidence has the right to inspect, test and sample the goods including such of them as may be in the possession or control of the other; and

2. the parties may agree to a third party inspection or survey to determine the conformity or condition of the goods and may agree that the findings shall be binding upon them in any subsequent litigation or adjustment.

[C66, 71, 73, 75, 77, 79, 81, §554.2515]

2009 Acts, ch 41, §263

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PART 6

BREACH, REPUDIATION, AND EXCUSE

554.2601 Buyer's rights on improper delivery.

Subject to the provisions of this Article on breach in installment contracts (section 554.2612) and unless otherwise agreed under the sections on contractual limitations of remedy (sections 554.2718 and 554.2719), if the goods or the tender of delivery fail in any respect to conform to the contract, the buyer may

1. reject the whole; or
2. accept the whole; or
3. accept any commercial unit or units and reject the rest.

[C24, 27, 31, 35, 39, §**9940, 9973, 9998;** C46, 50, 54, 58, 62, §554.12, 554.45, 554.70; C66, 71, 73, 75, 77, 79, 81, §554.2601]

2009 Acts, ch 41, §263

554.2602 Manner and effect of rightful rejection.

1. Rejection of goods must be within a reasonable time after their delivery or tender. It is ineffective unless the buyer seasonably notifies the seller.

2. Subject to the provisions of the two following sections on rejected goods (sections 554.2603 and 554.2604),

a. after rejection any exercise of ownership by the buyer with respect to any commercial unit is wrongful as against the seller; and

b. if the buyer has before rejection taken physical possession of goods in which the buyer does not have a security interest under the provisions of this Article (section 554.2711, subsection 3), the buyer is under a duty after rejection to hold them with reasonable care at the seller's disposition for a time sufficient to permit the seller to remove them; but

c. the buyer has no further obligations with regard to goods rightfully rejected.

3. The seller's rights with respect to goods wrongfully rejected are governed by the provisions of this Article on seller's remedies in general (section 554.2703).

[C24, 27, 31, 35, 39, §**9979;** C46, 50, 54, 58, 62, §554.51; C66, 71, 73, 75, 77, 79, 81, §554.2602]

2015 Acts, ch 29, §92; 2016 Acts, ch 1011, §107

Referred to in §554.2606

554.2603 Merchant buyer's duties as to rightfully rejected goods.

1. Subject to any security interest in the buyer (section 554.2711, subsection 3), when the seller has no agent or place of business at the market of rejection a merchant buyer is under a duty after rejection of goods in the merchant buyer's possession or control to follow any reasonable instructions received from the seller with respect to the goods and in the absence of such instructions to make reasonable efforts to sell them for the seller's account if they are perishable or threaten to decline in value speedily. Instructions are not reasonable if on demand indemnity for expenses is not forthcoming.

2. When the buyer sells goods under subsection 1, that buyer is entitled to reimbursement from the seller or out of the proceeds for reasonable expenses of caring for and selling them, and if the expenses include no selling commission then to such commission as is usual in the trade or if there is none to a reasonable sum not exceeding ten percent on the gross proceeds.

3. In complying with this section the buyer is held only to good faith and good faith conduct hereunder is neither acceptance nor conversion nor the basis of an action for damages.

[C66, 71, 73, 75, 77, 79, 81, §554.2603]

2015 Acts, ch 29, §93

Referred to in §554.2602, 554.2604

554.2604 Buyer's options as to salvage of rightfully rejected goods.

Subject to the provisions of section 554.2603 on perishables if the seller gives no instructions within a reasonable time after notification of rejection the buyer may store the rejected goods for the seller's account or reship them to the seller or resell them for the

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seller's account with reimbursement as provided in section 554.2603. Such action is not acceptance or conversion.

[C66, 71, 73, 75, 77, 79, 81, §554.2604]
2008 Acts, ch 1032, §70
Referred to in §554.2602

554.2605 Waiver of buyer's objections by failure to particularize.

1. The buyer's failure to state in connection with rejection a particular defect which is ascertainable by reasonable inspection precludes the buyer from relying on the unstated defect to justify rejection or to establish breach:

a. where the seller could have cured it if stated seasonably; or

b. between merchants when the seller has after rejection made a request in writing for a full and final written statement of all defects on which the buyer proposes to rely.

2. Payment against documents made without reservation of rights precludes recovery of the payment for defects apparent in the documents.

[C66, 71, 73, 75, 77, 79, 81, §554.2605]
2007 Acts, ch 30, §45, 46, 59

554.2606 What constitutes acceptance of goods.

1. Acceptance of goods occurs when the buyer

a. after a reasonable opportunity to inspect the goods signifies to the seller that the goods are conforming or that the buyer will take or retain them in spite of their nonconformity; or

b. fails to make an effective rejection (section 554.2602, subsection 1), but such acceptance does not occur until the buyer has had a reasonable opportunity to inspect them; or

c. does any act inconsistent with the seller's ownership; but if such act is wrongful as against the seller it is an acceptance only if ratified by the seller.

2. Acceptance of a part of any commercial unit is acceptance of that entire unit.

[C24, 27, 31, 35, 39, §**9977;** C46, 50, 54, 58, 62, §554.49; C66, 71, 73, 75, 77, 79, 81, §554.2606]
2015 Acts, ch 29, §94
Referred to in §554.2103, 554.2201

554.2607 Effect of acceptance — notice of breach — burden of establishing breach after acceptance — notice of claim or litigation to person answerable over.

1. The buyer must pay at the contract rate for any goods accepted.

2. Acceptance of goods by the buyer precludes rejection of the goods accepted and if made with knowledge of a nonconformity cannot be revoked because of it unless the acceptance was on the reasonable assumption that the nonconformity would be seasonably cured but acceptance does not of itself impair any other remedy provided by this Article for nonconformity.

3. Where a tender has been accepted.

a. the buyer must within a reasonable time after the buyer discovers or should have discovered any breach notify the seller of breach or be barred from any remedy; and

b. if the claim is one for infringement or the like (section 554.2312, subsection 3) and the buyer is sued as a result of such a breach the buyer must so notify the seller within a reasonable time after the buyer receives notice of the litigation or be barred from any remedy over for liability established by the litigation.

4. The burden is on the buyer to establish any breach with respect to the goods accepted.

5. Where the buyer is sued for breach of a warranty or other obligation for which the buyer's seller is answerable over

a. the buyer may give the buyer's seller written notice of the litigation. If the notice states that the seller may come in and defend and that if the seller does not do so the seller will be bound in any action against the seller by the seller's buyer by any determination of fact common to the two litigations, then unless the seller after seasonable receipt of the notice does come in and defend the seller is so bound.

b. if the claim is one for infringement or the like (section 554.2312, subsection 3) the original seller may demand in writing that the seller's buyer turn over to the seller control of

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the litigation including settlement or else be barred from any remedy over and if the seller also agrees to bear all expense and to satisfy any adverse judgment, then unless the buyer after seasonable receipt of the demand does turn over control the buyer is so barred.

6. The provisions of subsections 3, 4 and 5 apply to any obligation of a buyer to hold the seller harmless against infringement or the like (section 554.2312, subsection 3).

[C24, 27, 31, 35, 39, §**9970, 9978, 9998;** C46, 50, 54, 58, 62, §554.42, 554.50, 554.70; C66, 71, 73, 75, 77, 79, 81, §554.2607]

2015 Acts, ch 29, §95 – 97

Referred to in §554.2714

554.2608 Revocation of acceptance in whole or in part.

1. The buyer may revoke the buyer's acceptance of a lot or commercial unit whose nonconformity substantially impairs its value to the buyer if the buyer has accepted it

a. on the reasonable assumption that its nonconformity would be cured and it has not been seasonably cured; or

b. without discovery of such nonconformity if the buyer's acceptance was reasonably induced either by the difficulty of discovery before acceptance or by the seller's assurances.

2. Revocation of acceptance must occur within a reasonable time after the buyer discovers or should have discovered the ground for it and before any substantial change in condition of the goods which is not caused by their own defects. It is not effective until the buyer notifies the seller of it.

3. A buyer who so revokes has the same rights and duties with regard to the goods involved as if the buyer had rejected them.

[C24, 27, 31, 35, 39, §**9998;** C46, 50, 54, 58, 62, §554.70; C66, 71, 73, 75, 77, 79, 81, §554.2608]

554.2609 Right to adequate assurance of performance.

1. A contract for sale imposes an obligation on each party that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party the other may in writing demand adequate assurance of due performance and until that party receives such assurance may if commercially reasonable suspend any performance for which that party has not already received the agreed return.

2. Between merchants the reasonableness of grounds for insecurity and the adequacy of any assurance offered shall be determined according to commercial standards.

3. Acceptance of any improper delivery or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

4. After receipt of a justified demand failure to provide within a reasonable time not exceeding thirty days such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of the contract.

[C24, 27, 31, 35, 39, §**9982 – 9984, 9992;** C46, 50, 54, 58, 62, §554.54 – 554.56, 554.64; C66, 71, 73, 75, 77, 79, 81, §554.2609]

Referred to in §554.2210, 554.2611

554.2610 Anticipatory repudiation.

When either party repudiates the contract with respect to a performance not yet due the loss of which will substantially impair the value of the contract to the other, the aggrieved party may

1. for a commercially reasonable time await performance by the repudiating party; or

2. resort to any remedy for breach (section 554.2703 or 554.2711), even though the aggrieved party has notified the repudiating party that the aggrieved party would await the latter's performance and has urged retraction; and

3. in either case suspend the aggrieved party's own performance or proceed in

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accordance with the provisions of this Article on the seller's right to identify goods to the contract notwithstanding breach or to salvage unfinished goods (section 554.2704).

[C24, 27, 31, 35, 39, §**9992, 9994;** C46, 50, 54, 58, 62, §554.64, 554.66; C66, 71, 73, 75, 77, 79, 81, §554.2610]

2009 Acts, ch 41, §263
Referred to in §554.2709

554.2611 Retraction of anticipatory repudiation.

1. Until the repudiating party's next performance is due the repudiating party can retract the repudiation unless the aggrieved party has since the repudiation canceled or materially changed the aggrieved party's position or otherwise indicated that the aggrieved party considers the repudiation final.

2. Retraction may be by any method which clearly indicates to the aggrieved party that the repudiating party intends to perform, but must include any assurance justifiably demanded under the provisions of this Article (section 554.2609).

3. Retraction reinstates the repudiating party's rights under the contract with due excuse and allowance to the aggrieved party for any delay occasioned by the repudiation.

[C66, 71, 73, 75, 77, 79, 81, §554.2611]

554.2612 "Installment contract" — breach.

1. An "installment contract" is one which requires or authorizes the delivery of goods in separate lots to be separately accepted, even though the contract contains a clause "each delivery is a separate contract" or its equivalent.

2. The buyer may reject any installment which is nonconforming if the nonconformity substantially impairs the value of that installment and cannot be cured or if the nonconformity is a defect in the required documents; but if the nonconformity does not fall within subsection 3 and the seller gives adequate assurance of its cure the buyer must accept that installment.

3. Whenever nonconformity or default with respect to one or more installments substantially impairs the value of the whole contract there is a breach of the whole. But the aggrieved party reinstates the contract if the aggrieved party accepts a nonconforming installment without seasonably notifying of cancellation or if the aggrieved party brings an action with respect only to past installments or demands performance as to future installments.

[C24, 27, 31, 35, 39, §**9974;** C46, 50, 54, 58, 62, §554.46; C66, 71, 73, 75, 77, 79, 81, §554.2612]
Referred to in §554.2103, 554.2601, 554.2616, 554.2703, 554.2711

554.2613 Casualty to identified goods.

Where the contract requires for its performance goods identified when the contract is made, and the goods suffer casualty without fault of either party before the risk of loss passes to the buyer, or in a proper case under a "no arrival, no sale" term (section 554.2324) then

1. if the loss is total the contract is avoided; and

2. if the loss is partial or the goods have so deteriorated as no longer to conform to the contract the buyer may nevertheless demand inspection and at the buyer's option either treat the contract as avoided or accept the goods with due allowance from the contract price for the deterioration or the deficiency in quantity but without further right against the seller.

[C24, 27, 31, 35, 39, §**9936, 9937;** C46, 50, 54, 58, 62, §554.8, 554.9; C66, 71, 73, 75, 77, 79, 81, §554.2613]

2009 Acts, ch 41, §263
Referred to in §554.2324

554.2614 Substituted performance.

1. Where without fault of either party the agreed berthing, loading, or unloading facilities fail or an agreed type of carrier becomes unavailable or the agreed manner of delivery otherwise becomes commercially impracticable but a commercially reasonable substitute is available, such substitute performance must be tendered and accepted.

2. If the agreed means or manner of payment fails because of domestic or foreign governmental regulation, the seller may withhold or stop delivery unless the buyer provides

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a means or manner of payment which is commercially a substantial equivalent. If delivery has already been taken, payment by the means or in the manner provided by the regulation discharges the buyer's obligation unless the regulation is discriminatory, oppressive or predatory.

[C66, 71, 73, 75, 77, 79, 81, §554.2614]
Referred to in §554.2615

554.2615 Excuse by failure of presupposed conditions.

Except so far as a seller may have assumed a greater obligation and subject to section 554.2614 on substituted performance:

1. Delay in delivery or nondelivery in whole or in part by a seller who complies with subsections 2 and 3, is not a breach of the seller's duty under a contract for sale if performance as agreed has been made impracticable by the occurrence of a contingency the nonoccurrence of which was a basic assumption on which the contract was made or by compliance in good faith with any applicable foreign or domestic governmental regulation or order whether or not it later proves to be invalid.

2. Where the causes mentioned in subsection 1 affect only a part of the seller's capacity to perform, the seller must allocate production and deliveries among the seller's customers but may at the seller's option include regular customers not then under contract as well as the seller's own requirements for further manufacture. The seller may so allocate in any manner which is fair and reasonable.

3. The seller must notify the buyer seasonably that there will be delay or nondelivery and, when allocation is required under subsection 2, of the estimated quota thus made available for the buyer.

[C66, 71, 73, 75, 77, 79, 81, §554.2615]
2008 Acts, ch 1032, §71; 2009 Acts, ch 41, §259
Referred to in §554.2616

554.2616 Procedure on notice claiming excuse.

1. Where the buyer receives notification of a material or indefinite delay or an allocation justified under section 554.2615 the buyer may by written notification to the seller as to any delivery concerned, and where the prospective deficiency substantially impairs the value of the whole contract under the provisions of this Article relating to breach of installment contracts (section 554.2612), then also as to the whole,

a. terminate and thereby discharge any unexecuted portion of the contract; or

b. modify the contract by agreeing to take the buyer's available quota in substitution.

2. If after receipt of such notification from the seller the buyer fails so to modify the contract within a reasonable time not exceeding thirty days the contract lapses with respect to any deliveries affected.

3. The provisions of this section may not be negated by agreement except insofar as the seller has assumed a greater obligation under section 554.2615.

[C66, 71, 73, 75, 77, 79, 81, §554.2616]
2008 Acts, ch 1032, §72

PART 7

REMEDIES

554.2701 Remedies for breach of collateral contracts not impaired.

Remedies for breach of any obligation or promise collateral or ancillary to a contract for sale are not impaired by the provisions of this Article.

[C66, 71, 73, 75, 77, 79, 81, §554.2701]

554.2702 Seller's remedies on discovery of buyer's insolvency.

1. Where the seller discovers the buyer to be insolvent the seller may refuse delivery

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except for cash including payment for all goods theretofore delivered under the contract, and stop delivery under this Article (section 554.2705).

2. Where the seller discovers that the buyer has received goods on credit while insolvent the seller may reclaim the goods upon demand made within ten days after the receipt, but if misrepresentation of solvency has been made to the particular seller in writing within three months before delivery the ten-day limitation does not apply. Except as provided in this subsection the seller may not base a right to reclaim goods on the buyer's fraudulent or innocent misrepresentation of solvency or of intent to pay.

3. The seller's right to reclaim under subsection 2 is subject to the rights of a buyer in ordinary course or other good faith purchaser under this Article (section 554.2403). Successful reclamation of goods excludes all other remedies with respect to them.

[C24, 27, 31, 35, 39, §**9982, 9983, 9986;** C46, 50, 54, 58, 62, §554.54, 554.55, 554.58; C66, 71, 73, 75, 77, 79, 81, §554.2702]

Referred to in §554.2705

554.2703 Seller's remedies in general.

Where the buyer wrongfully rejects or revokes acceptance of goods or fails to make a payment due on or before delivery or repudiates with respect to a part or the whole, then with respect to any goods directly affected and, if the breach is of the whole contract (section 554.2612), then also with respect to the whole undelivered balance, the aggrieved seller may:

1. withhold delivery of such goods;
2. stop delivery by any bailee as hereafter provided (section 554.2705);
3. proceed under section 554.2704 respecting goods still unidentified to the contract;
4. resell and recover damages as hereafter provided (section 554.2706);
5. recover damages for nonacceptance (section 554.2708) or in a proper case the price (section 554.2709);
6. cancel.

[C24, 27, 31, 35, 39, §**9993;** C46, 50, 54, 58, 62, §554.65; C66, 71, 73, 75, 77, 79, 81, §554.2703]

2008 Acts, ch 1032, §73

Referred to in §554.2602, 554.2610, 554.2704, 554.2706

554.2704 Seller's right to identify goods to the contract notwithstanding breach or to salvage unfinished goods.

1. An aggrieved seller under section 554.2703 may:

a. identify to the contract conforming goods not already identified if at the time the seller learned of the breach they are in the seller's possession or control;

b. treat as the subject of resale goods which have demonstrably been intended for the particular contract even though those goods are unfinished.

2. Where the goods are unfinished an aggrieved seller may in the exercise of reasonable commercial judgment for the purposes of avoiding loss and of effective realization either complete the manufacture and wholly identify the goods to the contract or cease manufacture and resell for scrap or salvage value or proceed in any other reasonable manner.

[C24, 27, 31, 35, 39, §**9992, 9993;** C46, 50, 54, 58, 62, §554.64, 554.65; C66, 71, 73, 75, 77, 79, 81, §554.2704]

2008 Acts, ch 1032, §74

Referred to in §554.2610, 554.2703

554.2705 Seller's stoppage of delivery in transit or otherwise.

1. The seller may stop delivery of goods in the possession of a carrier or other bailee when the seller discovers the buyer to be insolvent (section 554.2702) and may stop delivery of carload, truckload, planeload or larger shipments of express or freight when the buyer repudiates or fails to make a payment due before delivery or if for any other reason the seller has a right to withhold or reclaim the goods.

2. As against such buyer the seller may stop delivery until:

a. receipt of the goods by the buyer; or

b. acknowledgment to the buyer by any bailee of the goods except a carrier that the bailee holds the goods for the buyer; or

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c. such acknowledgment to the buyer by a carrier by reshipment or as a warehouse; or

d. negotiation to the buyer of any negotiable document of title covering the goods.

3. *a.* To stop delivery the seller must so notify as to enable the bailee by reasonable diligence to prevent delivery of the goods.

b. After such notification the bailee must hold and deliver the goods according to the directions of the seller but the seller is liable to the bailee for any ensuing charges or damages.

c. If a negotiable document of title has been issued for goods the bailee is not obliged to obey a notification to stop until surrender of possession or control of the document.

d. A carrier who has issued a nonnegotiable bill of lading is not obliged to obey a notification to stop received from a person other than the consignor.

[S13, §3138-a9, -a11, -a49, -b11, -b13, -b41; C24, 27, 31, 35, 39, §**8256, 8258, 8286, 9669, 9671, 9709, 9986 – 9988;** C46, 50, 54, 58, 62, §487.12, 487.14, 487.42, 542.9, 542.11, 542.49, 554.58 – 554.60; C66, 71, 73, 75, 77, 79, 81, §554.2705]

2007 Acts, ch 30, §45, 46, 60, 61

Referred to in §554.2702, 554.2703, 554.2707, 554.7403, 554.7504

554.2706 Seller's resale including contract for resale.

1. Under the conditions stated in section 554.2703 on seller's remedies, the seller may resell the goods concerned or the undelivered balance thereof. Where the resale is made in good faith and in a commercially reasonable manner the seller may recover the difference between the resale price and the contract price together with any incidental damages allowed under the provisions of this Article (section 554.2710), but less expenses saved in consequence of the buyer's breach.

2. Except as otherwise provided in subsection 3 or unless otherwise agreed resale may be at public or private sale including sale by way of one or more contracts to sell or of identification to an existing contract of the seller. Sale may be as a unit or in parcels and at any time and place and on any terms but every aspect of the sale including the method, manner, time, place and terms must be commercially reasonable. The resale must be reasonably identified as referring to the broken contract, but it is not necessary that the goods be in existence or that any or all of them have been identified to the contract before the breach.

3. Where the resale is at private sale the seller must give the buyer reasonable notification of the seller's intention to resell.

4. Where the resale is at public sale

a. only identified goods can be sold except where there is a recognized market for a public sale of futures in goods of the kind; and

b. it must be made at a usual place or market for public sale if one is reasonably available and except in the case of goods which are perishable or threaten to decline in value speedily the seller must give the buyer reasonable notice of the time and place of the resale; and

c. if the goods are not to be within the view of those attending the sale the notification of sale must state the place where the goods are located and provide for their reasonable inspection by prospective bidders; and

d. the seller may buy.

5. A purchaser who buys in good faith at a resale takes the goods free of any rights of the original buyer even though the seller fails to comply with one or more of the requirements of this section.

6. The seller is not accountable to the buyer for any profit made on any resale. A person in the position of a seller (section 554.2707) or a buyer who has rightfully rejected or justifiably revoked acceptance must account for any excess over the amount of that person's security interest, as hereinafter defined (section 554.2711, subsection 3).

[C24, 27, 31, 35, 39, §**9989;** C46, 50, 54, 58, 62, §554.61; C66, 71, 73, 75, 77, 79, 81, §554.2706]

2015 Acts, ch 29, §98

Referred to in §554.2703, 554.2707, 554.2711, 554.2718

554.2707 "Person in the position of a seller".

1. A "*person in the position of a seller*" includes as against a principal an agent who has

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paid or become responsible for the price of goods on behalf of the agent's principal or anyone who otherwise holds a security interest or other right in goods similar to that of a seller.

2. A person in the position of a seller may as provided in this Article withhold or stop delivery (section 554.2705) and resell (section 554.2706) and recover incidental damages (section 554.2710).

[C24, 27, 31, 35, 39, §**9981;** C46, 50, 54, 58, 62, §554.53; C66, 71, 73, 75, 77, 79, 81, §554.2707]
2023 Acts, ch 64, §92
Referred to in §554.2103, 554.2104, 554.2706

554.2708 Seller's damages for nonacceptance or repudiation.

1. Subject to subsection 2 and to the provisions of this Article with respect to proof of market price (section 554.2723), the measure of damages for nonacceptance or repudiation by the buyer is the difference between the market price at the time and place for tender and the unpaid contract price together with any incidental damages provided in this Article (section 554.2710), but less expenses saved in consequence of the buyer's breach.

2. If the measure of damages provided in subsection 1 is inadequate to put the seller in as good a position as performance would have done then the measure of damages is the profit (including reasonable overhead) which the seller would have made from full performance by the buyer, together with any incidental damages provided in this Article (section 554.2710), due allowance for costs reasonably incurred and due credit for payments or proceeds of resale.

[C24, 27, 31, 35, 39, §**9993;** C46, 50, 54, 58, 62, §554.65; C66, 71, 73, 75, 77, 79, 81, §554.2708]
Referred to in §554.2703, 554.2709, 554.2723

554.2709 Action for the price.

1. When the buyer fails to pay the price as it becomes due the seller may recover, together with any incidental damages under section 554.2710, the price:

a. of goods accepted or of conforming goods lost or damaged within a commercially reasonable time after risk of their loss has passed to the buyer; and

b. of goods identified to the contract if the seller is unable after reasonable effort to resell them at a reasonable price or the circumstances reasonably indicate that such effort will be unavailing.

2. Where the seller sues for the price the seller must hold for the buyer any goods which have been identified to the contract and are still in the seller's control except that if resale becomes possible the seller may resell them at any time prior to the collection of the judgment. The net proceeds of any such resale must be credited to the buyer and payment of the judgment entitles the buyer to any goods not resold.

3. After the buyer has wrongfully rejected or revoked acceptance of the goods or has failed to make a payment due or has repudiated (section 554.2610), a seller who is held not entitled to the price under this section shall nevertheless be awarded damages for nonacceptance under section 554.2708.

[C24, 27, 31, 35, 39, §**9992;** C46, 50, 54, 58, 62, §554.64; C66, 71, 73, 75, 77, 79, 81, §554.2709]
2008 Acts, ch 1032, §75; 2009 Acts, ch 41, §162
Referred to in §554.2703

554.2710 Seller's incidental damages.

Incidental damages to an aggrieved seller include any commercially reasonable charges, expenses or commissions incurred in stopping delivery, in the transportation, care and custody of goods after the buyer's breach, in connection with return or resale of the goods or otherwise resulting from the breach.

[C24, 27, 31, 35, 39, §**9993, 9999;** C46, 50, 54, 58, 62, §554.65, 554.71; C66, 71, 73, 75, 77, 79, 81, §554.2710]
Referred to in §554.2706, 554.2707, 554.2708, 554.2709

554.2711 Buyer's remedies in general — buyer's security interest in rejected goods.

1. Where the seller fails to make delivery or repudiates or the buyer rightfully rejects or justifiably revokes acceptance then with respect to any goods involved, and with respect to

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the whole if the breach goes to the whole contract (section 554.2612), the buyer may cancel and whether or not the buyer has done so may in addition to recovering so much of the price as has been paid:

a. "cover" and have damages under section 554.2712 as to all the goods affected whether or not they have been identified to the contract; or

b. recover damages for nondelivery as provided in this Article (section 554.2713).

2. Where the seller fails to deliver or repudiates the buyer may also:

a. if the goods have been identified recover them as provided in this Article (section 554.2502); or

b. in a proper case obtain specific performance or replevy the goods as provided in this Article (section 554.2716).

3. On rightful rejection or justifiable revocation of acceptance a buyer has a security interest in goods in the buyer's possession or control for any payments made on their price and any expenses reasonably incurred in their inspection, receipt, transportation, care and custody and may hold such goods and resell them in like manner as an aggrieved seller (section 554.2706).

[C24, 27, 31, 35, 39, §**9998;** C46, 50, 54, 58, 62, §554.70; C66, 71, 73, 75, 77, 79, 81, §554.2711]
2008 Acts, ch 1032, §76
Referred to in §554.2602, 554.2603, 554.2610, 554.2706, 554.2712, 554.9102, 554.9109, 554.9110, 554.9309, 554.9325

554.2712 "Cover" — buyer's procurement of substitute goods.

1. After a breach within section 554.2711 the buyer may "cover" by making in good faith and without unreasonable delay any reasonable purchase of or contract to purchase goods in substitution for those due from the seller.

2. The buyer may recover from the seller as damages the difference between the cost of cover and the contract price together with any incidental or consequential damages as hereinafter defined (section 554.2715), but less expenses saved in consequence of the seller's breach.

3. Failure of the buyer to effect cover within this section does not bar the buyer from any other remedy.

[C66, 71, 73, 75, 77, 79, 81, §554.2712]
2008 Acts, ch 1032, §77
Referred to in §554.2103, 554.2711

554.2713 Buyer's damages for nondelivery or repudiation.

1. Subject to the provisions of this Article with respect to proof of market price (section 554.2723), the measure of damages for nondelivery or repudiation by the seller is the difference between the market price at the time when the buyer learned of the breach and the contract price together with any incidental and consequential damages provided in this Article (section 554.2715), but less expenses saved in consequence of the seller's breach.

2. Market price is to be determined as of the place for tender or, in cases of rejection after arrival or revocation of acceptance, as of the place of arrival.

[C24, 27, 31, 35, 39, §**9996;** C46, 50, 54, 58, 62, §554.68; C66, 71, 73, 75, 77, 79, 81, §554.2713]
Referred to in §554.2711, 554.2723

554.2714 Buyer's damages for breach in regard to accepted goods.

1. Where the buyer has accepted goods and given notification (section 554.2607, subsection 3) the buyer may recover as damages for any nonconformity of tender the loss resulting in the ordinary course of events from the seller's breach as determined in any manner which is reasonable.

2. The measure of damages for breach of warranty is the difference at the time and place of acceptance between the value of the goods accepted and the value they would have had if they had been as warranted, unless special circumstances show proximate damages of a different amount.

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3. In a proper case any incidental and consequential damages under section 554.2715 may also be recovered.

[C24, 27, 31, 35, 39, §**9998;** C46, 50, 54, 58, 62, §554.70; C66, 71, 73, 75, 77, 79, 81, §554.2714]
2008 Acts, ch 1032, §78; 2015 Acts, ch 29, §99

554.2715 Buyer's incidental and consequential damages.

1. Incidental damages resulting from the seller's breach include expenses reasonably incurred in inspection, receipt, transportation and care and custody of goods rightfully rejected, any commercially reasonable charges, expenses or commissions in connection with effecting cover and any other reasonable expense incident to the delay or other breach.

2. Consequential damages resulting from the seller's breach include

a. any loss resulting from general or particular requirements and needs of which the seller at the time of contracting had reason to know and which could not reasonably be prevented by cover or otherwise; and

b. injury to person or property proximately resulting from any breach of warranty.

[C24, 27, 31, 35, 39, §**9998, 9999;** C46, 50, 54, 58, 62, §554.70, 554.71; C66, 71, 73, 75, 77, 79, 81, §554.2715]
Referred to in §554.2712, 554.2713, 554.2714

554.2716 Buyer's right to specific performance or replevin.

1. Specific performance may be decreed where the goods are unique or in other proper circumstances.

2. The decree for specific performance may include such terms and conditions as to payment of the price, damages, or other relief as the court may deem just.

3. The buyer has a right of replevin for goods identified to the contract if after reasonable effort the buyer is unable to effect cover for such goods or the circumstances reasonably indicate that such effort will be unavailing or if the goods have been shipped under reservation and satisfaction of the security interest in them has been made or tendered. In the case of goods bought for personal, family, or household purposes, the buyer's right of replevin vests upon acquisition of a special property, even if the seller had not then repudiated or failed to deliver.

[C24, 27, 31, 35, 39, §**9995, 9997;** C46, 50, 54, 58, 62, §554.67, 554.69; C66, 71, 73, 75, 77, 79, 81, §554.2716]
2000 Acts, ch 1149, §145, 187
Referred to in §554.2402, 554.2711

554.2717 Deduction of damages from the price.

The buyer on notifying the seller of the buyer's intention to do so may deduct all or any part of the damages resulting from any breach of the contract from any part of the price still due under the same contract.

[C24, 27, 31, 35, 39, §**9998;** C46, 50, 54, 58, 62, §554.70; C66, 71, 73, 75, 77, 79, 81, §554.2717]

554.2718 Liquidation or limitation of damages — deposits.

1. Damages for breach by either party may be liquidated in the agreement but only at an amount which is reasonable in the light of the anticipated or actual harm caused by the breach, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy. A term fixing unreasonably large liquidated damages is void as a penalty.

2. Where the seller justifiably withholds delivery of goods because of the buyer's breach, the buyer is entitled to restitution of any amount by which the sum of the buyer's payments exceeds

a. the amount to which the seller is entitled by virtue of terms liquidating the seller's damages in accordance with subsection 1, or

b. in the absence of such terms, twenty percent of the value of the total performance for which the buyer is obligated under the contract or five hundred dollars, whichever is smaller.

3. The buyer's right to restitution under subsection 2 is subject to offset to the extent that the seller establishes

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a. a right to recover damages under the provisions of this Article other than subsection 1, and

b. the amount or value of any benefits received by the buyer directly or indirectly by reason of the contract.

4. Where a seller has received payment in goods their reasonable value or the proceeds of their resale shall be treated as payments for the purposes of subsection 2; but if the seller has notice of the buyer's breach before reselling goods received in part performance, the seller's resale is subject to the conditions laid down in this Article on resale by an aggrieved seller (section 554.2706).

[C66, 71, 73, 75, 77, 79, 81, §554.2718]
Referred to in §554.2316, 554.2601, 554.2719

554.2719 Contractual modification or limitation of remedy.

1. Subject to the provisions of subsections 2 and 3 of this section and of section 554.2718 on liquidation and limitation of damages,

a. the agreement may provide for remedies in addition to or in substitution for those provided in this Article and may limit or alter the measure of damages recoverable under this Article, as by limiting the buyer's remedies to return of the goods and repayment of the price or to repair and replacement of nonconforming goods or parts; and

b. resort to a remedy as provided is optional unless the remedy is expressly agreed to be exclusive, in which case it is the sole remedy.

2. Where circumstances cause an exclusive or limited remedy to fail of its essential purpose, remedy may be had as provided in this chapter.

3. Consequential damages may be limited or excluded unless the limitation or exclusion is unconscionable. Limitation of consequential damages for injury to the person in the case of consumer goods is prima facie unconscionable but limitation of damages where the loss is commercial is not.

[C66, 71, 73, 75, 77, 79, 81, §554.2719]
2008 Acts, ch 1032, §79
Referred to in §554.2316, 554.2601

554.2720 Effect of "cancellation" or "rescission" on claims for antecedent breach.

Unless the contrary intention clearly appears, expressions of "cancellation" or "rescission" of the contract or the like shall not be construed as a renunciation or discharge of any claim in damages for an antecedent breach.

[C24, 27, 31, 35, 39, §**9990;** C46, 50, 54, 58, 62, §554.62; C66, 71, 73, 75, 77, 79, 81, §554.2720]

554.2721 Remedies for fraud.

Remedies for material misrepresentation or fraud include all remedies available under this Article for nonfraudulent breach. Neither rescission or a claim for rescission of the contract for sale nor rejection or return of the goods shall bar or be deemed inconsistent with a claim for damages or other remedy.

[C24, 27, 31, 35, 39, §**9990;** C46, 50, 54, 58, 62, §554.62; C66, 71, 73, 75, 77, 79, 81, §554.2721]

554.2722 Who can sue third parties for injury to goods.

Where a third party so deals with goods which have been identified to a contract for sale as to cause actionable injury to a party to that contract

1. a right of action against the third party is in either party to the contract for sale who has title to or a security interest or a special property or an insurable interest in the goods; and if the goods have been destroyed or converted a right of action is also in the party who either bore the risk of loss under the contract for sale or has since the injury assumed that risk as against the other;

2. if at the time of the injury the party plaintiff did not bear the risk of loss as against the other party to the contract for sale and there is no arrangement between them for disposition of the recovery, the plaintiff's suit or settlement is, subject to plaintiff's own interest, as a fiduciary for the other party to the contract;

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3. either party may with the consent of the other sue for the benefit of whom it may concern.

[C66, 71, 73, 75, 77, 79, 81, §554.2722]

2009 Acts, ch 41, §263

554.2723 Proof of market price — time and place.

1. If an action based on anticipatory repudiation comes to trial before the time for performance with respect to some or all of the goods, any damages based on market price (section 554.2708 or 554.2713) shall be determined according to the price of such goods prevailing at the time when the aggrieved party learned of the repudiation.

2. If evidence of a price prevailing at the times or places described in this Article is not readily available the price prevailing within any reasonable time before or after the time described or at any other place which in commercial judgment or under usage of trade would serve as a reasonable substitute for the one described may be used, making any proper allowance for the cost of transporting the goods to or from such other place.

3. Evidence of a relevant price prevailing at a time or place other than the one described in this Article offered by one party is not admissible unless and until that party has given the other party such notice as the court finds sufficient to prevent unfair surprise.

[C66, 71, 73, 75, 77, 79, 81, §554.2723]

Referred to in §554.2708, 554.2713

554.2724 Admissibility of market quotations.

If the prevailing price or value of goods regularly bought and sold in an established commodity market is in issue, reports in official publications or trade journals or in newspapers or periodicals of general circulation published as the reports of that market are admissible in evidence. The circumstances of the preparation of such a report may be shown to affect its weight but not its admissibility. Reports are also admissible under rule of evidence 5.803(17).

[C66, 71, 73, 75, 77, 79, 81, §554.2724]

83 Acts, ch 37, §2

554.2725 Statute of limitations in contracts for sale.

1. By the original agreement the parties may reduce the period of limitation to not less than one year but may not extend it.

2. A cause of action accrues when the breach occurs, regardless of the aggrieved party's lack of knowledge of the breach. A breach of warranty occurs when tender of delivery is made, except that where a warranty explicitly extends to future performance of the goods and discovery of the breach must await the time of such performance the cause of action accrues when the breach is or should have been discovered.

3. Where an action commenced within the time limited by law or by agreement as provided in subsection 1 is so terminated as to leave available a remedy by another action for the same breach such other action may be commenced after the expiration of the time limited and within six months after the termination of the first action unless the termination resulted from voluntary discontinuance or from dismissal for failure or neglect to prosecute.

4. This section does not alter the law on tolling of the statute of limitations nor does it apply to causes of action which have accrued before this chapter becomes effective.

[C66, 71, 73, 75, 77, 79, 81, §554.2725]

Period of limitation, chapter 614

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ARTICLE 2A

LEASES

Article on Leases codified as Article 13;
94 Acts, ch 1052, §5 – 84

ARTICLE 3

NEGOTIABLE INSTRUMENTS

Referred to in §533.314, 554.1204, 554.4102, 554.4107, 554.4203, 554.5110, 554.5116, 554.8103, 554.9331, 554D.118, 668.16

PART 1

GENERAL PROVISIONS AND DEFINITIONS

554.3101 Short title.

This Article may be cited as Uniform Commercial Code — Negotiable Instruments.

94 Acts, ch 1167, §10, 121, 122

554.3102 Subject matter.

1. This Article applies to negotiable instruments. It does not apply to money, to payment orders governed by Article 12, or to securities governed by Article 8.

2. If there is conflict between this Article and Article 4 or 9, Articles 4 and 9 govern.

3. Regulations of the Board of Governors of the Federal Reserve System and operating circulars of the Federal Reserve Banks supersede any inconsistent provision of this Article to the extent of the inconsistency.

94 Acts, ch 1167, §11, 121, 122; 95 Acts, ch 67, §41

554.3103 Definitions.

1. In this Article:

a. *"Acceptor"* means a drawee who has accepted a draft.

b. *"Drawee"* means a person ordered in a draft to make payment.

c. *"Drawer"* means a person who signs or is identified in a draft as a person ordering payment.

d. Reserved.

e. *"Maker"* means a person who signs or is identified in a note as a person undertaking to pay.

f. *"Order"* means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay.

g. *"Ordinary care"* in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this Article or Article 4.

h. *"Party"* means a party to an instrument.

i. *"Promise"* means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation.

j. *"Prove"* with respect to a fact means to meet the burden of establishing the fact (section 554.1201, subsection 2, paragraph *"h"*).

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k. "*Remitter*" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser.

2. Other definitions applying to this Article and the sections in which they appear are:

a. "Acceptance" ..... Section 554.3409.
b. "Accommodated party" ..... Section 554.3419.
c. "Accommodation party" ..... Section 554.3419.
d. "Alteration" ..... Section 554.3407.
e. "Anomalous endorsement" ..... Section 554.3205.
f. "Blank endorsement" ..... Section 554.3205.
g. "Cashier's check" ..... Section 554.3104.
h. "Certificate of deposit" ..... Section 554.3104.
i. "Certified check" ..... Section 554.3409.
j. "Check" ..... Section 554.3104.
k. "Consideration" ..... Section 554.3303.
l. "Demand draft" ..... Section 554.3104.
m. "Draft" ..... Section 554.3104.
n. "Holder in due course" ..... Section 554.3302.
o. "Incomplete instrument" ..... Section 554.3115.
p. "Endorsement" ..... Section 554.3204.
q. "Endorser" ..... Section 554.3204.
r. "Instrument" ..... Section 554.3104.
s. "Issue" ..... Section 554.3105.
t. "Issuer" ..... Section 554.3105.
u. "Negotiable instrument" ..... Section 554.3104.
v. "Negotiation" ..... Section 554.3201.
w. "Note" ..... Section 554.3104.
x. "Payable at a definite time" ..... Section 554.3108.
y. "Payable on demand" ..... Section 554.3108.
z. "Payable to bearer" ..... Section 554.3109.
aa. "Payable to order" ..... Section 554.3109.
ab. "Payment" ..... Section 554.3602.
ac. "Person entitled to enforce" ..... Section 554.3301.
ad. "Presentment" ..... Section 554.3501.
ae. "Reacquisition" ..... Section 554.3207.
af. "Special endorsement" ..... Section 554.3205.
ag. "Teller's check" ..... Section 554.3104.
ah. "Transfer of instrument" ..... Section 554.3203.
ai. "Traveler's check" ..... Section 554.3104.
aj. "Value" ..... Section 554.3303.

3. The following definitions in other Articles apply to this Article:

a. "Bank" ..... Section 554.4105.
b. "Banking day" ..... Section 554.4104.
c. "Clearing house" ..... Section 554.4104.
d. "Collecting bank" ..... Section 554.4105.
e. "Depositary bank" ..... Section 554.4105.
f. "Documentary draft" ..... Section 554.4104.
g. "Intermediary bank" ..... Section 554.4105.
h. "Item" ..... Section 554.4104.
i. "Payor bank" ..... Section 554.4105.
j. "Suspends payments" ..... Section 554.4104.

4. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

94 Acts, ch 1167, §12, 121, 122; 2005 Acts, ch 11, §1; 2007 Acts, ch 41, §25, 26
Referred to in §554.4104, 554.9102

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554.3104 Negotiable instrument.

1. Except as provided in subsections 3 and 4, *"negotiable instrument"* means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

a. is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

b. is payable on demand or at a definite time; and

c. does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain an undertaking or power to give, maintain, or protect collateral to secure payment, an authorization or power to the holder to confess judgment or realize on or dispose of collateral, a waiver of the benefit of any law intended for the advantage or protection of an obligor, a term that specifies the law that governs the promise or order, or an undertaking to resolve in a specified forum a dispute concerning the promise or order.

2. *"Instrument"* means a negotiable instrument.

3. An order that meets all of the requirements of subsection 1, except paragraph *"a"*, and otherwise falls within the definition of "check" in subsection 6 is a negotiable instrument and a check.

4. A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this Article.

5. An instrument is a *"note"* if it is a promise and is a *"draft"* if it is an order. If an instrument falls within the definition of both "note" and "draft", a person entitled to enforce the instrument may treat it as either.

6. *"Check"* means a draft, other than a documentary draft, payable on demand and drawn on a bank or a cashier's check or teller's check. An instrument may be a check even though it is described on its face by another term, such as "money order".

7. *"Cashier's check"* means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.

8. *"Teller's check"* means a draft drawn by a bank on another bank, or payable at or through a bank.

9. *"Traveler's check"* means an instrument that is payable on demand, is drawn on or payable at or through a bank, is designated by the term "traveler's check" or by a substantially similar term, and requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.

10. *"Certificate of deposit"* means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A certificate of deposit is a note of the bank.

11. *a.* *"Demand draft"* means a writing not signed by a customer as defined in section 554.4104 that is created by a third party under the purported authority of the customer for the purpose of charging the customer's account with a bank. The writing must contain the customer's account number and may contain any of the following:

(1) the customer's printed or typewritten name;

(2) a notation that the customer authorized the draft; or

(3) the statement "no signature required", "authorized on file", "signature on file", or words to that effect.

b. *"Demand draft"* does not include a check purportedly drawn by and bearing the signature of a fiduciary as defined in section 554.3307.

94 Acts, ch 1167, §13, 121, 122; 2005 Acts, ch 11, §2; 2013 Acts, ch 30, §261; 2024 Acts, ch 1023, §22

Referred to in §537.3211, 537.7102, 554.2103, 554.3103, 554.3106, 554.3115, 554.3417, 554.4104, 554.4208, 554.9102, 625.22, 631.14

554.3105 Issue of instrument.

1. *"Issue"* means:

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a. the first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person; or

b. if agreed by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depositary bank to collect the item by transferring or presenting under federal law an electronic check.

2. An unissued instrument, or an unissued incomplete instrument that is completed, is binding on the maker or drawer, but nonissuance is a defense. An instrument that is conditionally issued or is issued for a special purpose is binding on the maker or drawer, but failure of the condition or special purpose to be fulfilled is a defense.

3. *"Issuer"* applies to issued and unissued instruments and means a maker or drawer of an instrument.

94 Acts, ch 1167, §14, 121, 122; 2024 Acts, ch 1023, §23
Referred to in §554.3103

554.3106 Unconditional promise or order.

1. Except as provided in this section, for the purposes of section 554.3104, subsection 1, a promise or order is unconditional unless it states an express condition to payment, that the promise or order is subject to or governed by another writing, or that rights or obligations with respect to the promise or order are stated in another writing. A reference to another writing does not of itself make the promise or order conditional.

2. A promise or order is not made conditional by a reference to another writing for a statement of rights with respect to collateral, prepayment, or acceleration, or because payment is limited to resort to a particular fund or source.

3. If a promise or order requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the promise or order, the condition does not make the promise or order conditional for the purposes of section 554.3104, subsection 1. If the person whose specimen signature appears on an instrument fails to countersign the instrument, the failure to countersign is a defense to the obligation of the issuer, but the failure does not prevent a transferee of the instrument from becoming a holder of the instrument.

4. If a promise or order at the time it is issued or first comes into possession of a holder contains a statement, required by applicable statutory or administrative law, to the effect that the rights of a holder or transferee are subject to claims or defenses that the issuer could assert against the original payee, the promise or order is not thereby made conditional for the purposes of section 554.3104, subsection 1; but if the promise or order is an instrument, there cannot be a holder in due course of the instrument.

94 Acts, ch 1167, §15, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3302

554.3107 Instrument payable in foreign money.

Unless the instrument otherwise provides, an instrument that states the amount payable in foreign money may be paid in the foreign money or in an equivalent amount in dollars calculated by using the current bank-offered spot rate at the place of payment for the purchase of dollars on the day on which the instrument is paid.

94 Acts, ch 1167, §16, 121, 122

554.3108 Payable on demand or at definite time.

1. A promise or order is *"payable on demand"* if it states that it is payable on demand or at sight, or otherwise indicates that it is payable at the will of the holder, or does not state any time of payment.

2. A promise or order is *"payable at a definite time"* if it is payable on elapse of a definite period of time after sight or acceptance or at a fixed date or dates or at a time or times readily ascertainable at the time the promise or order is issued, subject to rights of prepayment, acceleration, extension at the option of the holder, or extension to a further definite time at the option of the maker or acceptor or automatically upon or after a specified act or event.

3. If an instrument, payable at a fixed date, is also payable upon demand made before

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the fixed date, the instrument is payable on demand until the fixed date and, if demand for payment is not made before that date, becomes payable at a definite time on the fixed date.

94 Acts, ch 1167, §17, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103

554.3109 Payable to bearer or to order.

1. A promise or order is payable to bearer if it:

a. states that it is payable to bearer or to the order of bearer or otherwise indicates that the person in possession of the promise or order is entitled to payment;

b. does not state a payee; or

c. states that it is payable to or to the order of cash or otherwise indicates that it is not payable to an identified person.

2. A promise or order that is not payable to bearer is payable to order if it is payable to the order of an identified person or to an identified person or order. A promise or order that is payable to order is payable to the identified person.

3. An instrument payable to bearer may become payable to an identified person if it is specially endorsed pursuant to section 554.3205, subsection 1. An instrument payable to an identified person may become payable to bearer if it is endorsed in blank pursuant to section 554.3205, subsection 2.

94 Acts, ch 1167, §18, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103

554.3110 Identification of person to whom instrument is payable.

1. The person to whom an instrument is initially payable is determined by the intent of the person, whether or not authorized, signing as, or in the name or behalf of, the issuer of the instrument. The instrument is payable to the person intended by the signer even if that person is identified in the instrument by a name or other identification that is not that of the intended person. If more than one person signs in the name or behalf of the issuer of an instrument and all the signers do not intend the same person as payee, the instrument is payable to any person intended by one or more of the signers.

2. If the signature of the issuer of an instrument is made by automated means, such as a check-writing machine, the payee of the instrument is determined by the intent of the person who supplied the name or identification of the payee, whether or not authorized to do so.

3. A person to whom an instrument is payable may be identified in any way, including by name, identifying number, office, or account number. For the purpose of determining the holder of an instrument, the following rules apply:

a. if an instrument is payable to an account and the account is identified only by number, the instrument is payable to the person to whom the account is payable. If an instrument is payable to an account identified by number and by the name of a person, the instrument is payable to the named person, whether or not that person is the owner of the account identified by number.

b. if an instrument is payable to:

(1) a trust, an estate, or a person described as trustee or representative of a trust or estate, the instrument is payable to the trustee, the representative, or a successor of either, whether or not the beneficiary or estate is also named;

(2) a person described as agent or similar representative of a named or identified person, the instrument is payable to the represented person, the representative, or a successor of the representative;

(3) a fund or organization that is not a legal entity, the instrument is payable to a representative of the members of the fund or organization; or

(4) an office or to a person described as holding an office, the instrument is payable to the named person, the incumbent of the office, or a successor to the incumbent.

4. If an instrument is payable to two or more persons alternatively, it is payable to any of them and may be negotiated, discharged, or enforced by any or all of them in possession of the instrument. If an instrument is payable to two or more persons not alternatively, it is payable to all of them and may be negotiated, discharged, or enforced only by all of them. If

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an instrument payable to two or more persons is ambiguous as to whether it is payable to the persons alternatively, the instrument is payable to the persons alternatively.

94 Acts, ch 1167, §19, 121, 122
Referred to in §554.3205, 554.3404

554.3111 Place of payment.

Except as otherwise provided for items in Article 4, an instrument is payable at the place of payment stated in the instrument. If no place of payment is stated, an instrument is payable at the address of the drawee or maker stated in the instrument. If no address is stated, the place of payment is the place of business of the drawee or maker. If a drawee or maker has more than one place of business, the place of payment is any place of business of the drawee or maker chosen by the person entitled to enforce the instrument. If the drawee or maker has no place of business, the place of payment is the residence of the drawee or maker.

94 Acts, ch 1167, §20, 121, 122

554.3112 Interest.

1. Unless otherwise provided in the instrument, an instrument is not payable with interest, and interest on an interest-bearing instrument is payable from the date of the instrument.

2. Interest may be stated in an instrument as a fixed or variable amount of money or it may be expressed as a fixed or variable rate or rates. The amount or rate of interest may be stated or described in the instrument in any manner and may require reference to information not contained in the instrument. If an instrument provides for interest, but the amount of interest payable cannot be ascertained from the description, interest is payable at the judgment rate in effect at the place of payment of the instrument and at the time interest first accrues.

94 Acts, ch 1167, §21, 121, 122; 2013 Acts, ch 30, §261

554.3113 Date of instrument.

1. An instrument may be antedated or postdated. The date stated determines the time of payment if the instrument is payable at a fixed period after date. Except as provided in section 554.4401, subsection 3, an instrument payable on demand is not payable before the date of the instrument.

2. If an instrument is undated, its date is the date of its issue or, in the case of an unissued instrument, the date it first comes into possession of a holder.

94 Acts, ch 1167, §22, 121, 122

554.3114 Contradictory terms of instrument.

If an instrument contains contradictory terms, typewritten terms prevail over printed terms, handwritten terms prevail over both, and words prevail over numbers.

94 Acts, ch 1167, §23, 121, 122

554.3115 Incomplete instrument.

1. *"Incomplete instrument"* means a signed writing, whether or not issued by the signer, the contents of which show at the time of signing that it is incomplete but that the signer intended it to be completed by the addition of words or numbers.

2. Subject to subsection 3, if an incomplete instrument is an instrument under section 554.3104, it may be enforced according to its terms if it is not completed, or according to its terms as augmented by completion. If an incomplete instrument is not an instrument under section 554.3104, but, after completion, the requirements of section 554.3104 are met, the instrument may be enforced according to its terms as augmented by completion.

3. If words or numbers are added to an incomplete instrument without authority of the signer, there is an alteration of the incomplete instrument under section 554.3407.

4. The burden of establishing that words or numbers were added to an incomplete instrument without authority of the signer is on the person asserting the lack of authority.

94 Acts, ch 1167, §24, 121, 122
Referred to in §554.3103, 554.3412, 554.3413, 554.3414, 554.3415, 554.4207

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554.3116 Joint and several liability — contribution.

1. Except as otherwise provided in the instrument, two or more persons who have the same liability on an instrument as makers, drawers, acceptors, endorsers who endorse as joint payees, or anomalous endorsers are jointly and severally liable in the capacity in which they sign.

2. Except as provided in section 554.3419, subsection 5, or by agreement of the affected parties, a party having joint and several liability who pays the instrument is entitled to receive from any party having the same joint and several liability contribution in accordance with applicable law.

3. Discharge of one party having joint and several liability by a person entitled to enforce the instrument does not affect the right under subsection 2 of a party having the same joint and several liability to receive contribution from the party discharged.

94 Acts, ch 1167, §25, 121, 122

554.3117 Other agreements affecting instrument.

Subject to applicable law regarding exclusion of proof of contemporaneous or previous agreements, the obligation of a party to an instrument to pay the instrument may be modified, supplemented, or nullified by a separate agreement of the obligor and a person entitled to enforce the instrument, if the instrument is issued or the obligation is incurred in reliance on the agreement or as part of the same transaction giving rise to the agreement. To the extent an obligation is modified, supplemented, or nullified by an agreement under this section, the agreement is a defense to the obligation.

94 Acts, ch 1167, §26, 121, 122

554.3118 Accrual of cause of action.

1. A cause of action against a maker or an acceptor accrues

a. in the case of a time instrument on the day after maturity;

b. in the case of a demand instrument upon its date or, if no date is stated, on the date of issue.

2. A cause of action against the obligor of a demand or time certificate of deposit accrues upon demand, but demand on a time certificate may not be made until on or after the date of maturity.

3. A cause of action against a drawer of a draft or an endorser of any instrument accrues upon demand following dishonor of the instrument. Notice of dishonor is a demand.

4. Unless an instrument provides otherwise, interest runs at the rate provided by law for a judgment

a. in the case of a maker, acceptor or other primary obligor of a demand instrument, from the date of demand;

b. in all other cases from the date of accrual of the cause of action.

94 Acts, ch 1167, §27, 121, 122

554.3119 Notice of right to defend action.

In an action for breach of an obligation for which a third person is answerable over pursuant to this Article or Article 4, the defendant may give the third person written notice of the litigation, and the person notified may then give similar notice to any other person who is answerable over. If the notice states that the person notified may come in and defend and that failure to do so will bind the person notified in an action later brought by the person giving the notice as to any determination of fact common to the two litigations, the person notified is so bound unless after seasonable receipt of the notice the person notified does come in and defend.

94 Acts, ch 1167, §28, 121, 122; 2013 Acts, ch 30, §261

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PART 2

NEGOTIATION, TRANSFER, AND ENDORSEMENT

554.3201 Negotiation.

1. *"Negotiation"* means a transfer of possession, whether voluntary or involuntary, of an instrument by a person other than the issuer to a person who thereby becomes its holder.

2. Except for negotiation by a remitter, if an instrument is payable to an identified person, negotiation requires transfer of possession of the instrument and its endorsement by the holder. If an instrument is payable to bearer, it may be negotiated by transfer of possession alone.

94 Acts, ch 1167, §29, 121, 122
Referred to in §554.3103

554.3202 Negotiation subject to rescission.

1. Negotiation is effective even if obtained from an infant, a corporation exceeding its powers, or a person without capacity; by fraud, duress, or mistake; or in breach of duty or as part of an illegal transaction.

2. To the extent permitted by other law, negotiation may be rescinded or may be subject to other remedies, but those remedies may not be asserted against a subsequent holder in due course or a person paying the instrument in good faith and without knowledge of facts that are a basis for rescission or other remedy.

94 Acts, ch 1167, §30, 121, 122; 2013 Acts, ch 30, §143

554.3203 Transfer of instrument — rights acquired by transfer.

1. An instrument is transferred when it is delivered by a person other than its issuer for the purpose of giving to the person receiving delivery the right to enforce the instrument.

2. Transfer of an instrument, whether or not the transfer is a negotiation, vests in the transferee any right of the transferor to enforce the instrument, including any right as a holder in due course, but the transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument.

3. Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of endorsement by the transferor, the transferee has a specifically enforceable right to the unqualified endorsement of the transferor, but negotiation of the instrument does not occur until the endorsement is made.

4. If a transferor purports to transfer less than the entire instrument, negotiation of the instrument does not occur. The transferee obtains no rights under this Article and has only the rights of a partial assignee.

94 Acts, ch 1167, §31, 121, 122
Referred to in §554.3103

554.3204 Endorsement.

1. *"Endorsement"* means a signature, other than that of a signer as maker, drawer, or acceptor, that alone or accompanied by other words is made on an instrument for the purpose of negotiating the instrument, restricting payment of the instrument, or incurring endorser's liability on the instrument, but regardless of the intent of the signer, a signature and its accompanying words is an endorsement unless the accompanying words, terms of the instrument, place of the signature, or other circumstances unambiguously indicate that the signature was made for a purpose other than endorsement. For the purpose of determining whether a signature is made on an instrument, a paper affixed to the instrument is a part of the instrument.

2. *"Endorser"* means a person who makes an endorsement.

3. For the purpose of determining whether the transferee of an instrument is a holder, an endorsement that transfers a security interest in the instrument is effective as an unqualified endorsement of the instrument.

4. If an instrument is payable to a holder under a name that is not the name of the holder,

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endorsement may be made by the holder in the name stated in the instrument or in the holder's name or both, but signature in both names may be required by a person paying or taking the instrument for value or collection.

94 Acts, ch 1167, §32, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103

554.3205 Special endorsement — blank endorsement — anomalous endorsement.

1. If an endorsement is made by the holder of an instrument, whether payable to an identified person or payable to bearer, and the endorsement identifies a person to whom it makes the instrument payable, it is a *"special endorsement."* When specially endorsed, an instrument becomes payable to the identified person and may be negotiated only by the endorsement of that person. The principles stated in section 554.3110 apply to special endorsements.

2. If an endorsement is made by the holder of an instrument and it is not a special endorsement, it is a *"blank endorsement."* When endorsed in blank, an instrument becomes payable to bearer and may be negotiated by transfer of possession alone until specially endorsed.

3. The holder may convert a blank endorsement that consists only of a signature into a special endorsement by writing, above the signature of the endorser, words identifying the person to whom the instrument is made payable.

4. *"Anomalous endorsement"* means an endorsement made by a person who is not the holder of the instrument. An anomalous endorsement does not affect the manner in which the instrument may be negotiated.

94 Acts, ch 1167, §33, 121, 122
Referred to in §554.3103, 554.3109

554.3206 Restrictive endorsement.

1. An endorsement limiting payment to a particular person or otherwise prohibiting further transfer or negotiation of the instrument is not effective to prevent further transfer or negotiation of the instrument.

2. An endorsement stating a condition to the right of the endorsee to receive payment does not affect the right of the endorsee to enforce the instrument. A person paying the instrument or taking it for value or collection may disregard the condition, and the rights and liabilities of that person are not affected by whether the condition has been fulfilled.

3. If an instrument bears an endorsement described in section 554.4201, subsection 2, or in blank or to a particular bank using the words "for deposit," "for collection," or other words indicating a purpose of having the instrument collected by a bank for the endorser or for a particular account, the following rules apply:

a. A person, other than a bank, who purchases the instrument when so endorsed converts the instrument unless the amount paid for the instrument is received by the endorser or applied consistently with the endorsement.

b. A depositary bank that purchases the instrument or takes it for collection when so endorsed converts the instrument unless the amount paid by the bank with respect to the instrument is received by the endorser or applied consistently with the endorsement.

c. A payor bank that is also the depositary bank or that takes the instrument for immediate payment over the counter from a person other than a collecting bank converts the instrument unless the proceeds of the instrument are received by the endorser or applied consistently with the endorsement.

d. Except as otherwise provided in paragraph "*c*", a payor bank or intermediary bank may disregard the endorsement and is not liable if the proceeds of the instrument are not received by the endorser or applied consistently with the endorsement.

4. Except for an endorsement covered by subsection 3, if an instrument bears an endorsement using words to the effect that payment is to be made to the endorsee as agent, trustee, or other fiduciary for the benefit of the endorser or another person, the following rules apply:

a. Unless there is notice of breach of fiduciary duty as provided in section 554.3307, a

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person who purchases the instrument from the endorsee or takes the instrument from the endorsee for collection or payment may pay the proceeds of payment or the value given for the instrument to the endorsee without regard to whether the endorsee violates a fiduciary duty to the endorser.

b. A subsequent transferee of the instrument or person who pays the instrument is neither given notice nor otherwise affected by the restriction in the endorsement unless the transferee or payor knows that the fiduciary dealt with the instrument or its proceeds in breach of fiduciary duty.

5. The presence on an instrument of an endorsement to which this section applies does not prevent a purchaser of the instrument from becoming a holder in due course of the instrument unless the purchaser is a converter under subsection 3 or has notice or knowledge of breach of fiduciary duty as stated in subsection 4.

6. In an action to enforce the obligation of a party to pay the instrument, the obligor has a defense if payment would violate an endorsement to which this section applies and the payment is not permitted by this section.

94 Acts, ch 1167, §34, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.4203

554.3207 Reacquisition.

Reacquisition of an instrument occurs if it is transferred to a former holder, by negotiation or otherwise. A former holder who reacquires the instrument may cancel endorsements made after the reacquirer first became a holder of the instrument. If the cancellation causes the instrument to be payable to the reacquirer or to bearer, the reacquirer may negotiate the instrument. An endorser whose endorsement is canceled is discharged, and the discharge is effective against any subsequent holder.

94 Acts, ch 1167, §35, 121, 122
Referred to in §554.3103

PART 3

ENFORCEMENT OF INSTRUMENTS

554.3301 Person entitled to enforce instrument.

"Person entitled to enforce" an instrument means the holder of the instrument, a nonholder in possession of the instrument who has the rights of a holder, or a person not in possession of the instrument who is entitled to enforce the instrument pursuant to section 554.3309 or 554.3418, subsection 4. A person may be a person entitled to enforce the instrument even though the person is not the owner of the instrument or is in wrongful possession of the instrument.

94 Acts, ch 1167, §36, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103, 554.3308, 554.4104

554.3302 Holder in due course.

1. Subject to subsection 3 and section 554.3106, subsection 4, *"holder in due course"* means the holder of an instrument if:

a. the instrument when issued or negotiated to the holder does not bear such apparent evidence of forgery or alteration or is not otherwise so irregular or incomplete as to call into question its authenticity; and

b. the holder took the instrument for value, in good faith, without notice that the instrument is overdue or has been dishonored or that there is an uncured default with respect to payment of another instrument issued as part of the same series, without notice that the instrument contains an unauthorized signature or has been altered, without notice of any claim to the instrument described in section 554.3306, and without notice that any party has a defense or claim in recoupment described in section 554.3305, subsection 1.

2. Notice of discharge of a party, other than discharge in an insolvency proceeding, is not notice of a defense under subsection 1, but discharge is effective against a person who

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became a holder in due course with notice of the discharge. Public filing or recording of a document does not of itself constitute notice of a defense, claim in recoupment, or claim to the instrument.

3. Except to the extent a transferor or predecessor in interest has rights as a holder in due course, a person does not acquire rights of a holder in due course of an instrument taken by legal process or by purchase in an execution, bankruptcy, or creditor's sale or similar proceeding, by purchase as part of a bulk transaction not in ordinary course of business of the transferor, or as the successor in interest to an estate or other organization.

4. If, under section 554.3303, subsection 1, paragraph *"a"*, the promise of performance that is the consideration for an instrument has been partially performed, the holder may assert rights as a holder in due course of the instrument only to the fraction of the amount payable under the instrument equal to the value of the partial performance divided by the value of the promised performance.

5. If the person entitled to enforce an instrument has only a security interest in the instrument and the person obliged to pay the instrument has a defense, claim in recoupment, or claim to the instrument that may be asserted against the person who granted the security interest, the person entitled to enforce the instrument may assert rights as a holder in due course only to an amount payable under the instrument which, at the time of enforcement of the instrument, does not exceed the amount of the unpaid obligation secured.

6. To be effective, notice must be received at a time and in a manner that gives a reasonable opportunity to act on it.

7. This section is subject to any law limiting status as a holder in due course in particular classes of transactions.

94 Acts, ch 1167, §37, 121, 122; 2013 Acts, ch 30, §261
Referred to in §523G.7, 554.3103, 554.4104, 554.4205, 554.4211, 554.9102, 554D.118

554.3303 Value and consideration.

1. An instrument is issued or transferred for value if:

a. the instrument is issued or transferred for a promise of performance, to the extent the promise has been performed;

b. the transferee acquires a security interest or other lien in the instrument other than a lien obtained by judicial proceeding;

c. the instrument is issued or transferred as payment of, or as security for, an antecedent claim against any person, whether or not the claim is due;

d. the instrument is issued or transferred in exchange for a negotiable instrument; or

e. the instrument is issued or transferred in exchange for the incurring of an irrevocable obligation to a third party by the person taking the instrument.

2. *"Consideration"* means any consideration sufficient to support a simple contract. The drawer or maker of an instrument has a defense if the instrument is issued without consideration. If an instrument is issued for a promise of performance, the issuer has a defense to the extent performance of the promise is due and the promise has not been performed. If an instrument is issued for value as stated in subsection 1, the instrument is also issued for consideration.

94 Acts, ch 1167, §38, 121, 122
Referred to in §554.3103, 554.3302, 554.5102, 554.9403, 554.14102

554.3304 Overdue instrument.

1. An instrument payable on demand becomes overdue at the earliest of the following times:

a. on the day after the day demand for payment is duly made;

b. if the instrument is a check, ninety days after its date; or

c. if the instrument is not a check, when the instrument has been outstanding for a period of time after its date which is unreasonably long under the circumstances of the particular case in light of the nature of the instrument and usage of the trade.

2. With respect to an instrument payable at a definite time the following rules apply:

a. If the principal is payable in installments and a due date has not been accelerated,

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the instrument becomes overdue upon default under the instrument for nonpayment of an installment, and the instrument remains overdue until the default is cured.

b. If the principal is not payable in installments and the due date has not been accelerated, the instrument becomes overdue on the day after the due date.

c. If a due date with respect to principal has been accelerated, the instrument becomes overdue on the day after the accelerated due date.

3. Unless the due date of principal has been accelerated, an instrument does not become overdue if there is default in payment of interest but no default in payment of principal.

94 Acts, ch 1167, §39, 121, 122

554.3305 Defenses and claims in recoupment.

1. Except as stated in subsection 2, the right to enforce the obligation of a party to pay an instrument is subject to the following:

a. a defense of the obligor based on infancy of the obligor to the extent it is a defense to a simple contract; duress, lack of legal capacity, or illegality of the transaction which, under other law, nullifies the obligation of the obligor; fraud that induced the obligor to sign the instrument with neither knowledge nor reasonable opportunity to learn of its character or its essential terms; or discharge of the obligor in insolvency proceedings;

b. a defense of the obligor stated in another section of this Article or a defense of the obligor that would be available if the person entitled to enforce the instrument were enforcing a right to payment under a simple contract; and

c. a claim in recoupment of the obligor against the original payee of the instrument if the claim arose from the transaction that gave rise to the instrument; but the claim of the obligor may be asserted against a transferee of the instrument only to reduce the amount owing on the instrument at the time the action is brought.

2. The right of a holder in due course to enforce the obligation of a party to pay the instrument is subject to defenses of the obligor stated in subsection 1, paragraph *"a"*, but is not subject to defenses of the obligor stated in subsection 1, paragraph *"b"*, or claims in recoupment stated in subsection 1, paragraph *"c"*, against a person other than the holder.

3. Except as stated in subsection 4, in an action to enforce the obligation of a party to pay the instrument, the obligor may not assert against the person entitled to enforce the instrument a defense, claim in recoupment, or claim to the instrument (section 554.3306) of another person, but the other person's claim to the instrument may be asserted by the obligor if the other person is joined in the action and personally asserts the claim against the person entitled to enforce the instrument. An obligor is not obliged to pay the instrument if the person seeking enforcement of the instrument does not have rights of a holder in due course and the obligor proves that the instrument is a lost or stolen instrument.

4. In an action to enforce the obligation of an accommodation party to pay an instrument, the accommodation party may assert against the person entitled to enforce the instrument any defense or claim in recoupment under subsection 1 that the accommodated party could assert against the person entitled to enforce the instrument, except the defenses of discharge in insolvency proceedings, infancy, and lack of legal capacity.

94 Acts, ch 1167, §40, 121, 122; 2013 Acts, ch 30, §144

Referred to in §554.3302, 554.4207, 554.9403

554.3306 Claims to an instrument.

A person taking an instrument, other than a person having rights of a holder in due course, is subject to a claim of a property or possessory right in the instrument or its proceeds, including a claim to rescind a negotiation and to recover the instrument or its proceeds. A person having rights of a holder in due course takes free of the claim to the instrument.

94 Acts, ch 1167, §41, 121, 122

Referred to in §554.3302, 554.3305, 554.3602

554.3307 Notice of breach of fiduciary duty.

1. In this section:

a. *"Fiduciary"* means an agent, trustee, partner, corporate officer or director, or other representative owing a fiduciary duty with respect to an instrument.

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b. "*Represented person*" means the principal, beneficiary, partnership, corporation, or other person to whom the duty stated in paragraph "*a*" is owed.

2. If an instrument is taken from a fiduciary for payment or collection or for value, the taker has knowledge of the fiduciary status of the fiduciary, and the represented person makes a claim to the instrument or its proceeds on the basis that the transaction of the fiduciary is a breach of fiduciary duty, the following rules apply:

a. Notice of breach of fiduciary duty by the fiduciary is notice of the claim of the represented person.

b. In the case of an instrument payable to the represented person or the fiduciary as such, the taker has notice of the breach of fiduciary duty if the instrument is taken in payment of or as security for a debt known by the taker to be the personal debt of the fiduciary, taken in a transaction known by the taker to be for the personal benefit of the fiduciary, or deposited to an account other than an account of the fiduciary, as such, or an account of the represented person.

c. If an instrument is issued by the represented person or the fiduciary as such, and made payable to the fiduciary personally, the taker does not have notice of the breach of fiduciary duty unless the taker knows of the breach of fiduciary duty.

d. If an instrument is issued by the represented person or the fiduciary as such, to the taker as payee, the taker has notice of the breach of fiduciary duty if the instrument is taken in payment of or as security for a debt known by the taker to be the personal debt of the fiduciary, taken in a transaction known by the taker to be for the personal benefit of the fiduciary, or deposited to an account other than an account of the fiduciary, as such, or an account of the represented person.

94 Acts, ch 1167, §42, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3104, 554.3206

554.3308 Proof of signatures and status as holder in due course.

1. In an action with respect to an instrument, the authenticity of, and authority to make, each signature on the instrument is admitted unless specifically denied in the pleadings. If the validity of a signature is denied in the pleadings, the burden of establishing validity is on the person claiming validity, but the signature is presumed to be authentic and authorized unless the action is to enforce the liability of the purported signer and the signer is dead or incompetent at the time of trial of the issue of validity of the signature. If an action to enforce the instrument is brought against a person as the undisclosed principal of a person who signed the instrument as a party to the instrument, the plaintiff has the burden of establishing that the defendant is liable on the instrument as a represented person under section 554.3402, subsection 1.

2. If the validity of signatures is admitted or proved and there is compliance with subsection 1, a plaintiff producing the instrument is entitled to payment if the plaintiff proves entitlement to enforce the instrument under section 554.3301, unless the defendant proves a defense or claim in recoupment. If a defense or claim in recoupment is proved, the right to payment of the plaintiff is subject to the defense or claim, except to the extent the plaintiff proves that the plaintiff has rights of a holder in due course which are not subject to the defense or claim.

94 Acts, ch 1167, §43, 122
Referred to in §554.3309

554.3309 Enforcement of lost, destroyed, or stolen instrument.

1. A person not in possession of an instrument is entitled to enforce the instrument if:

a. the person seeking to enforce the instrument:

(1) was entitled to enforce the instrument when loss of possession occurred, or

(2) has directly or indirectly acquired ownership of the instrument from a person who was entitled to the instrument when loss of possession occurred;

b. the loss of possession was not the result of a transfer by the person or a lawful seizure; and

c. the person cannot reasonably obtain possession of the instrument because the

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instrument was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.

2. A person seeking enforcement of an instrument under subsection 1 must prove the terms of the instrument and the person's right to enforce the instrument. If that proof is made, section 554.3308 applies to the case as if the person seeking enforcement had produced the instrument. The court may not enter judgment in favor of the person seeking enforcement unless it finds that the person required to pay the instrument is adequately protected against loss that might occur by reason of a claim by another person to enforce the instrument. Adequate protection may be provided by any reasonable means.

94 Acts, ch 1167, §44, 122; 2005 Acts, ch 11, §3; 2006 Acts, ch 1030, §69
Referred to in §554.3301, 554.3312

554.3310 Effect of instrument on obligation for which taken.

1. Unless otherwise agreed, if a certified check, cashier's check, or teller's check is taken for an obligation, the obligation is discharged to the same extent discharge would result if an amount of money equal to the amount of the instrument were taken in payment of the obligation. Discharge of the obligation does not affect any liability that the obligor may have as an endorser of the instrument.

2. Unless otherwise agreed and except as provided in subsection 1, if a note or an uncertified check is taken for an obligation, the obligation is suspended to the same extent the obligation would be discharged if an amount of money equal to the amount of the instrument were taken, and the following rules apply:

a. In the case of an uncertified check, suspension of the obligation continues until dishonor of the check or until it is paid or certified. Payment or certification of the check results in discharge of the obligation to the extent of the amount of the check.

b. In the case of a note, suspension of the obligation continues until dishonor of the note or until it is paid. Payment of the note results in discharge of the obligation to the extent of the payment.

c. Except as provided in paragraph *"d"*, if the check or note is dishonored and the obligee of the obligation for which the instrument was taken is the person entitled to enforce the instrument, the obligee may enforce either the instrument or the obligation. In the case of an instrument of a third person which is negotiated to the obligee by the obligor, discharge of the obligor on the instrument also discharges the obligation.

d. If the person entitled to enforce the instrument taken for an obligation is a person other than the obligee, the obligee may not enforce the obligation to the extent the obligation is suspended. If the obligee is the person entitled to enforce the instrument but no longer has possession of it because it was lost, stolen, or destroyed, the obligation may not be enforced to the extent of the amount payable on the instrument, and to that extent the obligee's rights against the obligor are limited to enforcement of the instrument.

3. If an instrument other than one described in subsection 1 or 2 is taken for an obligation, the effect is that stated in subsection 1 if the instrument is one on which a bank is liable as maker or acceptor, or that stated in subsection 2 in any other case.

94 Acts, ch 1167, §45, 122; 2013 Acts, ch 30, §261
Referred to in §554.2511

554.3311 Accord and satisfaction by use of instrument.

1. If a person against whom a claim is asserted proves that that person in good faith tendered an instrument to the claimant as full satisfaction of the claim, the amount of the claim was unliquidated or subject to a bona fide dispute, and the claimant obtained payment of the instrument, the following subsections apply.

2. Unless subsection 3 applies, the claim is discharged if the person against whom the claim is asserted proves that the instrument or an accompanying written communication contained a conspicuous statement to the effect that the instrument was tendered as full satisfaction of the claim.

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3. Subject to subsection 4, a claim is not discharged under subsection 2 if either of the following applies:

a. The claimant, if an organization, proves that:

(1) within a reasonable time before the tender, the claimant sent a conspicuous statement to the person against whom the claim is asserted that communications concerning disputed debts, including an instrument tendered as full satisfaction of a debt, are to be sent to a designated person, office, or place; and

(2) the instrument or accompanying communication was not received by that designated person, office, or place.

b. The claimant, whether or not an organization, proves that within ninety days after payment of the instrument, the claimant tendered repayment of the amount of the instrument to the person against whom the claim is asserted. This paragraph does not apply if the claimant is an organization that sent a statement complying with paragraph "*a*", subparagraph (1).

4. A claim is discharged if the person against whom the claim is asserted proves that within a reasonable time before collection of the instrument was initiated, the claimant, or an agent of the claimant having direct responsibility with respect to the disputed obligation, knew that the instrument was tendered in full satisfaction of the claim.

94 Acts, ch 1167, §46, 122; 2013 Acts, ch 30, §145

554.3312 Lost, destroyed, or stolen cashier's check, teller's check, or certified check.

1. In this section:

a. "Check" means a cashier's check, teller's check, or certified check.

b. "Claimant" means a person who claims the right to receive the amount of a cashier's check, teller's check, or certified check that was lost, destroyed, or stolen.

c. "Declaration of loss" means a written statement, made under penalty of perjury, to the effect that the declarer lost possession of a check; the declarer is the drawer or payee of the check, in the case of a certified check, or the remitter or payee of the check, in the case of a cashier's check or teller's check; the loss of possession was not the result of a transfer by the declarer or a lawful seizure; and the declarer cannot reasonably obtain possession of the check because the check was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.

d. "Obligated bank" means the issuer of a cashier's check or teller's check or the acceptor of a certified check.

2. A claimant may assert a claim to the amount of a check by a communication to the obligated bank describing the check with reasonable certainty and requesting payment of the amount of the check, if the claimant is the drawer or payee of a certified check or the remitter or payee of a cashier's check or teller's check, the communication contains or is accompanied by a declaration of loss of the claimant with respect to the check, the communication is received at a time and in a manner affording the bank a reasonable time to act on it before the check is paid, and the claimant provides reasonable identification if requested by the obligated bank. Delivery of a declaration of loss is a warranty of the truth of the statements made in the declaration. If a claim is asserted in compliance with this subsection, the following rules apply:

a. The claim becomes enforceable at the later of the time the claim is asserted, or the ninetieth day following the date of the check, in the case of a cashier's check or teller's check, or the ninetieth day following the date of the acceptance, in the case of a certified check.

b. Until the claim becomes enforceable, it has no legal effect and the obligated bank may pay the check or, in the case of a teller's check, may permit the drawee to pay the check. Payment to a person entitled to enforce the check discharges all liability of the obligated bank with respect to the check.

c. If the claim becomes enforceable before the check is presented for payment, the obligated bank is not obliged to pay the check.

d. When the claim becomes enforceable, the obligated bank becomes obliged to pay the amount of the check to the claimant if payment of the check has not been made to a

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person entitled to enforce the check. Subject to section 554.4302, subsection 1, paragraph *"a"*, payment to the claimant discharges all liability of the obligated bank with respect to the check.

3. If the obligated bank pays the amount of a check to a claimant under subsection 2, paragraph *"d"*, and the check is presented for payment by a person having rights of a holder in due course, the claimant is obliged to refund the payment to the obligated bank if the check is paid, or pay the amount of the check to the person having rights of a holder in due course if the check is dishonored.

4. If a claimant has the right to assert a claim under subsection 2 and is also a person entitled to enforce a cashier's check, teller's check, or certified check which is lost, destroyed, or stolen, the claimant may assert rights with respect to the check either under this section or section 554.3309.

94 Acts, ch 1167, §47, 122; 2013 Acts, ch 30, §146, 261; 2014 Acts, ch 1092, §122

PART 4

LIABILITY OF PARTIES

554.3401 Signature necessary for liability on instrument.

A person is not liable on an instrument unless the person signed the instrument, or the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under section 554.3402.

94 Acts, ch 1167, §48, 121, 122; 2013 Acts, ch 30, §261; 2024 Acts, ch 1023, §24

554.3402 Signature by representative.

1. If a person acting, or purporting to act, as a representative signs an instrument by signing either the name of the represented person or the name of the signer, the represented person is bound by the signature to the same extent the represented person would be bound if the signature were on a simple contract. If the represented person is bound, the signature of the representative is the "authorized signature of the represented person" and the represented person is liable on the instrument, whether or not identified in the instrument.

2. If a representative signs the name of the representative to an instrument and the signature is an authorized signature of the represented person, the following rules apply:

a. If the form of the signature shows unambiguously that the signature is made on behalf of the represented person who is identified in the instrument, the representative is not liable on the instrument.

b. Subject to subsection 3, if the form of the signature does not show unambiguously that the signature is made in a representative capacity or the represented person is not identified in the instrument, the representative is liable on the instrument to a holder in due course that took the instrument without notice that the representative was not intended to be liable on the instrument. With respect to any other person, the representative is liable on the instrument unless the representative proves that the original parties did not intend the representative to be liable on the instrument.

3. If a representative signs the name of the representative as drawer of a check without indication of the representative status and the check is payable from an account of the represented person who is identified on the check, the signer is not liable on the check if the signature is an authorized signature of the represented person.

94 Acts, ch 1167, §49, 121, 122; 2013 Acts, ch 30, §261

Referred to in §554.3308, 554.3401

554.3403 Unauthorized signature.

1. Unless otherwise provided in this Article or Article 4, an unauthorized signature is ineffective except as the signature of the unauthorized signer in favor of a person who in good faith pays the instrument or takes it for value. An unauthorized signature may be ratified for all purposes of this Article.

2. If the signature of more than one person is required to constitute the authorized

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signature of an organization, the signature of the organization is unauthorized if one of the required signatures is lacking.

3. The civil or criminal liability of a person who makes an unauthorized signature is not affected by any provision of this Article which makes the unauthorized signature effective for the purposes of this Article.

94 Acts, ch 1167, §50, 121, 122
Referred to in §554.4104

554.3404 Impostors — fictitious payees.

1. If an impostor, by use of the mails or otherwise, induces the issuer of an instrument to issue the instrument to the impostor, or to a person acting in concert with the impostor, by impersonating the payee of the instrument or a person authorized to act for the payee, an endorsement of the instrument by any person in the name of the payee is effective as the endorsement of the payee in favor of a person who, in good faith, pays the instrument or takes it for value or for collection.

2. If a person whose intent determines to whom an instrument is payable (section 554.3110, subsection 1 or 2) does not intend the person identified as payee to have any interest in the instrument, or the person identified as payee of an instrument is a fictitious person, the following rules apply until the instrument is negotiated by special endorsement:

a. Any person in possession of the instrument is its holder.

b. An endorsement by any person in the name of the payee stated in the instrument is effective as the endorsement of the payee in favor of a person who, in good faith, pays the instrument or takes it for value or for collection.

3. Under subsection 1 or 2, an endorsement is made in the name of a payee if it is made in a name substantially similar to that of the payee or the instrument, whether or not endorsed, is deposited in a depositary bank to an account in a name substantially similar to that of the payee.

4. With respect to an instrument to which subsection 1 or 2 applies, if a person paying the instrument or taking it for value or for collection fails to exercise ordinary care in paying or taking the instrument and that failure substantially contributes to loss resulting from payment of the instrument, the person bearing the loss may recover from the person failing to exercise ordinary care to the extent the failure to exercise ordinary care contributed to the loss.

94 Acts, ch 1167, §51, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3417, 554.4208

554.3405 Employer's responsibility for fraudulent endorsement by employee.

1. In this section:

a. "Employee" includes an independent contractor and employee of an independent contractor retained by the employer.

b. "Fraudulent endorsement" means one of the following:

(1) in the case of an instrument payable to the employer, a forged endorsement purporting to be that of the employer;

(2) in the case of an instrument with respect to which the employer is the issuer, a forged endorsement purporting to be that of the person identified as payee.

c. "Responsibility" with respect to instruments means authority to sign or endorse instruments on behalf of the employer; to process instruments received by the employer for bookkeeping purposes, for deposit to an account, or for other disposition; to prepare or process instruments for issue in the name of the employer; to supply information determining the names or addresses of payees of instruments to be issued in the name of the employer; to control the disposition of instruments to be issued in the name of the employer; or to act otherwise with respect to instruments in a responsible capacity. *"Responsibility"* does not include authority that merely allows an employee to have access to instruments or blank or incomplete instrument forms that are being stored or transported or are part of incoming or outgoing mail, or similar access.

2. For the purpose of determining the rights and liabilities of a person who, in good faith, pays an instrument or takes it for value or for collection, if an employer entrusted an

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employee with responsibility with respect to the instrument and the employee or a person acting in concert with the employee makes a fraudulent endorsement of the instrument, the endorsement is effective as the endorsement of the person to whom the instrument is payable if it is made in the name of that person. If the person paying the instrument or taking it for value or for collection fails to exercise ordinary care in paying or taking the instrument and that failure substantially contributes to loss resulting from the fraud, the person bearing the loss may recover from the person failing to exercise ordinary care to the extent the failure to exercise ordinary care contributed to the loss.

3. Under subsection 2, an endorsement is made in the name of the person to whom an instrument is payable if it is made in a name substantially similar to the name of that person or the instrument, whether or not endorsed, is deposited in a depositary bank to an account in a name substantially similar to the name of that person.

94 Acts, ch 1167, §52, 121, 122; 2013 Acts, ch 30, §147, 261
Referred to in §554.3417, 554.4208

554.3406 Negligence contributing to forged signature or alteration of instrument.

1. A person whose failure to exercise ordinary care substantially contributes to an alteration of an instrument or to the making of a forged signature on an instrument is precluded from asserting the alteration or the forgery against a person who, in good faith, pays the instrument or takes it for value or for collection.

2. Under subsection 1, if the person asserting the preclusion fails to exercise ordinary care in paying or taking the instrument and that failure substantially contributes to loss, the loss is allocated between the person precluded and the person asserting the preclusion according to the extent to which the failure of each to exercise ordinary care contributed to the loss.

3. Under subsection 1, the burden of proving failure to exercise ordinary care is on the person asserting the preclusion. Under subsection 2, the burden of proving failure to exercise ordinary care is on the person precluded.

94 Acts, ch 1167, §53, 121, 122
Referred to in §554.3417, 554.4208

554.3407 Alteration.

1. *"Alteration"* means an unauthorized change in an instrument that purports to modify in any respect the obligation of a party, or an unauthorized addition of words or numbers or other change to an incomplete instrument relating to the obligation of a party.

2. Except as provided in subsection 3, an alteration fraudulently made discharges a party whose obligation is affected by the alteration unless that party assents or is precluded from asserting the alteration. No other alteration discharges a party, and the instrument may be enforced according to its original terms.

3. A payor bank or drawee paying a fraudulently altered instrument or a person taking it for value, in good faith and without notice of the alteration, may enforce rights with respect to the instrument according to its original terms, or in the case of an incomplete instrument altered by unauthorized completion, according to its terms as completed.

94 Acts, ch 1167, §54, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103, 554.3115, 554.3412, 554.3413, 554.3414, 554.3415, 554.4104, 554.4207

554.3408 Drawee not liable on unaccepted draft.

A check or other draft does not of itself operate as an assignment of funds in the hands of the drawee available for its payment, and the drawee is not liable on the instrument until the drawee accepts it.

94 Acts, ch 1167, §55, 121, 122

554.3409 Acceptance of draft — certified check.

1. *"Acceptance"* means the drawee's signed agreement to pay a draft as presented. It must be written on the draft and may consist of the drawee's signature alone. Acceptance may be made at any time and becomes effective when notification pursuant to instructions is given or the accepted draft is delivered for the purpose of giving rights on the acceptance to any person.

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2. A draft may be accepted although it has not been signed by the drawer, is otherwise incomplete, is overdue, or has been dishonored.

3. If a draft is payable at a fixed period after sight and the acceptor fails to date the acceptance, the holder may complete the acceptance by supplying a date in good faith.

4. *"Certified check"* means a check accepted by the bank on which it is drawn. Acceptance may be made as stated in subsection 1 or by a writing on the check which indicates that the check is certified. The drawee of a check has no obligation to certify the check, and refusal to certify is not dishonor of the check.

94 Acts, ch 1167, §56, 121, 122
Referred to in §554.3103, 554.4104, 554.5102

554.3410 Acceptance varying draft.

1. If the terms of a drawee's acceptance vary from the terms of the draft as presented, the holder may refuse the acceptance and treat the draft as dishonored. In that case, the drawee may cancel the acceptance.

2. The terms of a draft are not varied by an acceptance to pay at a particular bank or place in the United States, unless the acceptance states that the draft is to be paid only at that bank or place.

3. If the holder assents to an acceptance varying the terms of a draft, the obligation of each drawer and endorser that does not expressly assent to the acceptance is discharged.

94 Acts, ch 1167, §57, 121, 122

554.3411 Refusal to pay cashier's checks, teller's checks, and certified checks.

1. In this section, *"obligated bank"* means the acceptor of a certified check or the issuer of a cashier's check or teller's check bought from the issuer.

2. If the obligated bank wrongfully refuses to pay a cashier's check or certified check, stops payment of a teller's check, or refuses to pay a dishonored teller's check, the person asserting the right to enforce the check is entitled to compensation for expenses and loss of interest resulting from the nonpayment and may recover consequential damages if the obligated bank refuses to pay after receiving notice of particular circumstances giving rise to the damages.

3. Expenses or consequential damages under subsection 2 are not recoverable if the refusal of the obligated bank to pay occurs because the bank suspends payments, the obligated bank asserts a claim or defense of the bank that it has reasonable grounds to believe is available against the person entitled to enforce the instrument, the obligated bank has a reasonable doubt whether the person demanding payment is the person entitled to enforce the instrument, or payment is prohibited by law.

94 Acts, ch 1167, §58, 121, 122; 2013 Acts, ch 30, §261

554.3412 Obligation of issuer of note or cashier's check.

The issuer of a note or cashier's check or other draft drawn on the drawer is obliged to pay the instrument according to its terms at the time it was issued or, if not issued, at the time it first came into possession of a holder, or if the issuer signed an incomplete instrument, according to its terms when completed, to the extent stated in sections 554.3115 and 554.3407. The obligation is owed to a person entitled to enforce the instrument or to an endorser who paid the instrument under section 554.3415.

94 Acts, ch 1167, §59, 121, 122; 2013 Acts, ch 30, §261

554.3413 Obligation of acceptor.

1. The acceptor of a draft is obliged to pay the draft according to its terms at the time it was accepted, even though the acceptance states that the draft is payable "as originally drawn" or equivalent terms, if the acceptance varies the terms of the draft, according to the terms of the draft as varied, or if the acceptance is of a draft that is an incomplete instrument, according to its terms when completed, to the extent stated in sections 554.3115 and 554.3407. The obligation is owed to a person entitled to enforce the draft or to the drawer or an endorser who paid the draft under section 554.3414 or 554.3415.

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2. If the certification of a check or other acceptance of a draft states the amount certified or accepted, the obligation of the acceptor is that amount. If the certification or acceptance does not state an amount, the amount of the instrument is subsequently raised, and the instrument is then negotiated to a holder in due course, the obligation of the acceptor is the amount of the instrument at the time it was taken by the holder in due course.

94 Acts, ch 1167, §60, 121, 122; 2013 Acts, ch 30, §261

554.3414 Obligation of drawer.

1. This section does not apply to cashier's checks or other drafts drawn on the drawer.

2. If an unaccepted draft is dishonored, the drawer is obliged to pay the draft according to its terms at the time it was issued or, if not issued, at the time it first came into possession of a holder, or if the drawer signed an incomplete instrument, according to its terms when completed, to the extent stated in sections 554.3115 and 554.3407. The obligation is owed to a person entitled to enforce the draft or to an endorser who paid the draft under section 554.3415.

3. If a draft is accepted by a bank, the drawer is discharged, regardless of when or by whom acceptance was obtained.

4. If a draft is accepted and the acceptor is not a bank, the obligation of the drawer to pay the draft if the draft is dishonored by the acceptor is the same as the obligation of an endorser under section 554.3415, subsections 1 and 3.

5. If a draft states that it is drawn "without recourse" or otherwise disclaims liability of the drawer to pay the draft, the drawer is not liable under subsection 2 to pay the draft if the draft is not a check. A disclaimer of the liability stated in subsection 2 is not effective if the draft is a check.

6. If a check is not presented for payment or given to a depositary bank for collection within thirty days after its date, the drawee suspends payments after expiration of the thirty-day period without paying the check, and because of the suspension of payments, the drawer is deprived of funds maintained with the drawee to cover payment of the check, the drawer to the extent deprived of funds may discharge its obligation to pay the check by assigning to the person entitled to enforce the check the rights of the drawer against the drawee with respect to the funds.

94 Acts, ch 1167, §61, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3413, 554.3503, 554.3605, 554.5108

554.3415 Obligation of endorser.

1. Subject to subsections 2, 3, and 4 and to section 554.3419, subsection 4, if an instrument is dishonored, an endorser is obliged to pay the amount due on the instrument according to the terms of the instrument at the time it was endorsed, or if the endorser endorsed an incomplete instrument, according to its terms when completed, to the extent stated in sections 554.3115 and 554.3407. The obligation of the endorser is owed to a person entitled to enforce the instrument or to a subsequent endorser who paid the instrument under this section.

2. If an endorsement states that it is made "without recourse" or otherwise disclaims liability of the endorser, the endorser is not liable under subsection 1 to pay the instrument.

3. If notice of dishonor of an instrument is required by section 554.3503 and notice of dishonor complying with that section is not given to an endorser, the liability of the endorser under subsection 1 is discharged.

4. If a draft is accepted by a bank after an endorsement is made, the liability of the endorser under subsection 1 is discharged.

5. If an endorser of a check is liable under subsection 1 and the check is not presented for payment, or given to a depositary bank for collection, within thirty days after the day the endorsement was made, the liability of the endorser under subsection 1 is discharged.

94 Acts, ch 1167, §62, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3412, 554.3413, 554.3414, 554.3503, 554.5108

554.3416 Transfer warranties.

1. A person who transfers an instrument for consideration warrants to the transferee and, if the transfer is by endorsement, to any subsequent transferee that:

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a. the warrantor is a person entitled to enforce the instrument;

b. all signatures on the instrument are authentic and authorized;

c. the instrument has not been altered;

d. the instrument is not subject to a defense or claim in recoupment of any party which can be asserted against the warrantor;

e. the warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor or, in the case of an unaccepted draft, the drawer; and

f. if the instrument is a demand draft, creation of the instrument according to the terms on its face was authorized by the person identified as the drawer.

2. A person to whom the warranties under subsection 1 are made and who took the instrument in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the instrument plus expenses and loss of interest incurred as a result of the breach.

3. The warranties stated in subsection 1 cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within sixty days after the claimant has reason to know of the breach and the identity of the warrantor, the liability of the warrantor under subsection 2 is discharged to the extent of any loss caused by the delay in giving notice of the claim.

4. A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

5. If a warranty under subsection 1, paragraph "*f*", is not given by a transferor under applicable conflict of laws rules, the warranty is not given to that transferor when that transferor is a transferee.

94 Acts, ch 1167, §63, 121, 122; 2005 Acts, ch 11, §4, 5

554.3417 Presentment warranties.

1. If an unaccepted draft is presented to the drawee for payment or acceptance and the drawee pays or accepts the draft, the person obtaining payment or acceptance, at the time of presentment, and a previous transferor of the draft, at the time of transfer, warrant to the drawee making payment or accepting the draft in good faith that:

a. the warrantor is, or was, at the time the warrantor transferred the draft, a person entitled to enforce the draft or authorized to obtain payment or acceptance of the draft on behalf of a person entitled to enforce the draft;

b. the draft has not been altered;

c. the warrantor has no knowledge that the signature of the drawer of the draft is unauthorized; and

d. if the draft is a demand draft, the creation of the demand draft according to the terms on its face was authorized by the person identified as the drawer.

2. A drawee making payment may recover from any warrantor damages for breach of warranty equal to the amount paid by the drawee less the amount the drawee received or is entitled to receive from the drawer because of the payment. In addition, the drawee is entitled to compensation for expenses and loss of interest resulting from the breach. The right of the drawee to recover damages under this subsection is not affected by any failure of the drawee to exercise ordinary care in making payment. If the drawee accepts the draft, breach of warranty is a defense to the obligation of the acceptor. If the acceptor makes payment with respect to the draft, the acceptor is entitled to recover from any warrantor for breach of warranty the amounts stated in this subsection.

3. If a drawee asserts a claim for breach of warranty under subsection 1 based on an unauthorized endorsement of the draft or an alteration of the draft, the warrantor may defend by proving that the endorsement is effective under section 554.3404 or 554.3405 or the drawer is precluded under section 554.3406 or 554.4406 from asserting against the drawee the unauthorized endorsement or alteration.

4. If a dishonored draft is presented for payment to the drawer or an endorser or any other instrument is presented for payment to a party obliged to pay the instrument, and payment is received, the following rules apply:

a. The person obtaining payment and a prior transferor of the instrument warrant to the

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person making payment in good faith that the warrantor is, or was, at the time the warrantor transferred the instrument, a person entitled to enforce the instrument or authorized to obtain payment on behalf of a person entitled to enforce the instrument.

b. The person making payment may recover from any warrantor for breach of warranty an amount equal to the amount paid plus expenses and loss of interest resulting from the breach.

5. The warranties stated in subsections 1 and 4 cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within sixty days after the claimant has reason to know of the breach and the identity of the warrantor, the liability of the warrantor under subsection 2 or 4 is discharged to the extent of any loss caused by the delay in giving notice of the claim.

6. A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

7. A demand draft is a check as provided in section 554.3104, subsection 6.

8. If a warranty under subsection 1, paragraph *"d"*, is not given by a transferor under applicable conflict of laws rules, the warranty is not given to that transferor when that transferor is a transferee.

94 Acts, ch 1167, §64, 121, 122; 2005 Acts, ch 11, §6, 7; 2013 Acts, ch 30, §261
Referred to in §554.3418

554.3418 Payment or acceptance by mistake.

1. Except as provided in subsection 3, if the drawee of a draft pays or accepts the draft and the drawee acted on the mistaken belief that payment of the draft had not been stopped pursuant to section 554.4403 or the signature of the drawer of the draft was authorized, the drawee may recover the amount of the draft from the person to whom or for whose benefit payment was made or, in the case of acceptance, may revoke the acceptance. Rights of the drawee under this subsection are not affected by failure of the drawee to exercise ordinary care in paying or accepting the draft.

2. Except as provided in subsection 3, if an instrument has been paid or accepted by mistake and the case is not covered by subsection 1, the person paying or accepting may, to the extent permitted by the law governing mistake and restitution, recover the payment from the person to whom or for whose benefit payment was made or in the case of acceptance, may revoke the acceptance.

3. The remedies provided by subsection 1 or 2 may not be asserted against a person who took the instrument in good faith and for value or who in good faith changed position in reliance on the payment or acceptance. This subsection does not limit remedies provided by section 554.3417 or 554.4407.

4. Notwithstanding section 554.4215, if an instrument is paid or accepted by mistake and the payor or acceptor recovers payment or revokes acceptance under subsection 1 or 2, the instrument is deemed not to have been paid or accepted and is treated as dishonored, and the person from whom payment is recovered has rights as a person entitled to enforce the dishonored instrument.

94 Acts, ch 1167, §65, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3301

554.3419 Instruments signed for accommodation.

1. If an instrument is issued for value given for the benefit of a party to the instrument ("accommodated party") and another party to the instrument ("accommodation party") signs the instrument for the purpose of incurring liability on the instrument without being a direct beneficiary of the value given for the instrument, the instrument is signed by the accommodation party "for accommodation."

2. An accommodation party may sign the instrument as maker, drawer, acceptor, or endorser and, subject to subsection 4, is obliged to pay the instrument in the capacity in which the accommodation party signs. The obligation of an accommodation party may be enforced notwithstanding any statute of frauds and whether or not the accommodation party receives consideration for the accommodation.

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3. A person signing an instrument is presumed to be an accommodation party and there is notice that the instrument is signed for accommodation if the signature is an anomalous endorsement or is accompanied by words indicating that the signer is acting as surety or guarantor with respect to the obligation of another party to the instrument. Except as provided in section 554.3605, the obligation of an accommodation party to pay the instrument is not affected by the fact that the person enforcing the obligation had notice when the instrument was taken by that person that the accommodation party signed the instrument for accommodation.

4. If the signature of a party to an instrument is accompanied by words indicating unambiguously that the party is guaranteeing collection rather than payment of the obligation of another party to the instrument, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument only if execution of judgment against the other party has been returned unsatisfied, the other party is insolvent or in an insolvency proceeding, the other party cannot be served with process, or it is otherwise apparent that payment cannot be obtained from the other party.

5. An accommodation party who pays the instrument is entitled to reimbursement from the accommodated party and is entitled to enforce the instrument against the accommodated party. An accommodated party who pays the instrument has no right of recourse against, and is not entitled to contribution from, an accommodation party.

94 Acts, ch 1167, §66, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3103, 554.3116, 554.3415, 554.3605

554.3420 Conversion of instrument.

1. The law applicable to conversion of personal property applies to instruments. An instrument is also converted if it is taken by transfer, other than a negotiation, from a person not entitled to enforce the instrument or a bank makes or obtains payment with respect to the instrument for a person not entitled to enforce the instrument or receive payment. An action for conversion of an instrument may not be brought by the issuer or acceptor of the instrument or a payee or endorsee who did not receive delivery of the instrument either directly or through delivery to an agent or a co-payee.

2. In an action under subsection 1, the measure of liability is presumed to be the amount payable on the instrument, but recovery may not exceed the amount of the plaintiff's interest in the instrument.

3. A representative, other than a depositary bank, who has in good faith dealt with an instrument or its proceeds on behalf of one who was not the person entitled to enforce the instrument is not liable in conversion to that person beyond the amount of any proceeds that it has not paid out.

94 Acts, ch 1167, §67, 122; 2013 Acts, ch 30, §261
Referred to in §554.4203

PART 5

DISHONOR

554.3501 Presentment.

1. *"Presentment"* means a demand made by or on behalf of a person entitled to enforce an instrument:

a. to pay the instrument made to the drawee or a party obliged to pay the instrument or, in the case of a note or accepted draft payable at a bank, to the bank; or

b. to accept a draft made to the drawee.

2. The following rules are subject to Article 4, agreement of the parties, and clearing-house rules and the like:

a. Presentment may be made at the place of payment of the instrument and must be made at the place of payment if the instrument is payable at a bank in the United States; may be made by any commercially reasonable means, including an oral, written, or electronic communication; is effective when the demand for payment or acceptance is received by the

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person to whom presentment is made; and is effective if made to any one of two or more makers, acceptors, drawees, or other payors.

b. Upon demand of the person to whom presentment is made, the person making presentment must exhibit the instrument; give reasonable identification and, if presentment is made on behalf of another person, reasonable evidence of authority to do so; and sign a receipt on the instrument for any payment made or surrender the instrument if full payment is made.

c. Without dishonoring the instrument, the party to whom presentment is made may return the instrument for lack of a necessary endorsement, or refuse payment or acceptance for failure of the presentment to comply with the terms of the instrument, an agreement of the parties, or other applicable law or rule.

d. The party to whom presentment is made may treat presentment as occurring on the next business day after the day of presentment if the party to whom presentment is made has established a cut-off hour not earlier than 2:00 p.m. for the receipt and processing of instruments presented for payment or acceptance and presentment is made after the cut-off hour.

94 Acts, ch 1167, §68, 121, 122; 2013 Acts, ch 30, §148, 149; 2015 Acts, ch 29, §100
Referred to in §554.3103, 554.4104, 554.4212

554.3502 Dishonor.

1. Dishonor of a note is governed by the following rules:

a. If the note is payable on demand, the note is dishonored if presentment is duly made to the maker and the note is not paid on the day of presentment.

b. If the note is not payable on demand and is payable at or through a bank or the terms of the note require presentment, the note is dishonored if presentment is duly made and the note is not paid on the day it becomes payable or the day of presentment, whichever is later.

c. If the note is not payable on demand and paragraph *"b"* does not apply, the note is dishonored if it is not paid on the day it becomes payable.

2. Dishonor of an unaccepted draft other than a documentary draft is governed by the following rules:

a. If a check is duly presented for payment to the payor bank otherwise than for immediate payment over the counter, the check is dishonored if the payor bank makes timely return of the check or sends timely notice of dishonor or nonpayment under section 554.4301 or 554.4302, or becomes accountable for the amount of the check under section 554.4302.

b. If a draft is payable on demand and paragraph *"a"* does not apply, the draft is dishonored if presentment for payment is duly made to the drawee and the draft is not paid on the day of presentment.

c. If a draft is payable on a date stated in the draft, the draft is dishonored if presentment for payment is duly made to the drawee and payment is not made on the day the draft becomes payable or the day of presentment, whichever is later, or presentment for acceptance is duly made before the day the draft becomes payable and the draft is not accepted on the day of presentment.

d. If a draft is payable on elapse of a period of time after sight or acceptance, the draft is dishonored if presentment for acceptance is duly made and the draft is not accepted on the day of presentment.

3. Dishonor of an unaccepted documentary draft occurs according to the rules stated in subsection 2, paragraphs *"b"*, *"c"*, and *"d"*, except that payment or acceptance may be delayed without dishonor until no later than the close of the third business day of the drawee following the day on which payment or acceptance is required by those paragraphs.

4. Dishonor of an accepted draft is governed by the following rules:

a. If the draft is payable on demand, the draft is dishonored if presentment for payment is duly made to the acceptor and the draft is not paid on the day of presentment.

b. If the draft is not payable on demand, the draft is dishonored if presentment for payment is duly made to the acceptor and payment is not made on the day it becomes payable or the day of presentment, whichever is later.

5. In any case in which presentment is otherwise required for dishonor under this section

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and presentment is excused under section 554.3504, dishonor occurs without presentment if the instrument is not duly accepted or paid.

6. If a draft is dishonored because timely acceptance of the draft was not made and the person entitled to demand acceptance consents to a late acceptance, from the time of acceptance the draft is treated as never having been dishonored.

94 Acts, ch 1167, §69, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.2103

554.3503 Notice of dishonor.

1. The obligation of an endorser stated in section 554.3415, subsection 1, and the obligation of a drawer stated in section 554.3414, subsection 4, may not be enforced unless the endorser or drawer is given notice of dishonor of the instrument complying with this section or notice of dishonor is excused under section 554.3504, subsection 2.

2. Notice of dishonor may be given by any person; may be given by any commercially reasonable means, including an oral, written, or electronic communication; and is sufficient if it reasonably identifies the instrument and indicates that the instrument has been dishonored or has not been paid or accepted. Return of an instrument given to a bank for collection is sufficient notice of dishonor.

3. Subject to section 554.3504, subsection 3, with respect to an instrument taken for collection by a collecting bank, notice of dishonor must be given by the bank before midnight of the next banking day following the banking day on which the bank receives notice of dishonor of the instrument, or by any other person within thirty days following the day on which the person receives notice of dishonor. With respect to any other instrument, notice of dishonor must be given within thirty days following the day on which dishonor occurs.

94 Acts, ch 1167, §70, 121, 122; 2013 Acts, ch 30, §261
Referred to in §554.3415, 554.4104

554.3504 Excused presentment and notice of dishonor.

1. Presentment for payment or acceptance of an instrument is excused if the person entitled to present the instrument cannot with reasonable diligence make presentment; the maker or acceptor has repudiated an obligation to pay the instrument or is dead or in insolvency proceedings; by the terms of the instrument presentment is not necessary to enforce the obligation of endorsers or the drawer; the drawer or endorser whose obligation is being enforced has waived presentment or otherwise has no reason to expect or right to require that the instrument be paid or accepted; or the drawer instructed the drawee not to pay or accept the draft or the drawee was not obligated to the drawer to pay the draft.

2. Notice of dishonor is excused if by the terms of the instrument notice of dishonor is not necessary to enforce the obligation of a party to pay the instrument, or the party whose obligation is being enforced waived notice of dishonor. A waiver of presentment is also a waiver of notice of dishonor.

3. Delay in giving notice of dishonor is excused if the delay was caused by circumstances beyond the control of the person giving the notice and the person giving the notice exercised reasonable diligence after the cause of the delay ceased to operate.

94 Acts, ch 1167, §71, 121, 122; 2013 Acts, ch 30, §261; 2014 Acts, ch 1092, §123
Referred to in §554.3502, 554.3503

554.3505 Evidence of dishonor.

1. The following are admissible as evidence and create a presumption of dishonor and of any notice of dishonor stated:

a. a document regular in form as provided in subsection 2 which purports to be a protest;

b. a purported stamp or writing of the drawee, payor bank, or presenting bank on or accompanying the instrument stating that acceptance or payment has been refused unless reasons for the refusal are stated and the reasons are not consistent with dishonor;

c. a book or record of the drawee, payor bank, or collecting bank, kept in the usual course of business which shows dishonor, even if there is no evidence of who made the entry.

2. A protest is a certificate of dishonor made by a United States consul or vice consul, or a notarial officer as provided in chapter 9B or other person authorized to administer oaths by

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the law of the place where dishonor occurs. It may be made upon information satisfactory to that person. The protest must identify the instrument and certify either that presentment has been made or, if not made, the reason why it was not made, and that the instrument has been dishonored by nonacceptance or nonpayment. The protest may also certify that notice of dishonor has been given to some or all parties.

94 Acts, ch 1167, §72, 121, 122; 2012 Acts, ch 1050, §46, 60; 2013 Acts, ch 140, §99
Referred to in §9B.5

554.3506 through 554.3511 Reserved.

554.3512 Holder's recourse for dishonor.

1. The holder of a dishonored check, draft, or order may assess against the maker of that check, draft, or order a surcharge not to exceed thirty dollars.

2. The surcharge authorized by this section shall not be assessed unless the holder clearly and conspicuously posts a notice at the usual place of payment, or in the billing statement of the holder, stating that a surcharge will be assessed and the amount of the surcharge. However, the surcharge shall not be assessed against the maker if the reason for the dishonor of the check, draft, or order is that the maker has stopped payment pursuant to section 554.4403.

95 Acts, ch 137, §2; 2003 Acts, ch 10, §1
Referred to in §331.553, 537.2501, 554.3513

554.3513 Civil remedy for dishonor.

1. In a civil action against a person who makes a check, draft, or order, which has been dishonored for lack of funds or credit, after having been presented twice, or because the maker has no account with the drawee, the plaintiff shall recover from the defendant total damages equaling three times the face value of the dishonored check, draft, or order, which sum shall include the face value of the check, draft, or order. However, total recovery under this section shall not exceed by more than five hundred dollars the amount of the check, draft, or order and may be awarded only if all of the following apply:

a. The plaintiff made written demand of the defendant for payment of the amount of the check, draft, or order not less than thirty days before commencing the action.

b. The written demand notified the defendant that treble damages would be sought if the face value of the dishonored check was not paid within thirty days of receipt, and was received by the defendant via any of the following methods:

(1) Personal service.

(2) Restricted certified mail.

(3) Regular mail to at least one of the following addresses, supported by an affidavit of service retained by the payee or holder of the dishonored check, which affidavit shall be presumptive evidence of the receipt of the demand by the maker three days from the date of execution of the affidavit:

(a) The address printed or written on the check.

(b) The address given by the drawer at the time of issuance of the check.

(c) The last known address of the drawer.

c. The defendant has failed to tender to the plaintiff, prior to commencement of the action, an amount of money not less than the face value of the dishonored check, draft, or order.

d. The plaintiff clearly and conspicuously posted a notice at the usual place of payment, or in a billing statement of the plaintiff, stating that civil damages pursuant to this section would be sought upon dishonorment.

2. In an action for damages pursuant to subsection 1, if the court or jury determines that the failure of the defendant to satisfy the dishonored check, draft, or order is due to economic hardship, the court or jury may waive all or part of the allowable civil damages. However, if the court or jury waives all or part of the civil damages, the court or jury shall render judgment against the defendant in the amount of the dishonored check, draft, or order and the actual costs incurred by the plaintiff in bringing the action.

3. This section does not apply if the reason for the dishonor of the check, draft, or order

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is that the maker has stopped payment pursuant to section 554.4403 because of a bona fide dispute between the maker and the holder relating to the consideration for which the check, draft, or order was given.

4. In actions brought pursuant to this section, no additional award pursuant to section 554.3512 or 625.22 shall be made.

5. The plaintiff in a civil action to collect a dishonored check, draft, or order brought before the district court sitting in small claims shall not request or recover punitive or exemplary damages, but may seek the civil damages allowed under this section. The plaintiff in a civil action to collect a dishonored check, draft, or order in the district court not sitting in small claims, may seek punitive or exemplary damages if appropriate under chapter 668A, or civil damages allowed under this section, but not both.

6. A violation of this section is an unlawful practice as provided in section 714.16, subsection 2, paragraph *"a"*.

95 Acts, ch 137, §3; 2003 Acts, ch 100, §1

PART 6

DISCHARGE AND PAYMENT

554.3601 Discharge and effect of discharge.

1. The obligation of a party to pay the instrument is discharged as stated in this Article or by an act or agreement with the party which would discharge an obligation to pay money under a simple contract.

2. Discharge of the obligation of a party is not effective against a person acquiring rights of a holder in due course of the instrument without notice of the discharge.

94 Acts, ch 1167, §73, 121, 122

554.3602 Payment.

1. Subject to subsection 2, an instrument is paid to the extent payment is made by or on behalf of a party obliged to pay the instrument, and to a person entitled to enforce the instrument. To the extent of the payment, the obligation of the party obliged to pay the instrument is discharged even though payment is made with knowledge of a claim to the instrument under section 554.3306 by another person.

2. The obligation of a party to pay the instrument is not discharged under subsection 1 if:

a. a claim to the instrument under section 554.3306 is enforceable against the party receiving payment and payment is made with knowledge by the payor that payment is prohibited by injunction or similar process of a court of competent jurisdiction, or in the case of an instrument other than a cashier's check, teller's check, or certified check, the party making payment accepted, from the person having a claim to the instrument, indemnity against loss resulting from refusal to pay the person entitled to enforce the instrument; or

b. the person making payment knows that the instrument is a stolen instrument and pays a person it knows is in wrongful possession of the instrument.

94 Acts, ch 1167, §74, 121, 122; 2013 Acts, ch 30, §261

Referred to in §554.3103

554.3603 Tender of payment.

1. If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument, the effect of tender is governed by principles of law applicable to tender of payment under a simple contract.

2. If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument and the tender is refused, there is discharge, to the extent of the amount of the tender, of the obligation of an endorser or accommodation party having a right of recourse with respect to the obligation to which the tender relates.

3. If tender of payment of an amount due on an instrument is made to a person entitled to enforce the instrument, the obligation of the obligor to pay interest after the due date on the amount tendered is discharged. If presentment is required with respect to an instrument

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and the obligor is able and ready to pay on the due date at every place of payment stated in the instrument, the obligor is deemed to have made tender of payment on the due date to the person entitled to enforce the instrument.

94 Acts, ch 1167, §75, 121, 122

554.3604 Discharge by cancellation or renunciation.

1. A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument by an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation, or cancellation of the instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge; or by agreeing not to sue or otherwise renouncing rights against the party by a signed record. The obligation of a party to pay a check is not discharged solely by destruction of the check in connection with a process in which information is extracted from the check and an image of the check is made and, subsequently, the information and image are transmitted for payment.

2. Cancellation or striking out of an endorsement pursuant to subsection 1 does not affect the status and rights of a party derived from the endorsement.

94 Acts, ch 1167, §76, 121, 122; 2013 Acts, ch 30, §150; 2024 Acts, ch 1023, §25

Referred to in §554.3605

554.3605 Discharge of endorsers and accommodation parties.

1. In this section, the term *"endorser"* includes a drawer having the obligation described in section 554.3414, subsection 4.

2. Discharge, under section 554.3604, of the obligation of a party to pay an instrument does not discharge the obligation of an endorser or accommodation party having a right of recourse against the discharged party.

3. If a person entitled to enforce an instrument agrees, with or without consideration, to an extension of the due date of the obligation of a party to pay the instrument, the extension discharges an endorser or accommodation party having a right of recourse against the party whose obligation is extended to the extent the endorser or accommodation party proves that the extension caused loss to the endorser or accommodation party with respect to the right of recourse.

4. If a person entitled to enforce an instrument agrees, with or without consideration, to a material modification of the obligation of a party other than an extension of the due date, the modification discharges the obligation of an endorser or accommodation party having a right of recourse against the person whose obligation is modified to the extent the modification causes loss to the endorser or accommodation party with respect to the right of recourse. The loss suffered by the endorser or accommodation party as a result of the modification is equal to the amount of the right of recourse unless the person enforcing the instrument proves that no loss was caused by the modification or that the loss caused by the modification was an amount less than the amount of the right of recourse.

5. If the obligation of a party to pay an instrument is secured by an interest in collateral and a person entitled to enforce the instrument impairs the value of the interest in collateral, the obligation of an endorser or accommodation party having a right of recourse against the obligor is discharged to the extent of the impairment. The value of an interest in collateral is impaired to the extent the value of the interest is reduced to an amount less than the amount of the right of recourse of the party asserting discharge, or the reduction in value of the interest causes an increase in the amount by which the amount of the right of recourse exceeds the value of the interest. The burden of proving impairment is on the party asserting discharge.

6. If the obligation of a party is secured by an interest in collateral not provided by an accommodation party and a person entitled to enforce the instrument impairs the value of the interest in collateral, the obligation of any party who is jointly and severally liable with respect to the secured obligation is discharged to the extent the impairment causes the party asserting discharge to pay more than that party would have been obliged to pay, taking into account rights of contribution, if impairment had not occurred. If the party asserting discharge is an accommodation party not entitled to discharge under subsection 5,

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the party is deemed to have a right to contribution based on joint and several liability rather than a right to reimbursement. The burden of proving impairment is on the party asserting discharge.

7. Under subsection 5 or 6, impairing value of an interest in collateral includes failure to obtain or maintain perfection or recordation of the interest in collateral; release of collateral without substitution of collateral of equal value; failure to perform a duty to preserve the value of collateral owed, under Article 9 or other law, to a debtor or surety or other person secondarily liable; or failure to comply with applicable law in disposing of collateral.

8. An accommodation party is not discharged under subsection 3, 4, or 5 unless the person entitled to enforce the instrument knows of the accommodation or has notice under section 554.3419, subsection 3, that the instrument was signed for accommodation.

9. A party is not discharged under this section if the party asserting discharge consents to the event or conduct that is the basis of the discharge, or the instrument or a separate agreement of the party provides for waiver of discharge under this section either specifically or by general language indicating that parties waive defenses based on suretyship or impairment of collateral.

94 Acts, ch 1167, §77, 121, 122; 2013 Acts, ch 30, §151
Referred to in §554.3419

ARTICLE 4

BANK DEPOSITS AND COLLECTIONS

Referred to in §533.313, 554.1204, 554.3102, 554.3103, 554.3111, 554.3119, 554.3403, 554.3501, 554.5110, 554.5116, 554.12105, 668.16

PART 1

GENERAL PROVISIONS AND DEFINITIONS

554.4101 Short title.

This Article may be cited as Uniform Commercial Code — Bank Deposits and Collections.

[C66, 71, 73, 75, 77, 79, 81, §554.4101]
94 Acts, ch 1167, §78, 122

554.4102 Applicability.

1. To the extent that items within this Article are also within Articles 3 and 8, they are subject to the provisions of those Articles. If there is conflict, this Article governs Article 3, but Article 8 governs this Article.

2. The liability of a bank for action or nonaction with respect to an item handled by it for purposes of presentment, payment, or collection is governed by the law of the place where the bank is located. In the case of action or nonaction by or at a branch or separate office of a bank, its liability is governed by the law of the place where the branch or separate office is located.

[C66, 71, 73, 75, 77, 79, 81, §554.4102]
94 Acts, ch 1167, §79, 122
Referred to in §554.1301

554.4103 Variation by agreement — measure of damages — action constituting ordinary care.

1. The effect of the provisions of this Article may be varied by agreement, but the parties to the agreement cannot disclaim a bank's responsibility for its lack of good faith or failure to exercise ordinary care or limit the measure of damages for the lack or failure. However, the parties may determine by agreement the standards by which the bank's responsibility is to be measured if those standards are not manifestly unreasonable.

2. Federal reserve regulations and operating circulars, clearing-house rules, and the like have the effect of agreements under subsection 1, whether or not specifically assented to by all parties interested in items handled.

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3. Action or nonaction approved by this Article or pursuant to federal reserve regulations or operating circulars is the exercise of ordinary care and, in the absence of special instructions, action or nonaction consistent with clearing-house rules and the like or with a general banking usage not disapproved by this Article, is prima facie the exercise of ordinary care.

4. The specification or approval of certain procedures by this Article is not disapproval of other procedures that may be reasonable under the circumstances.

5. The measure of damages for failure to exercise ordinary care in handling an item is the amount of the item reduced by an amount that could not have been realized by the exercise of ordinary care. If there is also bad faith it includes any other damages the party suffered as a proximate consequence.

[C66, 71, 73, 75, 77, 79, 81, §554.4103]
94 Acts, ch 1167, §80, 122

554.4104 Definitions and index of definitions.

1. In this Article, unless the context otherwise requires:

a. "Account" means any deposit or credit account with a bank, including a demand, time, savings, passbook, share draft, or like account, other than an account evidenced by a certificate of deposit.

b. "Afternoon" means the period of a day between noon and midnight.

c. "Banking day" means the part of a day on which a bank is open to the public for carrying on substantially all of its banking functions but for the purposes of determining a bank's midnight deadline, shall not include Saturday, Sunday, or any holiday when the federal reserve banks are not performing check clearing functions.

d. "Clearing house" means an association of banks or other payors regularly clearing items.

e. "Customer" means a person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank.

f. "Documentary draft" means a draft to be presented for acceptance or payment if specified documents, certificated securities (section 554.8102) or instructions for uncertificated securities (section 554.8102), or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft.

g. "Draft" means a draft as defined in section 554.3104 or an item, other than an instrument, that is an order.

h. "Drawee" means a person ordered in a draft to make payment.

i. "Item" means an instrument or a promise or order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by Article 12 or a credit or debit card slip.

j. "Midnight deadline" with respect to a bank is midnight on its next banking day following the banking day on which it receives the relevant item or notice or from which the time for taking action commences to run, whichever is later.

k. "Settle" means to pay in cash, by clearing-house settlement, in a charge or credit or by remittance, or otherwise as agreed. A settlement may be either provisional or final.

l. "Suspends payments" with respect to a bank means that it has been closed by order of the supervisory authorities, that a public officer has been appointed to take it over, or that it ceases or refuses to make payments in the ordinary course of business.

2. Other definitions applying to this Article and the sections in which they appear are:

a. "Agreement for electronic presentment"..... Section 554.4110
b. "Bank" ..... Section 554.4105
c. "Collecting bank"..... Section 554.4105
d. "Depositary bank" ..... Section 554.4105
e. "Intermediary bank" ..... Section 554.4105
f. "Payor bank" ..... Section 554.4105
g. "Presenting bank"..... Section 554.4105
h. "Presentment notice"..... Section 554.4110

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3. The following definitions in other Articles apply to this Article:

a. "Acceptance" ..... Section 554.3409
b. "Alteration" ..... Section 554.3407
c. "Cashier's check" ..... Section 554.3104
d. "Certificate of deposit" ..... Section 554.3104
e. "Certified check" ..... Section 554.3409
f. "Check" ..... Section 554.3104
g. "Control" ..... Section 554.7106
h. "Holder in due course" ..... Section 554.3302
i. "Instrument" ..... Section 554.3104
j. "Notice of dishonor" ..... Section 554.3503
k. "Order" ..... Section 554.3103
l. "Ordinary care" ..... Section 554.3103
m. "Person entitled to enforce" ..... Section 554.3301
n. "Presentment" ..... Section 554.3501
o. "Promise" ..... Section 554.3103
p. "Prove" ..... Section 554.3103
q. "Teller's check" ..... Section 554.3104
r. "Unauthorized signature" ..... Section 554.3403

4. In addition Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

[C66, 71, 73, 75, 77, 79, 81, §554.4104]

88 Acts, ch 1102, §1; 91 Acts, ch 222, §1; 94 Acts, ch 1167, §81, 122; 95 Acts, ch 67, §42; 96 Acts, ch 1138, §7, 84; 2007 Acts, ch 30, §45, 46, 62; 2007 Acts, ch 41, §27; 2012 Acts, ch 1023, §145, 157

Referred to in §554.3103, 554.3104, 554.9102, 554.12105

554.4105 "Bank" — "depositary bank" — "intermediary bank" — "collecting bank" — "payor bank" — "presenting bank".

In this Article:

1. *"Bank"* means a person engaged in the business of banking, including a savings bank, savings and loan association, credit union, or trust company.

2. *"Depositary bank"* means the first bank to take an item even though it is also the payor bank, unless the item is presented for immediate payment over the counter.

3. *"Payor bank"* means a bank that is the drawee of the draft.

4. *"Intermediary bank"* means a bank to which an item is transferred in course of collection except the depositary or payor bank.

5. *"Collecting bank"* means a bank handling an item for collection except the payor bank.

6. *"Presenting bank"* means a bank presenting an item except a payor bank.

[C66, 71, 73, 75, 77, 79, 81, §554.4105]

94 Acts, ch 1167, §82, 122

Referred to in §554.3103, 554.4104

554.4106 Payable through or payable at bank — collecting bank.

1. If an item states that it is *"payable through"* a bank identified in the item, the item designates the bank as a collecting bank and does not by itself authorize the bank to pay the item, and the item may be presented for payment only by or through the bank.

2. If an item states that it is *"payable at"* a bank identified in the item, the item designates the bank as a collecting bank and does not by itself authorize the bank to pay the item, and the item may be presented for payment only by or through the bank.

3. If a draft names a nonbank drawee and it is unclear whether a bank named in the draft is a co-drawee or a collecting bank, the bank is a collecting bank.

94 Acts, ch 1167, §87, 120, 122; 2013 Acts, ch 30, §261

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554.4107 Separate office of a bank.

A branch or separate office of a bank is a separate bank for the purpose of computing the time within which and determining the place at or to which action may be taken or notices or orders must be given under this Article and under Article 3.

[C66, 71, 73, 75, 77, 79, 81, §554.4106]
94 Acts, ch 1167, §83, 120, 122
C95, §554.4107

554.4108 Time of receipt of items.

1. For the purpose of allowing time to process items, prove balances, and make the necessary entries on its books to determine its position for the day, a bank may fix an afternoon hour of 2:00 p.m. or later as a cutoff hour for the handling of money and items and the making of entries on its books.

2. An item or deposit of money received on any day after a cutoff hour so fixed or after the close of the banking day may be treated as being received at the opening of the next banking day.

[C66, 71, 73, 75, 77, 79, 81, §554.4107]
94 Acts, ch 1167, §84, 120, 122
C95, §554.4108

554.4109 Delays.

1. Unless otherwise instructed, a collecting bank in a good faith effort to secure payment of a specific item drawn on a payor other than a bank, and with or without the approval of any person involved, may waive, modify, or extend time limits imposed or permitted by this chapter for a period not exceeding two additional banking days without discharge of drawers or endorsers or liability to its transferor or a prior party.

2. Delay by a collecting bank or payor bank beyond time limits prescribed or permitted by this chapter or by instructions is excused if the delay is caused by interruption of communication or computer facilities, suspension of payments by another bank, war, emergency conditions, failure of equipment, or other circumstances beyond the control of the bank, and the bank exercises such diligence as the circumstances require.

[C66, 71, 73, 75, 77, 79, 81, §554.4108]
94 Acts, ch 1167, §85, 120, 122
C95, §554.4109
95 Acts, ch 49, §16; 2013 Acts, ch 30, §261

554.4110 Electronic presentment.

1. *"Agreement for electronic presentment"* means an agreement, clearing-house rule, or federal reserve regulation or operating circular, providing that presentment of an item may be made by transmission of an image of an item or information describing the item (*"presentment notice"*) rather than delivery of the item itself. The agreement may provide for procedures governing retention, presentment, payment, dishonor, and other matters concerning items subject to the agreement.

2. Presentment of an item pursuant to an agreement for presentment is made when the presentment notice is received.

3. If presentment is made by presentment notice, a reference to *"item"* or *"check"* in this Article means the presentment notice unless the context otherwise indicates.

94 Acts, ch 1167, §86, 122
Referred to in §554.4104

554.4111 Statute of limitations.

An action to enforce an obligation, duty, or right arising under this Article must be commenced within three years after the cause of action accrues.

2005 Acts, ch 11, §8

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PART 2

COLLECTION OF ITEMS:
DEPOSITARY AND COLLECTING BANKS

554.4201 Status of collecting bank as agent and provisional status of credits — applicability of Article — item endorsed "pay any bank".

1. Unless a contrary intent clearly appears and before the time that a settlement given by a collecting bank for an item is or becomes final, the bank, with respect to the item, is an agent or subagent of the owner of the item and any settlement given for the item is provisional. This provision applies regardless of the form of endorsement or lack of endorsement and even though credit given for the item is subject to immediate withdrawal as of right or is in fact withdrawn; but the continuance of ownership of an item by its owner and any rights of the owner to proceeds of the item are subject to rights of a collecting bank, such as those resulting from outstanding advances on the item and rights of recoupment or setoff. If an item is handled by banks for purposes of presentment, payment, collection, or return, the relevant provisions of this Article apply even though action of the parties clearly establishes that a particular bank has purchased the item and is the owner of it.

2. After an item has been endorsed with the words "pay any bank" or the like, only a bank may acquire the rights of a holder until the item has been:

a. returned to the customer initiating collection; or

b. specially endorsed by a bank to a person who is not a bank.

[C66, 71, 73, 75, 77, 79, 81, §554.4201]

94 Acts, ch 1167, §88, 122

Referred to in §554.3206

554.4202 Responsibility for collection or return — when action timely.

1. A collecting bank must exercise ordinary care in:

a. presenting an item or sending it for presentment;

b. sending notice of dishonor or nonpayment or returning an item other than a documentary draft to the bank's transferor after learning that the item has not been paid or accepted, as the case may be;

c. settling for an item when the bank receives final settlement; and

d. notifying its transferor of any loss or delay in transit within a reasonable time after discovery thereof.

2. A collecting bank exercises ordinary care under subsection 1 by taking proper action before its midnight deadline following receipt of an item, notice, or settlement. Taking proper action within a reasonably longer time may constitute the exercise of ordinary care, but the bank has the burden of establishing timeliness.

3. Subject to subsection 1, paragraph *"a"*, a bank is not liable for the insolvency, neglect, misconduct, mistake, or default of another bank or person or for loss or destruction of an item in the possession of others or in transit.

[C66, 71, 73, 75, 77, 79, 81, §554.4202]

94 Acts, ch 1167, §89, 122

554.4203 Effect of instructions.

Subject to Article 3 concerning conversion of instruments (section 554.3420) and restrictive endorsements (section 554.3206), only a collecting bank's transferor can give instructions that affect the bank or constitute notice to it, and a collecting bank is not liable to prior parties for any action taken pursuant to the instructions or in accordance with any agreement with its transferor.

[C66, 71, 73, 75, 77, 79, 81, §554.4203]

94 Acts, ch 1167, §90, 122

554.4204 Methods of sending and presenting — sending directly to payor bank.

1. A collecting bank shall send items by a reasonably prompt method, taking into

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consideration relevant instructions, the nature of the item, the number of those items on hand, the cost of collection involved, and the method generally used by it or others to present those items.

2. A collecting bank may send:

a. an item directly to the payor bank;

b. an item to a nonbank payor if authorized by its transferor; and

c. an item other than documentary drafts to any nonbank payor, if authorized by federal reserve regulation or operating circular, clearing-house rule, or the like.

3. Presentment may be made by a presenting bank at a place where the payor bank or other payor has requested that presentment be made.

[C66, 71, 73, 75, 77, 79, 81, §554.4204]
94 Acts, ch 1167, §91, 122

554.4205 Depositary bank holder of unendorsed item.

If a customer delivers an item to a depositary bank for collection:

1. The depositary bank becomes a holder of the item at the time it receives the item for collection if the customer at the time of delivery was a holder of the item, whether or not the customer endorses the item, and, if the bank satisfies the other requirements of section 554.3302, it is a holder in due course; and

2. The depositary bank warrants to collecting banks, the payor bank or other payor, and the drawer that the amount of the item was paid to the customer or deposited to the customer's account.

[C66, 71, 73, 75, 77, 79, 81, §554.4205]
94 Acts, ch 1167, §92, 122

554.4206 Transfer between banks.

Any agreed method that identifies the transferor bank is sufficient for the item's further transfer to another bank.

[C66, 71, 73, 75, 77, 79, 81, §554.4206]
94 Acts, ch 1167, §93, 122

554.4207 Transfer warranties.

1. A customer or collecting bank that transfers an item and receives a settlement or other consideration warrants to the transferee and to any subsequent collecting bank that:

a. the warrantor is a person entitled to enforce the item;

b. all signatures on the item are authentic and authorized;

c. the item has not been altered;

d. the item is not subject to a defense or claim in recoupment (section 554.3305, subsection 1) of any party that can be asserted against the warrantor;

e. the warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor or, in the case of an unaccepted draft, the drawer; and

f. if the item is a demand draft, creation of the item according to the terms on its face was authorized by the person identified as the drawer.

2. If an item is dishonored, a customer or collecting bank transferring the item and receiving settlement or other consideration is obliged to pay the amount due on the item according to the terms of the item at the time it was transferred, or if the transfer was an incomplete item, according to its terms when completed as stated in sections 554.3115 and 554.3407. The obligation of a transferor is owed to the transferee and to any subsequent collecting bank that takes the item in good faith. A transferor cannot disclaim its obligation under this subsection by an endorsement stating that it is made "without recourse" or otherwise disclaiming liability.

3. A person to whom the warranties under subsection 1 are made and who took the item in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the item plus expenses and loss of interest incurred as a result of the breach.

4. The warranties stated in subsection 1 cannot be disclaimed with respect to checks.

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Unless notice of a claim for breach of warranty is given to the warrantor within sixty days after the claimant has reason to know of the breach and the identity of the warrantor, the warrantor is discharged to the extent of any loss caused by the delay in giving notice of the claim.

5. A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

6. If the warranty under subsection 1, paragraph *"f"*, is not given by a transferor or collecting bank under applicable conflict of laws rules, the warranty is not given to that transferor when the transferor is a transferee or to any prior collecting bank of that transferee.

[C66, 71, 73, 75, 77, 79, 81, §554.4207]

94 Acts, ch 1167, §94, 122; 2005 Acts, ch 11, §9, 10; 2013 Acts, ch 30, §261

554.4208 Presentment warranties.

1. If an unaccepted draft is presented to the drawee for payment or acceptance and the drawee pays or accepts the draft, the person obtaining payment or acceptance, at the time of presentment, and a previous transferor of the draft, at the time of transfer, warrant to the drawee that pays or accepts the draft in good faith that:

a. the warrantor is, or was, at the time the warrantor transferred the draft, a person entitled to enforce the draft or authorized to obtain payment or acceptance of the draft on behalf of a person entitled to enforce the draft;

b. the draft has not been altered;

c. the warrantor has no knowledge that the signature of the purported drawer of the draft is unauthorized; and

d. if the draft is a demand draft, the creation of the demand draft according to the terms on its face was authorized by the person identified as the drawer.

2. A drawee making payment may recover from a warrantor damages for breach of warranty equal to the amount paid by the drawee less the amount the drawee received or is entitled to receive from the drawer because of the payment. In addition, the drawee is entitled to compensation for expenses and loss of interest resulting from the breach. The right of the drawee to recover damages under this subsection is not affected by any failure of the drawee to exercise ordinary care in making payment. If the drawee accepts the draft, breach of warranty is a defense to the obligation of the acceptor, and if the acceptor makes payment with respect to the draft, the acceptor is entitled to recover from a warrantor for breach of warranty the amounts stated in this subsection.

3. If a drawee asserts a claim for breach of warranty under subsection 1 based on an unauthorized endorsement of the draft or an alteration of the draft, the warrantor may defend by proving that the endorsement is effective under section 554.3404 or 554.3405 or the drawer is precluded under section 554.3406 or 554.4406 from asserting against the drawee the unauthorized endorsement or alteration.

4. If a dishonored draft is presented for payment to the drawer or an endorser or any other item is presented for payment to a party obliged to pay the item, and the item is paid, the person obtaining payment and a prior transferor of the item warrant to the person making payment in good faith that the warrantor is, or was, at the time the warrantor transferred the item, a person entitled to enforce the item or authorized to obtain payment on behalf of a person entitled to enforce the item. The person making payment may recover from any warrantor for breach of warranty an amount equal to the amount paid plus expenses and loss of interest resulting from the breach.

5. The warranties stated in subsections 1 and 4 cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within sixty days after the claimant has reason to know of the breach and the identity of the warrantor, the warrantor is discharged to the extent of any loss caused by the delay in giving notice of the claim.

6. A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

7. A demand draft is a check as provided in section 554.3104, subsection 6.

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8. If a warranty under subsection 1, paragraph *"d"*, is not given by a transferor under applicable conflict of laws rules, the warranty is not given to that transferor when that transferor is a transferee.

94 Acts, ch 1167, §102, 120, 122; 2005 Acts, ch 11, §11, 12; 2013 Acts, ch 30, §261
Referred to in §554.4302, 554.4406

554.4209 Encoding and retention warranties.

1. A person who encodes information on or with respect to an item after issue warrants to any subsequent collecting bank and to the payor bank or other payor that the information is correctly encoded. If the customer of a depositary bank encodes, that bank also makes the warranty.

2. A person who undertakes to retain an item pursuant to an agreement for electronic presentment warrants to any subsequent collecting bank and to the payor bank or other payor that retention and presentment of the item comply with the agreement. If a customer of a depositary bank undertakes to retain an item, that bank also makes this warranty.

3. A person to whom warranties are made under this section and who took the item in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, plus expenses and loss of interest incurred as a result of the breach.

94 Acts, ch 1167, §103, 120, 122

554.4210 Security interest of collecting bank in items, accompanying documents and proceeds.

1. A collecting bank has a security interest in an item and any accompanying documents or the proceeds of either:

a. in case of an item deposited in an account, to the extent to which credit given for the item has been withdrawn or applied;

b. in case of an item for which it has given credit available for withdrawal as of right, to the extent of the credit given, whether or not the credit is drawn upon or there is a right of charge-back; or

c. if it makes an advance on or against the item.

2. If credit given for several items received at one time or pursuant to a single agreement is withdrawn or applied in part, the security interest remains upon all the items, any accompanying documents or the proceeds of either. For the purpose of this section, credits first given are first withdrawn.

3. Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or possession or control of the accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to Article 9, but:

a. no security agreement is necessary to make the security interest enforceable (section 554.9203, subsection 2, paragraph *"c"*, subparagraph (1));

b. no filing is required to perfect the security interest; and

c. the security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

[C66, 71, 73, 75, 77, 79, 81, §554.4208]
94 Acts, ch 1167, §95, 120, 122
C95, §554.4210
2000 Acts, ch 1149, §146, 187; 2007 Acts, ch 30, §45, 46, 63
Referred to in §554.9102, 554.9109, 554.9203, 554.9309, 554.9322

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554.4211 When bank gives value for purposes of holder in due course.

For purposes of determining its status as a holder in due course, a bank has given value to the extent it has a security interest in an item, if the bank otherwise complies with the requirements of section 554.3302 on what constitutes a holder in due course.

[S13, §3060-a27; C24, 27, 31, 35, 39, §**9487;** C46, 50, 54, 58, 62, §541.27; C66, 71, 73, 75, 77, 79, 81, §554.4209]

94 Acts, ch 1167, §96, 120, 122

C95, §554.4211

Referred to in §554.5102

554.4212 Presentment by notice of item not payable by, through, or at a bank; liability of drawer or endorser.

1. Unless otherwise instructed, a collecting bank may present an item not payable by, through or at a bank by sending to the party to accept or pay a written notice that the bank holds the item for acceptance or payment. The notice must be sent in time to be received on or before the day when presentment is due and the bank must meet any requirement of the party to accept or pay under section 554.3501 by the close of the bank's next banking day after it knows of the requirement.

2. If presentment is made by notice and payment, acceptance, or request for compliance with a requirement under section 554.3501 is not received by the close of business on the day after maturity or, in the case of demand items, by the close of business on the third banking day after notice was sent, the presenting bank may treat the item as dishonored and charge any drawer or endorser by sending it notice of the facts.

[C73, §2094; C97, §3053; S13, §3053; C24, 27, 31, 35, 39, §**9545;** C46, 50, 54, 58, 62, §541.85; C66, 71, 73, 75, 77, 79, 81, §554.4210]

94 Acts, ch 1167, §97, 120, 122

C95, §554.4212

95 Acts, ch 67, §43

554.4213 Medium and time of settlement by bank.

1. With respect to settlement by a bank, the medium and time of settlement may be prescribed by federal reserve regulations or circulars, clearing-house rules, and the like, or agreement. In the absence of such prescription:

a. the medium of settlement is cash or credit to an account in a federal reserve bank of or specified by the person to receive settlement; and

b. the time of settlement is:

(1) with respect to tender of settlement by cash, a cashier's check, or teller's check, when the cash or check is sent or delivered;

(2) with respect to tender of settlement by credit in an account in a federal reserve bank, when the credit is made;

(3) with respect to tender of settlement by a credit or debit to an account in a bank, when the credit or debit is made or, in the case of tender of settlement by authority to charge an account, when the authority is sent or delivered; or

(4) with respect to tender of settlement by a funds transfer, when payment is made pursuant to section 554.12406, subsection 1 to the person receiving the settlement.

2. If the tender of settlement is not by a medium authorized by subsection 1 or the time of settlement is not fixed by subsection 1, no settlement occurs until the tender of settlement is accepted by the person receiving settlement.

3. If settlement for an item is made by cashier's check or teller's check and the person receiving settlement, before its midnight deadline:

a. presents or forwards the check for collection, settlement is final when the check is finally paid; or

b. fails to present or forward the check for collection, settlement is final at the midnight deadline of the person receiving settlement.

4. If settlement for an item is made by giving authority to charge the account of the bank giving settlement in the bank receiving settlement, settlement is final when the charge is made

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by the bank receiving settlement if there are funds available in the account for the amount of the item.

[C66, 71, 73, 75, 77, 79, 81, §554.4211]
94 Acts, ch 1167, §98, 120, 122
C95, §554.4213

554.4214 Right of charge-back or refund — liability of collecting bank — return of item.

1. If a collecting bank has made provisional settlement with its customer for an item and fails by reason of dishonor, suspension of payments by a bank, or otherwise to receive settlement for the item which is or becomes final, the bank may revoke the settlement given by it, charge back the amount of any credit given for the item to its customer's account, or obtain refund from its customer whether or not it is able to return the item, if by its midnight deadline or within a longer reasonable time after it learns the facts it returns the item or sends notification of the facts. If the return or notice is delayed beyond the bank's midnight deadline or a longer reasonable time after it learns the facts, the bank may revoke the settlement, charge back the credit, or obtain refund from its customer, but it is liable for any loss resulting from the delay. These rights to revoke, charge back, and obtain refund terminate if and when a settlement for the item received by the bank is or becomes final.

2. A collecting bank returns an item when it is sent or delivered to the bank's customer or transferor or pursuant to its instructions.

3. A depositary bank that is also the payor may charge back the amount of an item to its customer's account or obtain refund in accordance with the section governing return of an item received by a payor bank for credit on its books (section 554.4301).

4. The right to charge back is not affected by:

a. previous use of a credit given for the item; or

b. failure by any bank to exercise ordinary care with respect to the item, but a bank so failing remains liable.

5. A failure to charge back or claim refund does not affect other rights of the bank against the customer or any other party.

6. If credit is given in dollars as the equivalent of the value of an item payable in foreign money, the dollar amount of any charge-back or refund must be calculated on the basis of the bank-offered spot rate for the foreign money prevailing on the day when the person entitled to the charge-back or refund learns that it will not receive payment in ordinary course.

[C66, 71, 73, 75, 77, 79, 81, §554.4212]
94 Acts, ch 1167, §99, 120, 122
C95, §554.4214

554.4215 Final payment of item by payor bank — when provisional debits and credits become final — when certain credits become available for withdrawal.

1. An item is finally paid by a payor bank when the bank has first done any of the following:

a. paid the item in cash;

b. settled for the item without having a right to revoke the settlement under statute, clearing-house rule, or agreement; or

c. made a provisional settlement for the item and failed to revoke the settlement in the time and manner permitted by statute, clearing-house rule, or agreement.

2. If provisional settlement for an item does not become final, the item is not finally paid.

3. If provisional settlement for an item between the presenting and payor banks is made through a clearing house or by debits or credits in an account between them, then to the extent that provisional debits or credits for the item are entered in accounts between the presenting and payor banks or between the presenting and successive prior collecting banks seriatim, they become final upon final payment of the item by the payor bank.

4. If a collecting bank receives a settlement for an item which is or becomes final, the bank is accountable to its customer for the amount of the item and any provisional credit given for the item in an account with its customer becomes final.

5. Subject to applicable law stating a time for availability of funds and any right of the

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bank to apply the credit to an obligation of the customer, credit given by a bank for an item in a customer's account becomes available for withdrawal as of right:

a. if the bank has received a provisional settlement for the item, when the settlement becomes final and the bank has had a reasonable time to receive return of the item and the item has not been received within that time;

b. if the bank is both the depositary bank and the payor bank, and the item is finally paid, at the opening of the bank's second banking day following receipt of the item.

6. Subject to applicable law stating a time for availability of funds and any right of a bank to apply a deposit to an obligation of the depositor, a deposit of money becomes available for withdrawal as of right at the opening of the bank's next banking day after receipt of the deposit.

[C66, 71, 73, 75, 77, 79, 81, §554.4213]
94 Acts, ch 1167, §100, 120, 122
C95, §554.4215
95 Acts, ch 49, §17; 95 Acts, ch 67, §44; 2013 Acts, ch 30, §261
Referred to in §554.3418

554.4216 Insolvency and preference.

1. If an item is in or comes into the possession of a payor or collecting bank that suspends payment and the item has not been finally paid, the item must be returned by the receiver, trustee, or agent in charge of the closed bank to the presenting bank or the closed bank's customer.

2. If a payor bank finally pays an item and suspends payments without making a settlement for the item with its customer or the presenting bank which settlement is or becomes final, the owner of the item has a preferred claim against the payor bank.

3. If a payor bank gives or a collecting bank gives or receives a provisional settlement for an item and thereafter suspends payments, the suspension does not prevent or interfere with the settlement's becoming final if the finality occurs automatically upon the lapse of certain time or the happening of certain events.

4. If a collecting bank receives from subsequent parties settlement for an item which settlement is or becomes final and the bank suspends payments without making a settlement for the item with its customer which settlement is or becomes final, the owner of the item has a preferred claim against the collecting bank.

[C66, 71, 73, 75, 77, 79, 81, §554.4214]
94 Acts, ch 1167, §101, 120, 122
C95, §554.4216

PART 3

COLLECTION OF ITEMS:
PAYOR BANKS

554.4301 Deferred posting — recovery of payment by return of items — time of dishonor — return of items by payor bank.

1. If a payor settles for a demand item other than a documentary draft presented otherwise than for immediate payment over the counter before midnight of the banking day of receipt, the payor bank may revoke the settlement and recover the payment settlement if, before it has made final payment and before its midnight deadline, it

a. returns the item; or

b. sends written notice of dishonor or nonpayment if the item is unavailable for return; and the item or notice includes the reason for dishonor or nonpayment.

2. If a demand item is received by a payor bank for credit on its books, it may return the item or send notice of dishonor and may revoke any credit given or recover the amount thereof withdrawn by its customer, if it acts within the time limit and in the manner specified in subsection 1.

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3. Unless previous notice of dishonor has been sent, an item is dishonored at the time when for purposes of dishonor it is returned or notice sent in accordance with this section.

4. An item is returned:

a. as to an item presented through a clearing house, when it is delivered to the presenting or last collecting bank or to the clearing house or is sent or delivered in accordance with clearing-house rules; or

b. in all other cases, when it is sent or delivered to the bank's customer or transferor or pursuant to that customer's or transferor's instructions.

[C66, 71, 73, 75, 77, 79, 81, §554.4301]

94 Acts, ch 1167, §104, 122

Referred to in §554.3502, 554.4214

554.4302 Payor bank's responsibility for late return of item.

1. If an item is presented to and received by a payor bank, the bank is accountable for the amount of:

a. a demand item, other than a documentary draft, whether properly payable or not, if the bank, in any case in which it is not also the depositary bank, retains the item beyond midnight of the banking day of receipt without settling for it or, whether or not it is also the depositary bank, does not pay or return the item or send notice of dishonor until after its midnight deadline; or

b. any other properly payable item unless, within the time allowed for acceptance or payment of that item, the bank either accepts or pays the item or returns it and accompanying documents.

2. The liability of a payor bank to pay an item pursuant to subsection 1 is subject to defenses based on breach of a presentment warranty (section 554.4208) or proof that the person seeking enforcement of the liability presented or transferred the item for the purpose of defrauding the payor bank.

[C66, 71, 73, 75, 77, 79, 81, §554.4302]

94 Acts, ch 1167, §105, 122

Referred to in §554.3312, 554.3502, 554.4303

554.4303 When items subject to notice, stop-payment order, legal process, or setoff — order in which items may be charged or certified.

1. Any knowledge, notice, or stop-payment order received by, legal process served upon, or setoff exercised by a payor bank comes too late to terminate, suspend, or modify the bank's right or duty to pay an item or to charge its customer's account for the item if the knowledge, notice, stop-payment order, or legal process is received or served and a reasonable time for the bank to act thereon expires or the setoff is exercised after the earliest of the following:

a. the bank accepts or certifies the item;

b. the bank pays the item in cash;

c. the bank settles for the item without having a right to revoke the settlement under statute, clearing-house rule, or agreement;

d. the bank becomes accountable for the amount of the item under section 554.4302 dealing with the payor bank's responsibility for late return of items; or

e. with respect to checks, a cutoff hour no earlier than one hour after the opening of the next banking day after the banking day on which the bank received the check and no later than the close of that next banking day or, if no cutoff hour is fixed, the close of the next banking day after the banking day on which the bank received the check.

2. Subject to subsection 1 items may be accepted, paid, certified, or charged to the indicated account of its customer in any order.

[C31, 35, §9266-d1; C39, §**9266.1;** C46, 50, 54, 58, 62, §528.62; C66, 71, 73, 75, 77, 79, 81, §554.4303]

94 Acts, ch 1167, §106, 122

Referred to in §554.4401, 554.4403

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PART 4

RELATIONSHIP BETWEEN PAYOR BANK
AND ITS CUSTOMER

554.4401 When bank may charge customer's account.

1. A bank may charge against the account of a customer an item that is properly payable from that account even though the charge creates an overdraft. An item is properly payable if it is authorized by the customer and is in accordance with any agreement between the customer and bank.

2. A customer is not liable for the amount of an overdraft if the customer neither signed the item nor benefited from the proceeds of the item.

3. A bank may charge against the account of a customer a check that is otherwise properly payable from the account, even though payment was made before the date of the check, unless the customer has given notice to the bank of the postdating describing the check with reasonable certainty. The notice is effective for the period stated in section 554.4403, subsection 2, for stop-payment orders, and must be received at such time and in such manner as to afford the bank a reasonable opportunity to act on it before the bank takes any action with respect to the check described in section 554.4303. If a bank charges against the account of a customer a check before the date stated in the notice of postdating, the bank is liable for damages for the loss resulting from its act. The loss may include damages for dishonor of subsequent items under section 554.4402.

4. A bank that in good faith makes payment to a holder may charge the indicated account of its customer according to:

a. the original terms of the customer's altered item; or

b. the terms of the customer's completed item, even though the bank knows the item has been completed unless the bank has notice that the completion was improper.

[C66, 71, 73, 75, 77, 79, 81, §554.4401]

94 Acts, ch 1167, §107, 122; 95 Acts, ch 67, §45

Referred to in §554.3113

554.4402 Bank's liability to customer for wrongful dishonor — time of determining insufficiency of account.

1. Except as otherwise provided in this Article, a payor bank wrongfully dishonors an item if it dishonors an item that is properly payable, but a bank may dishonor an item that would create an overdraft unless it has agreed to pay the overdraft.

2. A payor bank is liable to its customer for damages proximately caused by the wrongful dishonor of an item. Liability is limited to actual damages proved and may include damages for an arrest or prosecution of the customer or other consequential damages. Whether any consequential damages are proximately caused by the wrongful dishonor is a question of fact to be determined in each case.

3. A payor bank's determination of the customer's account balance on which a decision to dishonor for insufficiency of available funds is based may be made at any time between the time the item is received by the payor bank and the time that the payor bank returns the item or gives notice in lieu of return, and no more than one determination need be made. If, at the election of the payor bank, a subsequent balance determination is made for the purposes of reevaluating the bank's decision to dishonor the item, the account balance at the time is determinative of whether a dishonor for insufficiency of available funds is wrongful.

[C66, 71, 73, 75, 77, 79, 81, §554.4402]

94 Acts, ch 1167, §108, 122

Referred to in §554.4401, 554.4403

554.4403 Customer's right to stop payment — burden of proof of loss.

1. A customer or any person authorized to draw on the account if there is more than one person may stop payment of an item drawn on the customer's account or close the account by an order to the bank describing the item or account with reasonable certainty received at a time and in a manner that affords the bank a reasonable opportunity to act on it before any

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action by the bank with respect to the item described in section 554.4303. If the signature of more than one person is required to draw on an account, any of these persons may stop payment or close the account.

2. A stop-payment order is effective for six months, but it lapses after fourteen calendar days if the original order was oral and was not confirmed in writing within that period. A stop-payment order may be renewed for additional six-month periods by a writing given to the bank within a period during which the stop-payment order is effective.

2A. In addition to a stop-payment order made or renewed in writing as described in subsection 2, an equivalent stop-payment order may also be made or renewed as part of a record that is stored in an electronic medium, and submitted to the bank, which may include delivery via electronic transmission.

3. The burden of establishing the fact and amount of loss resulting from the payment of an item contrary to a stop-payment order or order to close an account is on the customer. The loss from payment of an item contrary to a stop-payment order may include damages for dishonor of subsequent items under section 554.4402.

[C31, 35, §9266-d1; C39, §**9266.1;** C46, 50, 54, 58, 62, §528.62; C66, 71, 73, 75, 77, 79, 81, §554.4403]

94 Acts, ch 1167, §109, 122; 2018 Acts, ch 1016, §1

Referred to in §537.2501, 554.3418, 554.3512, 554.3513, 554.4401

554.4404 Bank not obligated to pay check more than six months old.

A bank is under no obligation to a customer having a checking account to pay a check, other than a certified check, which is presented more than six months after its date, but it may charge its customer's account for a payment made thereafter in good faith.

[C66, 71, 73, 75, 77, 79, 81, §554.4404]

554.4405 Death or incompetence of customer.

1. A payor or collecting bank's authority to accept, pay, or collect an item or to account for proceeds of its collection, if otherwise effective, is not rendered ineffective by incompetence of a customer of either bank existing at the time the item is issued or its collection is undertaken if the bank does not know of an adjudication of incompetence. Neither death nor incompetence of a customer revokes the authority to accept, pay, collect or account until the bank knows of the fact of death or of an adjudication of incompetence and has reasonable opportunity to act on it.

2. Even with knowledge, a bank may for ten days after the date of death pay or certify checks drawn on or before that date unless ordered to stop payment by a person claiming an interest in the account.

[S13, §3060-a76; C24, 27, 31, 35, 39, §**9536;** C46, 50, 54, 58, 62, §541.76; C66, 71, 73, 75, 77, 79, 81, §554.4405]

94 Acts, ch 1167, §110, 122

554.4406 Customer's duty to discover and report unauthorized signature or alteration.

1. A bank that sends or makes available to a customer a statement of account showing payment of items for the account shall either return or make available to the customer the items paid or provide information in the statement of account sufficient to allow the customer reasonably to identify the items paid. The statement of account provides sufficient information, if the item is described by item number, amount, and date of payment.

2. If the items are not returned to the customer, the person retaining the items shall either retain the items or, if the items are destroyed, maintain the capacity to furnish legible copies of the items until the expiration of seven years after receipt of the items. A customer may request an item from the bank that paid the item, and that bank must provide in a reasonable time either the item or, if the item has been destroyed or is not otherwise obtainable, a legible copy of the item.

3. If a bank sends or makes available a statement of account or items pursuant to subsection 1, the customer must exercise reasonable promptness in examining the statement or the items to determine whether any payment was not authorized because of an alteration

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of an item or because a purported signature by or on behalf of the customer was not authorized. If, based on the statement or items provided, the customer should reasonably have discovered the unauthorized payment, the customer must promptly notify the bank of the relevant facts.

4. If the bank proves that the customer failed, with respect to an item, to comply with the duties imposed on the customer by subsection 3, the customer is precluded from asserting against the bank:

a. the customer's unauthorized signature or any alteration on the item, if the bank also proves that it suffered a loss by reason of the failure; and

b. the customer's unauthorized signature or alteration by the same wrongdoer on any other item paid in good faith by the bank if the payment was made before the bank received notice from the customer of the unauthorized signature or alteration and after the customer had been afforded a reasonable period of time, not exceeding sixty days, in which to examine the item or statement of account and notify the bank.

5. If subsection 4 applies and the customer proves that the bank failed to exercise ordinary care in paying the item and that the failure substantially contributed to loss, the loss is allocated between the customer precluded and the bank asserting the preclusion according to the extent to which the failure of the customer to comply with subsection 3 and the failure of the bank to exercise ordinary care contributed to the loss. If the customer proves that the bank did not pay the item in good faith, the preclusion under subsection 4 does not apply.

6. Without regard to care or lack of care of either the customer or the bank, a customer who does not within one year after the statement or items are made available to the customer (subsection 1) discover and report the customer's unauthorized signature on or any alteration on the item is precluded from asserting against the bank the unauthorized signature or alteration. If there is a preclusion under this subsection, the payor bank may not recover for breach of warranty under section 554.4208 with respect to the unauthorized signature or alteration to which the preclusion applies.

[C66, 71, 73, 75, 77, 79, 81, §554.4406]

94 Acts, ch 1167, §111, 122; 2011 Acts, ch 87, §5

Referred to in §554.3417, 554.4208

554.4407 Payor bank's right to subrogation on improper payment.

If a payor bank has paid an item over the order of the drawer or maker to stop payment, or after an account has been closed, or otherwise under circumstances giving a basis for objection by the drawer or maker, to prevent unjust enrichment and only to the extent necessary to prevent loss to the bank by reason of its payment of the item, the payor bank is subrogated to the rights

1. of any holder in due course on the item against the drawer or maker;

2. of the payee or any other holder of the item against the drawer or maker either on the item or under the transaction out of which the item arose; and

3. of the drawer or maker against the payee or any other holder of the item with respect to the transaction out of which the item arose.

[C66, 71, 73, 75, 77, 79, 81, §554.4407]

94 Acts, ch 1167, §112, 122; 2009 Acts, ch 41, §263

Referred to in §554.3418

PART 5

COLLECTION OF DOCUMENTARY DRAFTS

554.4501 Handling of documentary drafts — duty to send for presentment and to notify customer of dishonor.

A bank that takes a documentary draft for collection shall present or send the draft and accompanying documents for presentment and, upon learning that the draft has not been paid or accepted in due course, shall seasonably notify its customer of the fact even though

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it may have discounted or bought the draft or extended credit available for withdrawal as of right.

[C66, 71, 73, 75, 77, 79, 81, §554.4501]

94 Acts, ch 1167, §113, 122

554.4502 Presentment of "on arrival" drafts.

If a draft or the relevant instructions require presentment "on arrival", "when goods arrive" or the like, the collecting bank need not present until in its judgment a reasonable time for arrival of the goods has expired. Refusal to pay or accept because the goods have not arrived is not dishonor; the bank must notify its transferor of the refusal but need not present the draft again until it is instructed to do so or learns of the arrival of the goods.

[C66, 71, 73, 75, 77, 79, 81, §554.4502]

94 Acts, ch 1167, §114, 122

554.4503 Responsibility of presenting bank for documents and goods — report of reasons for dishonor — referee in case of need.

1. Unless otherwise instructed and except as provided in Article 5, a bank presenting a documentary draft:

a. must deliver the documents to the drawee on acceptance of the draft if it is payable more than three days after presentment; otherwise, only on payment; and

b. upon dishonor, either in the case of presentment for acceptance or presentment for payment, may seek and follow instructions from any referee in case of need designated in the draft or, if the presenting bank does not choose to utilize the referee's services, it must use diligence and good faith to ascertain the reason for dishonor, must notify its transferor of the dishonor and of the results of its effort to ascertain the reasons therefor, and must request instructions.

2. However, the presenting bank is under no obligation with respect to goods represented by the documents except to follow any reasonable instructions seasonably received; it has a right to reimbursement for any expense incurred in following instructions and to prepayment of or indemnity for those expenses.

[S13, §3060-a131, 3138-b40; C24, 27, 31, 35, 39, §**8285, 9592;** C46, 50, 54, 58, 62, §487.41, 541.132; C66, 71, 73, 75, 77, 79, 81, §554.4503]

94 Acts, ch 1167, §115, 122; 2009 Acts, ch 41, §263

554.4504 Privilege of presenting bank to deal with goods — security interest for expenses.

1. A presenting bank that, following the dishonor of a documentary draft, has seasonably requested instructions but does not receive them within a reasonable time may store, sell, or otherwise deal with the goods in any reasonable manner.

2. For its reasonable expenses incurred by action under subsection 1 the presenting bank has a lien upon the goods or their proceeds, which may be foreclosed in the same manner as an unpaid seller's lien.

[C66, 71, 73, 75, 77, 79, 81, §554.4504]

94 Acts, ch 1167, §116, 122

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ARTICLE 4A

FUNDS TRANSFERS

Article on Funds Transfers codified as Article 12;
92 Acts, ch 1146, §1 – 38

ARTICLE 5

LETTERS OF CREDIT

Referred to in §554.1201, 554.1204, 554.4503, 554.7509, 714.18

554.5101 Short title.

This Article shall be known and may be cited as Uniform Commercial Code — Letters of Credit.

[C66, 71, 73, 75, 77, 79, 81, §554.5101]

554.5102 Definitions.

1. In this Article unless the context otherwise requires:

a. "Adviser" means a person who, at the request of the issuer, a confirmer, or another adviser, notifies or requests another adviser to notify the beneficiary that a letter of credit has been issued, confirmed, or amended.

b. "Applicant" means a person at whose request or for whose account a letter of credit is issued. The term includes a person who requests an issuer to issue a letter of credit on behalf of another if the person making the request undertakes an obligation to reimburse the issuer.

c. "Beneficiary" means a person who under the terms of a letter of credit is entitled to have its complying presentation honored. The term includes a person to whom drawing rights have been transferred under a transferable letter of credit.

d. "Confirmer" means a nominated person who undertakes, at the request or with the consent of the issuer, to honor a presentation under a letter of credit issued by another.

e. "Dishonor" of a letter of credit means failure timely to honor or to take an interim action, such as acceptance of a draft, that may be required by the letter of credit.

f. "Document" means a draft or other demand, document of title, investment security, certificate, invoice, or other record, statement, or representation of fact, law, right, or opinion which is presented in a written or other medium permitted by the letter of credit or, unless prohibited by the letter of credit, by the standard practice referred to in section 554.5108, subsection 5, and which is capable of being examined for compliance with the terms and conditions of the letter of credit. A document may not be oral.

g. "Good faith" means honesty in fact in the conduct or transaction concerned.

h. "Honor" of a letter of credit means performance of the issuer's undertaking in the letter of credit to pay or deliver an item of value. Unless the letter of credit otherwise provides, *"honor"* occurs

(1) upon payment,

(2) if the letter of credit provides for acceptance, upon acceptance of a draft and, at maturity, its payment, or

(3) if the letter of credit provides for incurring a deferred obligation, upon incurring the obligation and, at maturity, its performance.

i. "Issuer" means a bank or other person that issues a letter of credit, but does not include an individual who makes an engagement for personal, family, or household purposes.

j. "Letter of credit" means a definite undertaking that satisfies the requirements of section 554.5104 by an issuer to a beneficiary at the request or for the account of an applicant or, in the case of a financial institution, to itself or for its own account, to honor a documentary presentation by payment or delivery of an item of value.

k. "Nominated person" means a person whom the issuer designates or authorizes to pay, accept, negotiate, or otherwise give value under a letter of credit and undertakes by agreement or custom and practice to reimburse.

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l. "Presentation" means delivery of a document to an issuer or nominated person for honor or giving of value under a letter of credit.

m. "Presenter" means a person making a presentation as or on behalf of a beneficiary or nominated person.

n. "Record" means information that is inscribed on a tangible medium, or that is stored in an electronic or other medium and is retrievable in perceivable form.

o. "Successor of a beneficiary" means a person who succeeds to substantially all of the rights of a beneficiary by operation of law, including a corporation with or into which the beneficiary has been merged or consolidated, an administrator, executor, personal representative, trustee in bankruptcy, debtor in possession, liquidator, and receiver.

2. Definitions in other Articles applying to this Article and the sections in which they appear are:

a. "Accept" or "Acceptance" ..... Section 554.3409

b. "Value"..... Sections 554.3303, 554.4211

3. Article 1 contains certain additional general definitions and principles of construction and interpretation applicable throughout this Article.

[C66, 71, 73, 75, 77, 79, 81, §554.5102]

96 Acts, ch 1026, §1, 28; 2012 Acts, ch 1023, §157; 2013 Acts, ch 30, §261

Referred to in §554.5103, 554.5108, 554.9102

554.5103 Scope.

1. This Article applies to letters of credit and to certain rights and obligations arising out of transactions involving letters of credit.

2. The statement of a rule in this Article does not by itself require, imply, or negate application of the same or a different rule to a situation not provided for, or to a person not specified, in this Article.

3. With the exception of this subsection, subsections 1 and 4, section 554.5102, subsection 1, paragraphs *"i"* and *"j"*, section 554.5106, subsection 4, and section 554.5114, subsection 4, and except to the extent prohibited in section 554.1302 and section 554.5117, subsection 4, the effect of this Article may be varied by agreement or by a provision stated or incorporated by reference in an undertaking. A term in an agreement or undertaking generally excusing liability or generally limiting remedies for failure to perform obligations is not sufficient to vary obligations prescribed by this Article.

4. Rights and obligations of an issuer to a beneficiary or a nominated person under a letter of credit are independent of the existence, performance, or nonperformance of a contract or arrangement out of which the letter of credit arises or which underlies it, including contracts or arrangements between the issuer and the applicant and between the applicant and the beneficiary.

[C66, 71, 73, 75, 77, 79, 81, §554.5103]

94 Acts, ch 1167, §117, 122; 96 Acts, ch 1026, §2, 28; 2007 Acts, ch 41, §28

Referred to in §554.5116

554.5104 Formal requirements.

A letter of credit, confirmation, advice, transfer, amendment, or cancellation may be issued in any form that is a signed record.

[C66, 71, 73, 75, 77, 79, 81, §554.5104]

96 Acts, ch 1026, §3, 28; 2012 Acts, ch 1023, §146; 2024 Acts, ch 1023, §26

Referred to in §554.5102

554.5105 Consideration.

Consideration is not required to issue, amend, transfer, or cancel a letter of credit, advice, or confirmation.

[C66, 71, 73, 75, 77, 79, 81, §554.5105]

96 Acts, ch 1026, §4, 28

554.5106 Issuance, amendment, cancellation, and duration.

1. A letter of credit is issued and becomes enforceable according to its terms against the

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issuer when the issuer sends or otherwise transmits it to the person requested to advise or to the beneficiary. A letter of credit is revocable only if it so provides.

2. After a letter of credit is issued, rights and obligations of a beneficiary, applicant, confirmer, and issuer are not affected by an amendment or cancellation to which that person has not consented except to the extent the letter of credit provides that it is revocable or that the issuer may amend or cancel the letter of credit without that consent.

3. If there is no stated expiration date or other provision that determines its duration, a letter of credit expires one year after its stated date of issuance or, if none is stated, after the date on which it is issued.

4. A letter of credit that states that it is perpetual expires five years after its stated date of issuance or, if none is stated, after the date on which it is issued.

[C66, 71, 73, 75, 77, 79, 81, §554.5106]
96 Acts, ch 1026, §5, 28
Referred to in §554.5103

554.5107 Confirmer, nominated person, and adviser.

1. A confirmer is directly obligated on a letter of credit and has the rights and obligations of an issuer to the extent of its confirmation. The confirmer also has rights against and obligations to the issuer as if the issuer were an applicant and the confirmer had issued the letter of credit at the request and for the account of the issuer.

2. A nominated person who is not a confirmer is not obligated to honor or otherwise give value for a presentation.

3. A person requested to advise may decline to act as an adviser. An adviser that is not a confirmer is not obligated to honor or give value for a presentation. An adviser undertakes to the issuer and to the beneficiary accurately to advise the terms of the letter of credit, confirmation, amendment, or advice received by that person and undertakes to the beneficiary to check the apparent authenticity of the request to advise. Even if the advice is inaccurate, the letter of credit, confirmation, or amendment is enforceable as issued.

4. A person who notifies a transferee beneficiary of the terms of a letter of credit, confirmation, amendment, or advice has the rights and obligations of an adviser under subsection 3. The terms in the notice to the transferee beneficiary may differ from the terms in any notice to the transferor beneficiary to the extent permitted by the letter of credit, confirmation, amendment, or advice received by the person who so notifies.

[C66, 71, 73, 75, 77, 79, 81, §554.5107]
96 Acts, ch 1026, §6, 28

554.5108 Issuer's rights and obligations.

1. Except as otherwise provided in section 554.5109, an issuer shall honor a presentation that, as determined by the standard practice referred to in subsection 5, appears on its face strictly to comply with the terms and conditions of the letter of credit. Except as otherwise provided in section 554.5113 and unless otherwise agreed with the applicant, an issuer shall dishonor a presentation that does not appear so to comply.

2. An issuer has a reasonable time after presentation, but not beyond the end of the seventh business day of the issuer after the day of its receipt of documents:

a. to honor,

b. if the letter of credit provides for honor to be completed more than seven business days after presentation, to accept a draft or incur a deferred obligation, or

c. to give notice to the presenter of discrepancies in the presentation.

3. Except as otherwise provided in subsection 4, an issuer is precluded from asserting as a basis for dishonor any discrepancy if timely notice is not given, or any discrepancy not stated in the notice if timely notice is given.

4. Failure to give the notice specified in subsection 2 or to mention fraud, forgery, or expiration in the notice does not preclude the issuer from asserting as a basis for dishonor fraud or forgery as described in section 554.5109, subsection 1, or expiration of the letter of credit before presentation.

5. An issuer shall observe standard practice of financial institutions that regularly issue

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letters of credit. Determination of the issuer's observance of the standard practice is a matter of interpretation for the court. The court shall offer the parties a reasonable opportunity to present evidence of the standard practice.

6. An issuer is not responsible for:

a. the performance or nonperformance of the underlying contract, arrangement, or transaction,

b. an act or omission of others, or

c. observance or knowledge of the usage of a particular trade other than the standard practice referred to in subsection 5.

7. If an undertaking constituting a letter of credit under section 554.5102, subsection 1, paragraph *"j"*, contains nondocumentary conditions, an issuer shall disregard the nondocumentary conditions and treat them as if they were not stated.

8. An issuer that has dishonored a presentation shall return the documents or hold them at the disposal of, and send advice to that effect to, the presenter.

9. An issuer that has honored a presentation as permitted or required by this Article:

a. is entitled to be reimbursed by the applicant in immediately available funds not later than the date of its payment of funds;

b. takes the documents free of claims of the beneficiary or presenter;

c. is precluded from asserting a right of recourse on a draft under sections 554.3414 and 554.3415;

d. except as otherwise provided in sections 554.5110 and 554.5117, is precluded from restitution of money paid or other value given by mistake to the extent the mistake concerns discrepancies in the documents or tender which are apparent on the face of the presentation; and

e. is discharged to the extent of its performance under the letter of credit unless the issuer honored a presentation in which a required signature of a beneficiary was forged.

[C66, 71, 73, 75, 77, 79, 81, §554.5108]

96 Acts, ch 1026, §7, 28

Referred to in §554.5102, 554.5112, 554.5113

554.5109 Fraud and forgery.

1. If a presentation is made that appears on its face strictly to comply with the terms and conditions of the letter of credit, but a required document is forged or materially fraudulent, or honor of the presentation would facilitate a material fraud by the beneficiary on the issuer or applicant:

a. the issuer shall honor the presentation, if honor is demanded by a nominated person who has given value in good faith and without notice of forgery or material fraud, a confirmer who has honored its confirmation in good faith, a holder in due course of a draft drawn under the letter of credit which was taken after acceptance by the issuer or nominated person, or an assignee of the issuer's or nominated person's deferred obligation that was taken for value and without notice of forgery or material fraud after the obligation was incurred by the issuer or nominated person; and

b. the issuer, acting in good faith, may honor or dishonor the presentation in any other case.

2. If an applicant claims that a required document is forged or materially fraudulent or that honor of the presentation would facilitate a material fraud by the beneficiary on the issuer or applicant, a court of competent jurisdiction may temporarily or permanently enjoin the issuer from honoring a presentation or grant similar relief against the issuer or other persons only if the court finds that:

a. the relief is not prohibited under the law applicable to an accepted draft or deferred obligation incurred by the issuer;

b. a beneficiary, issuer, or nominated person who may be adversely affected is adequately protected against loss that it may suffer because the relief is granted;

c. all of the conditions to entitle a person to the relief under the law of this state have been met; and

d. on the basis of the information submitted to the court, the applicant is more likely than

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not to succeed under its claim of forgery or material fraud and the person demanding honor does not qualify for protection under subsection 1, paragraph *"a"*.

[C66, 71, 73, 75, 77, 79, 81, §554.5109]
96 Acts, ch 1026, §8, 28; 2013 Acts, ch 30, §261
Referred to in §554.2512, 554.5108, 554.5110, 554.5113

554.5110 Warranties.

1. If its presentation is honored, the beneficiary warrants:

a. to the issuer, any other person to whom presentation is made, and the applicant that there is no fraud or forgery of the kind described in section 554.5109, subsection 1; and

b. to the applicant that the drawing does not violate any agreement between the applicant and beneficiary or any other agreement intended by them to be augmented by the letter of credit.

2. The warranties in subsection 1 are in addition to warranties arising under Articles 3, 4, 7, and 8 because of the presentation or transfer of documents covered by any of those Articles.

[C66, 71, 73, 75, 77, 79, 81, §554.5110]
96 Acts, ch 1026, §9, 28
Referred to in §554.5108

554.5111 Remedies.

1. If an issuer wrongfully dishonors or repudiates its obligation to pay money under a letter of credit before presentation, the beneficiary, successor, or nominated person presenting on its own behalf may recover from the issuer the amount that is the subject of the dishonor or repudiation. If the issuer's obligation under the letter of credit is not for the payment of money, the claimant may obtain specific performance or, at the claimant's election, recover an amount equal to the value of performance from the issuer. In either case, the claimant may also recover incidental but not consequential damages. The claimant is not obligated to take action to avoid damages that might be due from the issuer under this subsection. If, although not obligated to do so, the claimant avoids damages, the claimant's recovery from the issuer must be reduced by the amount of damages avoided. The issuer has the burden of proving the amount of damages avoided. In the case of repudiation the claimant need not present any document.

2. If an issuer wrongfully dishonors a draft or demand presented under a letter of credit or honors a draft or demand in breach of its obligation to the applicant, the applicant may recover damages resulting from the breach, including incidental but not consequential damages, less any amount saved as a result of the breach.

3. If an adviser or nominated person other than a confirmer breaches an obligation under this Article or an issuer breaches an obligation not covered in subsection 1 or 2, a person to whom the obligation is owed may recover damages resulting from the breach, including incidental but not consequential damages, less any amount saved as a result of the breach. To the extent of the confirmation, a confirmer has the liability of an issuer specified in this subsection and subsections 1 and 2.

4. An issuer, nominated person, or adviser who is found liable under subsection 1, 2, or 3 shall pay interest on the amount owed thereunder from the date of wrongful dishonor or other appropriate date.

5. Reasonable attorney's fees and other expenses of litigation must be awarded to the prevailing party in an action in which a remedy is sought under this Article.

6. Damages that would otherwise be payable by a party for breach of an obligation under this Article may be liquidated by agreement or undertaking, but only in an amount or by a formula that is reasonable in light of the harm anticipated.

[C66, 71, 73, 75, 77, 79, 81, §554.5111]
96 Acts, ch 1026, §10, 28

554.5112 Transfer of letter of credit.

1. Except as otherwise provided in section 554.5113, unless a letter of credit provides that

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it is transferable, the right of a beneficiary to draw or otherwise demand performance under a letter of credit may not be transferred.

2. Even if a letter of credit provides that it is transferable, the issuer may refuse to recognize or carry out a transfer if:

a. the transfer would violate applicable law; or

b. the transferor or transferee has failed to comply with any requirement stated in the letter of credit or any other requirement relating to transfer imposed by the issuer which is within the standard practice referred to in section 554.5108, subsection 5, or is otherwise reasonable under the circumstances.

[C66, 71, 73, 75, 77, 79, 81, §554.5112]

96 Acts, ch 1026, §11, 28

Referred to in §539.1, 539.2

554.5113 Transfer by operation of law.

1. A successor of a beneficiary may consent to amendments, sign and present documents, and receive payment or other items of value in the name of the beneficiary without disclosing its status as a successor.

2. A successor of a beneficiary may consent to amendments, sign and present documents, and receive payment or other items of value in its own name as the disclosed successor of the beneficiary. Except as otherwise provided in subsection 5, an issuer shall recognize a disclosed successor of a beneficiary as beneficiary in full substitution for its predecessor upon compliance with the requirements for recognition by the issuer of a transfer of drawing rights by operation of law under the standard practice referred to in section 554.5108, subsection 5, or, in the absence of such a practice, compliance with other reasonable procedures sufficient to protect the issuer.

3. An issuer is not obliged to determine whether a purported successor is a successor of a beneficiary or whether the signature of a purported successor is genuine or authorized.

4. Honor of a purported successor's apparently complying presentation under subsection 1 or 2 has the consequences specified in section 554.5108, subsection 9, even if the purported successor is not the successor of a beneficiary. Documents signed in the name of the beneficiary or of a disclosed successor by a person who is neither the beneficiary nor the successor of the beneficiary are forged documents for the purposes of section 554.5109.

5. An issuer whose rights of reimbursement are not covered by subsection 4 or substantially similar law and any confirmer or nominated person may decline to recognize a presentation under subsection 2.

6. A beneficiary whose name is changed after the issuance of a letter of credit has the same rights and obligations as a successor of a beneficiary under this section.

[C66, 71, 73, 75, 77, 79, 81, §554.5113]

96 Acts, ch 1026, §12, 28

Referred to in §539.1, 539.2, 554.5108, 554.5112

554.5114 Assignment of proceeds.

1. In this section, *"proceeds of a letter of credit"* means the cash, check, accepted draft, or other item of value paid or delivered upon honor or giving of value by the issuer or any nominated person under the letter of credit. The term does not include a beneficiary's drawing rights or documents presented by the beneficiary.

2. A beneficiary may assign its right to part or all of the proceeds of a letter of credit. The beneficiary may do so before presentation as a present assignment of its right to receive proceeds contingent upon its compliance with the terms and conditions of the letter of credit.

3. An issuer or nominated person need not recognize an assignment of proceeds of a letter of credit until it consents to the assignment.

4. An issuer or nominated person has no obligation to give or withhold its consent to an assignment of proceeds of a letter of credit, but consent may not be unreasonably withheld if the assignee possesses and exhibits the letter of credit and presentation of the letter of credit is a condition to honor.

5. Rights of a transferee beneficiary or nominated person are independent of the

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beneficiary's assignment of the proceeds of a letter of credit and are superior to the assignee's right to the proceeds.

6. Neither the rights recognized by this section between an assignee and an issuer, transferee beneficiary, or nominated person nor the issuer's or nominated person's payment of proceeds to an assignee or a third person affect the rights between the assignee and any person other than the issuer, transferee beneficiary, or nominated person. The mode of creating and perfecting a security interest in or granting an assignment of a beneficiary's rights to proceeds is governed by Article 9 or other law. Against persons other than the issuer, transferee beneficiary, or nominated person, the rights and obligations arising upon the creation of a security interest or other assignment of a beneficiary's right to proceeds and its perfection are governed by Article 9 or other law.

[C66, 71, 73, 75, 77, 79, 81, §554.5114]

89 Acts, ch 113, §55; 96 Acts, ch 1026, §13, 28

Referred to in §539.1, 539.2, 554.5103, 554.9102, 554.9107, 554.9109

554.5115 Statute of limitations.

An action to enforce a right or obligation arising under this Article must be commenced within one year after the expiration date of the relevant letter of credit or one year after the cause of action accrues, whichever occurs later. A cause of action accrues when the breach occurs, regardless of the aggrieved party's lack of knowledge of the breach.

[C66, 71, 73, 75, 77, 79, 81, §554.5115]

96 Acts, ch 1026, §14, 28

554.5116 Choice of law and forum.

1. The liability of an issuer, nominated person, or adviser for action or omission is governed by the law of the jurisdiction chosen by an agreement in the form of a record signed by the affected parties or by a provision in the person's letter of credit, confirmation, or other undertaking. The jurisdiction whose law is chosen need not bear any relation to the transaction.

2. Unless subsection 1 applies, the liability of an issuer, nominated person, or adviser for action or omission is governed by the law of the jurisdiction in which the person is located. The person is considered to be located at the address indicated in the person's undertaking. If more than one address is indicated, the person is considered to be located at the address from which the person's undertaking was issued.

3. For the purpose of jurisdiction, choice of law, and recognition of interbranch letters of credit, but not enforcement of a judgment, all branches of a bank are considered separate juridical entities and a bank is considered to be located at the place where its relevant branch is considered to be located under subsection 4.

4. A branch of a bank is considered to be located at the address indicated in the branch's undertaking. If more than one address is indicated, the branch is considered to be located at the address from which the undertaking was issued.

5. Except as otherwise provided in this subsection, the liability of an issuer, nominated person, or adviser is governed by any rules of custom or practice, such as the uniform customs and practice for documentary credits, to which the letter of credit, confirmation, or other undertaking is expressly made subject. If this Article would govern the liability of an issuer, nominated person, or adviser under subsection 1 or 2, the relevant undertaking incorporates rules of custom or practice, and there is conflict between this Article and those rules as applied to that undertaking, those rules govern except to the extent of any conflict with the nonvariable provisions specified in section 554.5103, subsection 3.

6. If there is conflict between this Article and Article 3, 4, 9, or 12, this Article governs.

7. The forum for settling disputes arising out of an undertaking within this Article may

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be chosen in the manner and with the binding effect that governing law may be chosen in accordance with subsection 1.

[C66, 71, 73, 75, 77, 79, 81, §554.5116]

96 Acts, ch 1026, §15, 28; 97 Acts, ch 23, §69; 2013 Acts, ch 30, §261; 2024 Acts, ch 1023, §27

Referred to in §554.1301, 554.9306

554.5117 Subrogation of issuer, applicant, and nominated person.

1. An issuer that honors a beneficiary's presentation is subrogated to the rights of the beneficiary to the same extent as if the issuer were a secondary obligor of the underlying obligation owed to the beneficiary and of the applicant to the same extent as if the issuer were the secondary obligor of the underlying obligation owed to the applicant.

2. An applicant that reimburses an issuer is subrogated to the rights of the issuer against any beneficiary, presenter, or nominated person to the same extent as if the applicant were the secondary obligor of the obligations owed to the issuer and has the rights of subrogation of the issuer to the rights of the beneficiary stated in subsection 1.

3. A nominated person who pays or gives value against a draft or demand presented under a letter of credit is subrogated to the rights of:

a. the issuer against the applicant to the same extent as if the nominated person were a secondary obligor of the obligation owed to the issuer by the applicant;

b. the beneficiary to the same extent as if the nominated person were a secondary obligor of the underlying obligation owed to the beneficiary; and

c. the applicant to the same extent as if the nominated person were a secondary obligor of the underlying obligation owed to the applicant.

4. Notwithstanding any agreement or term to the contrary, the rights of subrogation stated in subsections 1 and 2 do not arise until the issuer honors the letter of credit or otherwise pays and the rights in subsection 3 do not arise until the nominated person pays or otherwise gives value. Until then, the issuer, nominated person, and the applicant do not derive under this section present or prospective rights forming the basis of a claim, defense, or excuse.

[C66, 71, 73, 75, 77, 79, 81, §554.5117]

96 Acts, ch 1026, §16, 28

Referred to in §554.5103, 554.5108

554.5118 Security interest of issuer or nominated person.

1. An issuer or nominated person has a security interest in a document presented under a letter of credit to the extent that the issuer or nominated person honors or gives value for the presentation.

2. So long as and to the extent that an issuer or nominated person has not been reimbursed or has not otherwise recovered the value given with respect to a security interest in a document under subsection 1, the security interest continues and is subject to Article 9, but:

a. a security agreement is not necessary to make the security interest enforceable under section 554.9203, subsection 2, paragraph *"c"*;

b. if the document is presented in a medium other than a written or other tangible medium, the security interest is perfected; and

c. if the document is presented in a written or other tangible medium and is not a certificated security, chattel paper, a document of title, an instrument, or a letter of credit, the security interest is perfected and has priority over a conflicting security interest in the document so long as the debtor does not have possession of the document.

2000 Acts, ch 1149, §147, 187

Referred to in §554.9102, 554.9109, 554.9203, 554.9309, 554.9322

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ARTICLE 6
BULK TRANSFERS

ARTICLE 7
DOCUMENTS OF TITLE

Referred to in §203C.19, 427B.1, 554.2403, 554.5110, 554.9331, 554D.118, 578A.2, 809A.16

2007 amendments to this Article apply to a document of title issued or a bailment that arises on or after July 1, 2007; for law governing a document of title issued, a bailment that arose, or a cause of action that accrued prior to July 1, 2007, see Code 2007; 2007 Acts, ch 30, §45, 46

PART 1
GENERAL

554.7101 Short title.

This Article may be cited as Uniform Commercial Code — Documents of Title.

[S13, §3138-b56; C24, 27, 31, 35, 39, §**8299;** C46, 50, 54, 58, 62, §487.55; C66, 71, 73, 75, 77, 79, 81, §554.7101]

2007 Acts, ch 30, §1, 45, 46

554.7102 Definitions and index of definitions.

1. In this Article, unless the context otherwise requires:

a. "Bailee" means a person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.

b. "Carrier" means a person that issues a bill of lading.

c. "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.

d. "Consignor" means a person named in a bill of lading as the person from which the goods have been received for shipment.

e. "Delivery order" means a record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

f. "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

g. "Goods" means all things that are treated as movable for the purposes of a contract for storage or transportation.

h. "Issuer" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

i. "Person entitled under the document" means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

j. Reserved.

k. Reserved.

l. "Shipper" means a person that enters into a contract of transportation with a carrier.

m. "Warehouse" means a person engaged in the business of storing goods for hire.

2. Definitions in other Articles applying to this Article and the sections in which they appear are:

a. "Contract for sale" .....Section 554.2106

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b. "Lessee in ordinary course of business" .....Section 554.13103

c. "Receipt" of goods.....Section 554.2103

3. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

[R60, §1903; C73, §2180; C97, §3132; S13, §3138-a58, -b52; C24, 27, 31, 35, 39, §**8297, 9718, 10005, 10325;** C46, 50, 54, 58, 62, §487.54, 542.58, 554.77, 575.1; C66, 71, 73, 75, 77, 79, 81, §554.7102]

2007 Acts, ch 30, §2, 45, 46; 2024 Acts, ch 1023, §28

Referred to in §554.2103, 554.9102

554.7103 Relation of Article to treaty or statute.

1. This Article is subject to any treaty or statute of the United States or regulatory statute of this state to the extent that the treaty, statute, or regulatory statute is applicable.

2. This Article does not modify or repeal any law prescribing the form or content of a document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a bailee's business in respects not specifically treated in this Article. However, violation of such a law does not affect the status of a document of title that otherwise is within the definition of a document of title.

3. This Article modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001 et seq.) but does not modify, limit, or supersede §101(c) of that Act (15 U.S.C. §7001(c)) or authorize electronic delivery of any of the notices described in §103(b) of that Act (15 U.S.C. §7003(b)).

4. To the extent there is a conflict between chapter 554D, the Uniform Electronic Transactions Act, and this Article, this Article governs.

[C66, 71, 73, 75, 77, 79, 81, §554.7103]

2007 Acts, ch 30, §3, 45, 46

Referred to in §554.10103

554.7104 Negotiable and nonnegotiable document of title.

1. Except as otherwise provided in subsection 3, a document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

2. A document of title other than the one described in subsection 1 is nonnegotiable. A bill of lading that states that the goods are consigned to a named person is not made negotiable by a provision that the goods are to be delivered only against an order in a record signed by the same or another named person.

3. A document of title is nonnegotiable if, at the time it is issued, the document has a conspicuous legend, however expressed, that it is nonnegotiable.

[S13, §3138-a2 – a5, -a7, -b1 – b4, -b7, -b8, -b52; C24, 27, 31, 35, 39, §**8246 – 8249, 8253, 8254, 8297, 9662 – 9665, 9667, 9956, 9959, 10005;** C46, 50, 54, 58, 62, §487.2 – 487.5, 487.8, 487.9, 487.54, 542.2 – 542.5, 542.7, 554.28, 554.31, 554.77; C66, 71, 73, 75, 77, 79, 81, §554.7104]

2007 Acts, ch 30, §4, 45, 46

554.7105 Reissuance in alternative medium.

1. Upon request of a person entitled under an electronic document of title, the issuer of the electronic document may issue a tangible document of title as a substitute for the electronic document if:

a. the person entitled under the electronic document surrenders control of the document to the issuer; and

b. the tangible document when issued contains a statement that it is issued in substitution for the electronic document.

2. Upon issuance of a tangible document of title in substitution for an electronic document of title in accordance with subsection 1:

a. the electronic document ceases to have any effect or validity; and

b. the person that procured issuance of the tangible document warrants to all subsequent persons entitled under the tangible document that the warrantor was a person entitled under

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the electronic document when the warrantor surrendered control of the electronic document to the issuer.

3. Upon request of a person entitled under a tangible document of title, the issuer of the tangible document may issue an electronic document of title as a substitute for the tangible document if:

a. the person entitled under the tangible document surrenders possession of the document to the issuer; and

b. the electronic document when issued contains a statement that it is issued in substitution for the tangible document.

4. Upon issuance of an electronic document of title in substitution for a tangible document of title in accordance with subsection 3:

a. the tangible document ceases to have any effect or validity; and

b. the person that procured issuance of the electronic document warrants to all subsequent persons entitled under the electronic document that the warrantor was a person entitled under the tangible document when the warrantor surrendered possession of the tangible document to the issuer.

[C66, 71, 73, 75, 77, 79, 81, §554.7105]
2007 Acts, ch 30, §5, 45, 46
Referred to in §554.7305, 554.7402

554.7106 Control of electronic document of title.

1. A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.

2. A system satisfies subsection 1, and a person has control of an electronic document of title, if the document is created, stored, and transferred in a manner that:

a. a single authoritative copy of the document exists which is unique, identifiable, and, except as otherwise provided in paragraphs "*d*", "*e*", and "*f*", unalterable;

b. the authoritative copy identifies the person asserting control as:

(1) the person to which the document was issued; or

(2) if the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

c. the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

d. copies or amendments that add or change an identified transferee of the authoritative copy can be made only with the consent of the person asserting control;

e. each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

f. any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

3. A system satisfies subsection 1, and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

a. enables the person readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

b. enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the person to which each authoritative electronic copy was issued or transferred; and

c. gives the person exclusive power, subject to subsection 4, to:

(1) prevent others from adding or changing the person to which each authoritative electronic copy has been issued or transferred; and

(2) transfer control of each authoritative electronic copy.

4. Subject to subsection 5, a power is exclusive under subsection 3, paragraph "*c*", subparagraphs (1) and (2), even if:

a. the authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is

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recorded limits the use of the document of title or has a protocol that is programmed to cause a change, including a transfer or loss of control; or

b. the power is shared with another person.

5. A power of a person is not shared with another person under subsection 4, paragraph *"b"*, and the person's power is not exclusive if:

a. the person can exercise the power only if the power also is exercised by the other person; and

b. the other person:

(1) can exercise the power without exercise of the power by the person; or

(2) is the transferor to the person of an interest in the document of title.

6. If a person has the powers specified in subsection 3, paragraph *"c"*, subparagraphs (1) and (2), the powers are presumed to be exclusive.

7. A person has control of an electronic document of title if another person, other than the transferor to the person of an interest in the document:

a. has control of the document and acknowledges that it has control on behalf of the person; or

b. obtains control of the document after having acknowledged that it will obtain control of the document on behalf of the person.

8. A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

9. If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

2007 Acts, ch 30, §6, 45, 46; 2024 Acts, ch 1023, §29

Referred to in §554.1201, 554.2103, 554.4104, 554.9102, 554.9203, 554.9207, 554.9208, 554.9314, 554.9317, 554.9601

PART 2

WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

554.7201 Person that may issue a warehouse receipt — storage under bond.

1. A warehouse receipt may be issued by any warehouse.

2. If goods, including distilled spirits and agricultural commodities, are stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts, a receipt issued for the goods is deemed to be a warehouse receipt even if issued by a person that is the owner of the goods and is not a warehouse.

[S13, §3138-a1; C24, 27, 31, §9661, 9740; C35, §9661, 9751-g23; C39, §**9661, 9751.23;** C46, 50, 54, 58, 62, §542.1, 543.20; C66, 71, 73, 75, 77, 79, 81, §554.7201]

2007 Acts, ch 30, §7, 45, 46

Referred to in §554.9102

554.7202 Form of warehouse receipt — effect of omission.

1. A warehouse receipt need not be in any particular form.

2. Unless a warehouse receipt provides for each of the following, the warehouse is liable for damages caused to a person injured by its omission:

a. a statement of the location of the warehouse facility where the goods are stored;

b. the date of issue of the receipt;

c. the unique identification code of the receipt;

d. a statement whether the goods received will be delivered to the bearer, to a named person, or to a named person or its order;

e. the rate of storage and handling charges, unless goods are stored under a field warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable receipt;

f. a description of the goods or the packages containing them;

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g. the signature of the warehouse or its agent;

h. if the receipt is issued for goods that the warehouse owns, either solely, jointly, or in common with others, a statement of the fact of that ownership; and

i. a statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest, unless the precise amount of advances made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse or to its agent that issued the receipt, in which case a statement of the fact that advances have been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

3. A warehouse may insert in its receipt any terms that are not contrary to this chapter and do not impair its obligation of delivery under section 554.7403 or its duty of care under section 554.7204. Any contrary provision is ineffective.

[S13, §3138-a2, -a7; C24, 27, 31, 35, §975-g19; C39, §**9662, 9667, 9751.19;** C46, 50, 54, 58, 62, §542.2, 542.7, 543.21; C66, 71, 73, 75, 77, 79, 81, §554.7202]

2007 Acts, ch 30, §8, 45, 46

Referred to in §203C.18

554.7203 Liability for nonreceipt or misdescription.

A party to or purchaser for value in good faith of a document of title, other than a bill of lading, that relies upon the description of the goods in the document may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that:

1. the document conspicuously indicates that the issuer does not know whether all or part of the goods in fact were received or conform to the description, such as the case in which the description is in terms of marks or labels or kind, quantity, or condition, or the receipt or description is qualified by "contents, condition, and quality unknown", "said to contain", or words of similar import, if the indication is true; or

2. the party or purchaser otherwise has notice of the nonreceipt or misdescription.

[S13, §3138-a20; C24, 27, 31, 35, 39, §**9680;** C46, 50, 54, 58, 62, §542.20; C66, 71, 73, 75, 77, 79, 81, §554.7203]

2007 Acts, ch 30, §9, 45, 46

554.7204 Duty of care — contractual limitation of warehouse's liability.

1. A warehouse is liable for damages for loss of or injury to the goods caused by its failure to exercise care with regard to the goods that a reasonably careful person would exercise under similar circumstances. Unless otherwise agreed, the warehouse is not liable for damages that could not have been avoided by the exercise of that care.

2. Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. Such a limitation is not effective with respect to the warehouse's liability for conversion to its own use. On request of the bailor in a record at the time of signing the storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may be increased on part or all of the goods covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on an increased valuation of the goods.

3. Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the bailment may be included in the warehouse receipt or storage agreement.

4. This section does not modify or repeal any provision under chapter 203, 203C, or 203D.

[S13, §3138-a3, -a21, -a24; C24, 27, 31, 35, 39, §**9663, 9681, 9684;** C46, 50, 54, 58, 62, §542.3, 542.21, 542.24; C66, 71, 73, 75, 77, 79, 81, §554.7204]

2007 Acts, ch 30, §10, 45, 46

Referred to in §203C.18, 554.7202

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554.7205 Title under warehouse receipt defeated in certain cases.

A buyer in ordinary course of business of fungible goods sold and delivered by a warehouse that is also in the business of buying and selling such goods takes the goods free of any claim under a warehouse receipt even if the receipt is negotiable and has been duly negotiated.

[C66, 71, 73, 75, 77, 79, 81, §554.7205]

2007 Acts, ch 30, §11, 45, 46

Referred to in §554.7502

554.7206 Termination of storage at warehouse's option.

1. A warehouse, by giving notice to the person on whose account the goods are held and any other person known to claim an interest in the goods, may require payment of any charges and removal of the goods from the warehouse at the termination of the period of storage fixed by the document of title or, if a period is not fixed, within a stated period not less than thirty days after the warehouse gives notice. If the goods are not removed before the date specified in the notice, the warehouse may sell them pursuant to section 554.7210.

2. If a warehouse in good faith believes that goods are about to deteriorate or decline in value to less than the amount of its lien within the time provided in subsection 1 and section 554.7210, the warehouse may specify in the notice given under subsection 1 any reasonable shorter time for removal of the goods and, if the goods are not removed, may sell them at public sale held not less than one week after a single advertisement or posting.

3. If, as a result of a quality or condition of the goods of which the warehouse did not have notice at the time of deposit, the goods are a hazard to other property, the warehouse facilities, or other persons, the warehouse may sell the goods at public or private sale without advertisement or posting on reasonable notification to all persons known to claim an interest in the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose of them in any lawful manner and does not incur liability by reason of that disposition.

4. A warehouse shall deliver the goods to any person entitled to them under this Article upon due demand made at any time before sale or other disposition under this section.

5. A warehouse may satisfy its lien from the proceeds of any sale or disposition under this section but shall hold the balance for delivery on the demand of any person to which the warehouse would have been bound to deliver the goods.

[S13, §3138-a34; C24, 27, 31, §9694; C35, §9694, 9751-g21; C39, §**9694, 9751.21;** C46, 50, 54, 58, 62, §542.34, 543.23; C66, 71, 73, 75, 77, 79, 81, §554.7206]

2007 Acts, ch 30, §12, 45, 46

554.7207 Goods must be kept separate — fungible goods.

1. Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the goods covered by each receipt so as to permit at all times identification and delivery of those goods. However, different lots of fungible goods may be commingled.

2. If different lots of fungible goods are commingled, the goods are owned in common by the persons entitled thereto and the warehouse is severally liable to each owner for that owner's share. If, because of overissue, a mass of fungible goods is insufficient to meet all the receipts the warehouse has issued against it, the persons entitled include all holders to which overissued receipts have been duly negotiated.

[S13, §3138-a22, -a23, -a24; C24, 27, 31, 35, 39, §**9682 – 9684;** C46, 50, 54, 58, 62, §542.22 – 542.24; C66, 71, 73, 75, 77, 79, 81, §554.7207]

2007 Acts, ch 30, §13, 45, 46

554.7208 Altered warehouse receipts.

If a blank in a negotiable tangible warehouse receipt has been filled in without authority, a good-faith purchaser for value and without notice of the lack of authority may treat the insertion as authorized. Any other unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against the issuer according to its original tenor.

[S13, §3138-a13; C24, 27, 31, 35, 39, §**9673;** C46, 50, 54, 58, 62, §542.13; C66, 71, 73, 75, 77, 79, 81, §554.7208]

2007 Acts, ch 30, §14, 45, 46

UNOFFICIAL VERSION: SUBJECT TO FINAL APPROVAL

554.7209 Lien of warehouse.

1. A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouse also has a lien against the goods covered in the warehouse receipt or storage agreement or on the proceeds thereof in its possession for those charges and expenses, whether or not the other goods have been delivered by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.

2. A warehouse may also reserve a security interest against the bailor for the maximum amount specified on the receipt for charges other than those specified in subsection 1, such as for money advanced and interest. The security interest is governed by Article 9.

3. A warehouse's lien for charges and expenses under subsection 1 or a security interest under subsection 2 is also effective against any person that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value would have been valid. However, the lien or security interest is not effective against a person that before issuance of a document of title had a legal interest or perfected security interest in the goods and that did not:

a. deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(1) actual or apparent authority to ship, store, or sell;

(2) power to obtain delivery under section 554.7403; or

(3) power of disposition under section 554.2403, 554.9320, 554.9321, subsection 3, section 554.13304, subsection 2, or section 554.13305, subsection 2, or other statute or rule of law; or

b. acquiesce in the procurement by the bailor or its nominee of any document.

4. A warehouse's lien on household goods for charges and expenses in relation to the goods under subsection 1 is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. In this subsection, *"household goods"* means furniture, furnishings, or personal effects used by the depositor in a dwelling.

5. A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

[R60, §1898, 1899; C73, §2177, 2178; C97, §3130; S13, §3138-a27, -a28, -a29, -a30, -a31, -a32; C24, 27, 31, §9687 – 9692, 9741, 10326; C35, §9687 – 9692, 9751-g24, 10326; C39, §**9687 – 9692, 9751.24, 10326;** C46, 50, 54, 58, 62, §542.27 – 542.32, 543.24, 543.25, 575.2; C66, 71, 73, 75, 77, 79, 81, §554.7209]

2007 Acts, ch 30, §15, 45, 46

554.7210 Enforcement of warehouse's lien.

1. Except as otherwise provided in subsection 2, a warehouse's lien may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the warehouse is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more

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goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.

2. A warehouse may enforce its lien on goods, other than goods stored by a merchant in the course of its business, only if the following requirements are satisfied:

a. All persons known to claim an interest in the goods must be notified.

b. The notification must include an itemized statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than ten days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place.

c. The sale must conform to the terms of the notification.

d. The sale must be held at the nearest suitable place to where the goods are held or stored.

e. After the expiration of the time given in the notification, an advertisement of the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement must include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale. The sale must take place at least fifteen days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the advertisement must be posted at least ten days before the sale in not fewer than six conspicuous places in the neighborhood of the proposed sale.

3. Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but must be retained by the warehouse subject to the terms of the receipt and this Article.

4. A warehouse may buy at any public sale held pursuant to this section.

5. A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods free of any rights of persons against which the lien was valid, despite the warehouse's noncompliance with this section.

6. A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the warehouse would have been bound to deliver the goods.

7. The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.

8. If a lien is on goods stored by a merchant in the course of its business, the lien may be enforced in accordance with subsection 1 or 2.

9. A warehouse is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

[R60, §1899 – 1904; C73, §2177 – 2181; C97, §3130 – 3133; S13, §3131, 3138-a33, -a35, -a36; C24, 27, 31, §9693, 9695, 9696, 9741, 10327 – 10330, 10333 – 10335; C35, §9693, 9695, 9696, 9751-g24, 10327 – 10330, 10333 – 10335; C39, §**9646, 9693, 9695, 9751.24, 10327, 10330, 10333 – 10335;** C46, 50, 54, 58, 62, §542.33, 542.35, 542.36, 543.24 – 543.26, 575.3 – 575.6, 575.9 – 575.11; C66, 71, 73, 75, 77, 79, 81, §554.7210]

2007 Acts, ch 30, §16, 45, 46

Referred to in §554.7206, 554.7308

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PART 3

BILLS OF LADING: SPECIAL PROVISIONS

554.7301 Liability for nonreceipt or misdescription — "said to contain" — "shipper's weight, load, and count" — improper handling.

1. A consignee of a nonnegotiable bill of lading which has given value in good faith, or a holder to which a negotiable bill has been duly negotiated, relying upon the description of the goods in the bill or upon the date shown in the bill, may recover from the issuer damages

caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, such as in a case in which the description is in terms of marks or labels or kind, quantity, or condition or the receipt or description is qualified by "contents or condition of contents of packages unknown", "said to contain", "shipper's weight, load, and count", or words of similar import, if that indication is true.

2. If goods are loaded by the issuer of a bill of lading,

a. the issuer shall count the packages of goods if shipped in packages and ascertain the kind and quantity if shipped in bulk; and

b. words such as "shipper's weight, load, and count", or words of similar import indicating that the description was made by the shipper are ineffective except as to goods concealed in packages.

3. If bulk goods are loaded by a shipper that makes available to the issuer of a bill of lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and quantity within a reasonable time after receiving the shipper's request in a record to do so. In that case, "shipper's weight" or words of similar import are ineffective.

4. The issuer of a bill of lading, by including in the bill the words "shipper's weight, load, and count", or words of similar import, may indicate that the goods were loaded by the shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper loading. However, omission of such words does not imply liability for damages caused by improper loading.

5. A shipper guarantees to an issuer the accuracy at the time of shipment of the description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in those particulars. This right of indemnity does not limit the issuer's responsibility or liability under the contract of carriage to any person other than the shipper.

[S13, §2074-b, 3138-b22; C24, 27, 31, 35, 39, §**8267, 10980;** C46, 50, 54, 58, 62, §487.23, 613.6; C66, 71, 73, 75, 77, 79, 81, §554.7301]

2007 Acts, ch 30, §17, 45, 46

554.7302 Through bills of lading and similar documents of title.

1. The issuer of a through bill of lading, or other document of title embodying an undertaking to be performed in part by a person acting as its agent or by a performing carrier, is liable to any person entitled to recover on the bill or other document for any breach by the other person or the performing carrier of its obligation under the bill or other document. However, to the extent that the bill or other document covers an undertaking to be performed overseas or in territory not contiguous to the continental United States or an undertaking including matters other than transportation, this liability for breach by the other person or the performing carrier may be varied by agreement of the parties.

2. If goods covered by a through bill of lading or other document of title embodying an undertaking to be performed in part by a person other than the issuer are received by that person, the person is subject, with respect to its own performance while the goods are in its possession, to the obligation of the issuer. The person's obligation is discharged by delivery of the goods to another person pursuant to the bill or other document and does not include liability for breach by any other person or by the issuer.

3. The issuer of a through bill of lading or other document of title described in subsection 1 is entitled to recover from the performing carrier, or other person in possession of the goods when the breach of the obligation under the bill or other document occurred:

a. the amount it may be required to pay to any person entitled to recover on the bill or other document for the breach, as may be evidenced by any receipt, judgment, or transcript of judgment; and

b. the amount of any expense reasonably incurred by the issuer in defending any action commenced by any person entitled to recover on the bill or other document for the breach.

[C66, 71, 73, 75, 77, 79, 81, §554.7302]

2007 Acts, ch 30, §18, 45, 46

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554.7303 Diversion — reconsignment — change of instructions.

1. Unless the bill of lading otherwise provides, a carrier may deliver the goods to a person or destination other than that stated in the bill or may otherwise dispose of the goods, without liability for misdelivery, on instructions from:

a. the holder of a negotiable bill;

b. the consignor on a nonnegotiable bill, even if the consignee has given contrary instructions;

c. the consignee on a nonnegotiable bill in the absence of contrary instructions from the consignor, if the goods have arrived at the billed destination or if the consignee is in possession of the tangible bill or in control of the electronic bill; or

d. the consignee on a nonnegotiable bill if the consignee is entitled as against the consignor to dispose of the goods.

2. Unless instructions described in subsection 1 are included in a negotiable bill of lading, a person to which the bill is duly negotiated may hold the bailee according to the original terms.

[C66, 71, 73, 75, 77, 79, 81, §554.7303]

2007 Acts, ch 30, §19, 45, 46

Referred to in §554.7403

554.7304 Tangible bills of lading in a set.

1. Except as customary in international transportation, a tangible bill of lading may not be issued in a set of parts. The issuer is liable for damages caused by violation of this subsection.

2. If a tangible bill of lading is lawfully issued in a set of parts, each of which contains an identification code and is expressed to be valid only if the goods have not been delivered against any other part, the whole of the parts constitutes one bill.

3. If a tangible negotiable bill of lading is lawfully issued in a set of parts and different parts are negotiated to different persons, the title of the holder to which the first due negotiation is made prevails as to both the document of title and the goods even if any later holder may have received the goods from the carrier in good faith and discharged the carrier's obligation by surrendering its part.

4. A person that negotiates or transfers a single part of a tangible bill of lading issued in a set is liable to holders of that part as if it were the whole set.

5. The bailee shall deliver in accordance with part 4 against the first presented part of a tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's obligation on the whole bill.

[S13, §3138-b5; C24, 27, 31, 35, 39, §**8250;** C46, 50, 54, 58, 62, §487.6; C66, 71, 73, 75, 77, 79, 81, §554.7304]

2007 Acts, ch 30, §20, 45, 46; 2017 Acts, ch 54, §64

554.7305 Destination bills.

1. Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier, at the request of the consignor, may procure the bill to be issued at destination or at any other place designated in the request.

2. Upon request of any person entitled as against a carrier to control the goods while in transit and on surrender of possession or control of any outstanding bill of lading or other receipt covering the goods, the issuer, subject to section 554.7105, may procure a substitute bill to be issued at any place designated in the request.

[C66, 71, 73, 75, 77, 79, 81, §554.7305]

2007 Acts, ch 30, §21, 45, 46

554.7306 Altered bills of lading.

An unauthorized alteration or filling in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

[S13, §3138-b15; C24, 27, 31, 35, 39, §**8260;** C46, 50, 54, 58, 62, §487.16; C66, 71, 73, 75, 77, 79, 81, §554.7306]

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554.7307 Lien of carrier.

1. A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges after the date of the carrier's receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a reasonable charge.

2. A lien for charges and expenses under subsection 1 on goods that the carrier was required by law to receive for transportation is effective against the consignor or any person entitled to the goods unless the carrier had notice that the consignor lacked authority to subject the goods to those charges and expenses. Any other lien under subsection 1 is effective against the consignor and any person that permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked authority.

3. A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

[R60, §1898, 1899; C73, §2177, 2178; C97, §3130; S13, §3138-a27 – 32, -b25; C24, 27, 31, 35, 39, §**8270, 9687 – 9692, 10326;** C46, 50, 54, 58, 62, §487.26, 542.27 – 542.32, 575.2; C66, 71, 73, 75, 77, 79, 81, §554.7307]

2007 Acts, ch 30, §22, 45, 46

554.7308 Enforcement of carrier's lien.

1. A carrier's lien on goods may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the carrier is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The carrier sells goods in a commercially reasonable manner if the carrier sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.

2. Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but must be retained by the carrier, subject to the terms of the bill of lading and this Article.

3. A carrier may buy at any public sale pursuant to this section.

4. A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free of any rights of persons against which the lien was valid, despite the carrier's noncompliance with this section.

5. A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the carrier would have been bound to deliver the goods.

6. The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.

7. A carrier's lien may be enforced pursuant to either subsection 1 or the procedure set forth in section 554.7210, subsection 2.

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8. A carrier is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

[R60, §1899 – 1904; C73, §2177 – 2181; C97, §3130 – 3133; S13, §3131, 3138-a33, -b26; C24, 27, 31, 35, 39, §**8271, 9693, 10327 – 10336;** C46, 50, 54, 58, 62, §487.27, 542.33, 575.3 – 575.7, 575.9 – 575.12; C66, 71, 73, 75, 77, 79, 81, §554.7308]

2007 Acts, ch 30, §23, 45, 46

Referred to in §576.2, 577.2, 577.3, 578.2

554.7309 Duty of care — contractual limitation of carrier's liability.

1. A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall exercise the degree of care in relation to the goods which a reasonably careful person would exercise under similar circumstances. This subsection does not affect any statute, regulation, or rule of law that imposes liability upon a common carrier for damages not caused by its negligence.

2. Damages may be limited by a term in the bill of lading or in a transportation agreement that the carrier's liability may not exceed a value stated in the bill or transportation agreement if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and the consignor is advised of the opportunity. However, such a limitation is not effective with respect to the carrier's liability for conversion to its own use.

3. Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the shipment may be included in a bill of lading or a transportation agreement.

[S13, §2074-b, 3138-b2; C24, 27, 31, 35, 39, §**8247, 10980;** C46, 50, 54, 58, 62, §487.3, 613.6; C66, 71, 73, 75, 77, 79, 81, §554.7309]

2007 Acts, ch 30, §24, 45, 46

PART 4

WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

Referred to in §554.7304, 554.7503

554.7401 Irregularities in issue of receipt or bill or conduct of issuer.

The obligations imposed by this Article on an issuer apply to a document of title even if:

1. the document does not comply with the requirements of this Article or of any other statute, rule, or regulation regarding its issuance, form, or content;

2. the issuer violated laws regulating the conduct of its business;

3. the goods covered by the document were owned by the bailee when the document was issued; or

4. the person issuing the document is not a warehouse but the document purports to be a warehouse receipt.

[S13, §3138-a20, -b22; C24, 27, 31, 35, 39, §**8267, 9680;** C46, 50, 54, 58, 62, §487.23, 542.20; C66, 71, 73, 75, 77, 79, 81, §554.7401]

2007 Acts, ch 30, §25, 45, 46

554.7402 Duplicate document of title — overissue.

A duplicate or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer does not confer any right in the goods, except as provided in the case of tangible bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to section 554.7105. The issuer is liable for damages caused by its overissue or failure to identify a duplicate document by a conspicuous notation.

[S13, §3138-a6, -a15, -b6, -b17; C24, 27, 31, 35, 39, §**8251, 8262, 9666, 9675;** C46, 50, 54, 58, 62, §487.7, 487.18, 542.6, 542.15, 543.20; C66, 71, 73, 75, 77, 79, 81, §554.7402]

2007 Acts, ch 30, §26, 45, 46

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554.7403 Obligation of bailee to deliver — excuse.

1. A bailee shall deliver the goods to a person entitled under a document of title if the person complies with subsections 2 and 3, unless and to the extent that the bailee establishes any of the following:

a. delivery of the goods to a person whose receipt was rightful as against the claimant;

b. damage to or delay, loss, or destruction of the goods for which the bailee is not liable;

c. previous sale or other disposition of the goods in lawful enforcement of a lien or on a warehouse's lawful termination of storage;

d. the exercise by a seller of its right to stop delivery pursuant to section 554.2705 or by a lessor of its right to stop delivery pursuant to section 554.13526;

e. a diversion, reconsignment, or other disposition pursuant to section 554.7303;

f. release, satisfaction or any other personal defense against the claimant; or

g. any other lawful excuse.

2. A person claiming goods covered by a document of title shall satisfy the bailee's lien if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the charges are paid.

3. Unless a person claiming the goods is a person against which the document of title does not confer a right under section 554.7503, subsection 1:

a. the person claiming under a document shall surrender possession or control of any outstanding negotiable document covering the goods for cancellation or indication of partial deliveries; and

b. the bailee shall cancel the document or conspicuously indicate in the document the partial delivery or the bailee is liable to any person to which the document is duly negotiated.

[S13, §3138-a8, -a9, -a10, -a11, -a12, -a16, -a19, -b10, -b11, -b12, -b13, -b14, -b18, -b21; C24, 27, 31, 35, 39, §**8255 – 8259, 8263, 8266, 9668 – 9672, 9676, 9679;** C46, 50, 54, 58, 62, §487.11 – 487.15, 487.19, 487.22, 542.8 – 542.12, 542.16, 542.19; C66, 71, 73, 75, 77, 79, 81, §554.7403]

2007 Acts, ch 30, §27, 45, 46

Referred to in §554.7202, 554.7209, 554.7503

554.7404 No liability for good-faith delivery pursuant to document of title.

A bailee that in good faith has received goods and delivered or otherwise disposed of the goods according to the terms of a document of title or pursuant to this Article is not liable for the goods even if:

1. the person from which the bailee received the goods did not have authority to procure the document or to dispose of the goods; or

2. the person to which the bailee delivered the goods did not have authority to receive the goods.

[S13, §2074-b, 3138-a10, -b12; C24, 27, 31, 35, 39, §**8257, 9670, 10980;** C46, 50, 54, 58, 62, §487.13, 542.10, 613.6; C66, 71, 73, 75, 77, 79, 81, §554.7404]

2007 Acts, ch 30, §28, 45, 46

PART 5

WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND TRANSFER

554.7501 Form of negotiation and requirements of due negotiation.

1. The following rules apply to a negotiable tangible document of title:

a. If the document's original terms run to the order of a named person, the document is negotiated by the named person's indorsement and delivery. After the named person's indorsement in blank or to bearer, any person may negotiate the document by delivery alone.

b. If the document's original terms run to bearer, it is negotiated by delivery alone.

c. If the document's original terms run to the order of a named person and it is delivered to the named person, the effect is the same as if the document had been negotiated.

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d. Negotiation of the document after it has been indorsed to a named person requires indorsement by the named person and delivery.

e. A document is "duly negotiated" if it is negotiated in the manner stated in this subsection to a holder that purchases it in good faith, without notice of any defense against or claim to it on the part of any person, and for value, unless it is established that the negotiation is not in the regular course of business or financing or involves receiving the document in settlement or payment of a monetary obligation.

2. The following rules apply to a negotiable electronic document of title:

a. If the document's original terms run to the order of a named person or to bearer, the document is negotiated by delivery of the document to another person. Indorsement by the named person is not required to negotiate the document.

b. If the document's original terms run to the order of a named person and the named person has control of the document, the effect is the same as if the document had been negotiated.

c. A document is duly negotiated if it is negotiated in the manner stated in this subsection to a holder that purchases it in good faith, without notice of any defense against or claim to it on the part of any person, and for value, unless it is established that the negotiation is not in the regular course of business or financing or involves taking delivery of the document in settlement or payment of a monetary obligation.

3. Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds to the transferee's rights.

4. The naming in a negotiable bill of lading of a person to be notified of the arrival of the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill of any interest of that person in the goods.

[S13, §3138-a37, -a38, -a39, -a40, -a47, -b27, -b28, -b29, -b30, -b37; C24, 27, 31, 35, 39, §**8272 – 8275, 8282, 9697 – 9700, 9707, 9957 – 9961, 9967;** C46, 50, 54, 58, 62, §487.28 – 487.31, 487.38, 542.37 – 542.40, 542.47, 554.29 – 554.32, 554.39; C66, 71, 73, 75, 77, 79, 81, §554.7501]

2007 Acts, ch 30, §29, 45, 46
Referred to in §554D.118

554.7502 Rights acquired by due negotiation.

1. Subject to sections 554.7205 and 554.7503, a holder to which a negotiable document of title has been duly negotiated acquires thereby:

a. title to the document;

b. title to the goods;

c. all rights accruing under the law of agency or estoppel, including rights to goods delivered to the bailee after the document was issued; and

d. the direct obligation of the issuer to hold or deliver the goods according to the terms of the document free of any defense or claim by the issuer except those arising under the terms of the document or under this Article, but in the case of a delivery order, the bailee's obligation accrues only upon the bailee's acceptance of the delivery order and the obligation acquired by the holder is that the issuer and any indorser will procure the acceptance of the bailee.

2. Subject to section 554.7503, title and rights acquired by due negotiation are not defeated by any stoppage of the goods represented by the document of title or by surrender of the goods by the bailee, and are not impaired even if:

a. the due negotiation or any prior due negotiation constituted a breach of duty;

b. any person has been deprived of possession of a negotiable tangible document or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake, duress, loss, theft, or conversion; or

c. a previous sale or other transfer of the goods or document has been made to a third person.

[S13, §3138-a41, -a47, -a48, -a49, -b31, -b37, -b38, -b39, -b41; C24, 27, 31, 35, 39, §**8276, 8282 – 8284, 8286, 9701, 9707 – 9709, 9949, 9954, 9962, 9967, 9991;** C46, 50, 54, 58, 62,

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§487.32, 487.38 – 487.40, 487.42, 542.41, 542.47 – 542.49, 554.21, 554.26, 554.34, 554.39, 554.63; C66, 71, 73, 75, 77, 79, 81, §554.7502]

2007 Acts, ch 30, §30 – 32, 45, 46

554.7503 Document of title to goods defeated in certain cases.

1. A document of title confers no right in goods against a person that before issuance of the document had a legal interest or a perfected security interest in the goods and that did not:

a. deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(1) actual or apparent authority to ship, store, or sell;

(2) power to obtain delivery under section 554.7403; or

(3) power of disposition under section 554.2403, 554.9320, 554.9321, subsection 3, section 554.13304, subsection 2, or section 554.13305, subsection 2, or other statute or rule of law; or

b. acquiesce in the procurement by the bailor or its nominee of any document.

2. Title to goods based upon an unaccepted delivery order is subject to the rights of any person to which a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. That title may be defeated under section 554.7504 to the same extent as the rights of the issuer or a transferee from the issuer.

3. Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of any person to which a bill issued by the freight forwarder is duly negotiated. However, delivery by the carrier in accordance with part 4 pursuant to its own bill of lading discharges the carrier's obligation to deliver.

[S13, §3138-a41, -b31, -b42; C24, 27, 31, 35, 39, §**8276, 8287, 9701, 9962;** C46, 50, 54, 58, 62, §487.32, 487.43, 542.41, 554.34; C66, 71, 73, 75, 77, 79, 81, §554.7503]

2000 Acts, ch 1149, §148, 187; 2007 Acts, ch 30, §33, 45, 46; 2017 Acts, ch 54, §65

Referred to in §554.7403, 554.7502

554.7504 Rights acquired in absence of due negotiation — effect of diversion — stoppage of delivery.

1. A transferee of a document of title, whether negotiable or nonnegotiable, to which the document has been delivered but not duly negotiated, acquires the title and rights that its transferor had or had actual authority to convey.

2. In the case of a transfer of a nonnegotiable document of title, until but not after the bailee receives notice of the transfer, the rights of the transferee may be defeated:

a. by those creditors of the transferor who could treat the transfer as void under section 554.2402 or 554.13308;

b. by a buyer from the transferor in ordinary course of business if the bailee has delivered the goods to the buyer or received notification of the buyer's rights;

c. by a lessee from the transferor in ordinary course of business if the bailee has delivered the goods to the lessee or received notification of the lessee's rights; or

d. as against the bailee, by good-faith dealings of the bailee with the transferor.

3. A diversion or other change of shipping instructions by the consignor in a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary course of business or a lessee in ordinary course of business and, in any event, defeats the consignee's rights against the bailee.

4. Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under section 554.2705, or a lessor under section 554.13526, subject to the requirements of due notification in those sections. A bailee that honors the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

[S13, §3138-a41, -a42, -b31, -b32; C24, 27, 31, 35, 39, §**8276, 8277, 9701, 9702, 9959, 9963;** C46, 50, 54, 58, 62, §487.32, 487.33, 542.41, 542.42, 554.31, 554.35; C66, 71, 73, 75, 77, 79, 81, §554.7504]

2007 Acts, ch 30, §34, 45, 46

Referred to in §554.7503

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554.7505 Indorser not guarantor for other parties.

The indorsement of a tangible document of title issued by a bailee does not make the indorser liable for any default by the bailee or previous indorsers.

[S13, §3138-a45, -b35; C24, 27, 31, 35, 39, §**8280, 9705, 9966;** C46, 50, 54, 58, 62, §487.36, 542.45, 554.38; C66, 71, 73, 75, 77, 79, 81, §554.7505]

2007 Acts, ch 30, §35, 45, 46

554.7506 Delivery without indorsement — right to compel indorsement.

The transferee of a negotiable tangible document of title has a specifically enforceable right to have its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of the time the indorsement is supplied.

[S13, §3138-a43, -b33; C24, 27, 31, 35, 39, §**8278, 9703, 9964;** C46, 50, 54, 58, 62, §487.34, 542.43, 554.36; C66, 71, 73, 75, 77, 79, 81, §554.7506]

2007 Acts, ch 30, §36, 45, 46

554.7507 Warranties on negotiation or delivery of document of title.

If a person negotiates or delivers a document of title for value otherwise than as a mere intermediary under section 554.7508, unless otherwise agreed, the transferor, in addition to any warranty made in selling or leasing the goods, warrants to its immediate purchaser only that:

1. the document is genuine;
2. the transferor does not have knowledge of any fact that would impair the document's validity or worth; and
3. the negotiation or delivery is rightful and fully effective with respect to the title to the document and the goods it represents.

[S13, §3138-a44, -b34, -b36; C24, 27, 31, 35, 39, §**8279, 8281, 9704, 9965;** C46, 50, 54, 58, 62, §487.35, 487.37, 542.44, 554.37; C66, 71, 73, 75, 77, 79, 81, §554.7507]

2007 Acts, ch 30, §37, 45, 46

554.7508 Warranties of collecting bank as to documents of title.

A collecting bank or other intermediary known to be entrusted with documents of title on behalf of another or with collection of a draft or other claim against delivery of documents warrants by the delivery of the documents only its own good faith and authority even if the collecting bank or other intermediary has purchased or made advances against the claim or draft to be collected.

[S13, §3138-a46; C24, 27, 31, 35, 39, §**9706;** C46, 50, 54, 58, 62, §542.46; C66, 71, 73, 75, 77, 79, 81, §554.7508]

2007 Acts, ch 30, §38, 45, 46

Referred to in §554.7507

554.7509 Adequate compliance with commercial contract.

Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease, or the conditions of a letter of credit is determined by Article 2, 5, or 13.

[C66, 71, 73, 75, 77, 79, 81, §554.7509]

2007 Acts, ch 30, §39, 45, 46

PART 6

WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS PROVISIONS

554.7601 Lost, stolen, or destroyed documents of title.

1. If a document of title is lost, stolen, or destroyed, a court may order delivery of the goods or issuance of a substitute document and the bailee may without liability to any person comply with the order. If the document was negotiable, a court may not order delivery of the

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goods or issuance of a substitute document without the claimant's posting security unless it finds that any person that may suffer loss as a result of nonsurrender of possession or control of the document is adequately protected against the loss. If the document was not negotiable, the court may require security. The court may also order payment of the bailee's reasonable costs and attorney's fees in any action under this subsection.

2. A bailee that, without a court order, delivers goods to a person claiming under a missing negotiable document of title is liable to any person injured thereby. If the delivery is not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if the claimant posts security with the bailee in an amount at least double the value of the goods at the time of posting to indemnify any person injured by the delivery which files a notice of claim within one year after the delivery.

[S13, §3138-a14, -b16; C24, 27, 31, 35, 39, §**8261, 9674;** C46, 50, 54, 58, 62, §487.17, 542.14; C66, 71, 73, 75, 77, 79, 81, §554.7601]

2007 Acts, ch 30, §40, 45, 46

Referred to in §203C.19

554.7601A Lost, stolen, or destroyed documents — additional requirements.

1. *a.* If a warehouse receipt has been lost, stolen, or destroyed, the warehouse shall issue a duplicate upon receipt of:

(1) an affidavit that the warehouse receipt has been lost, stolen, or destroyed.

(2) a bond in an amount at least double the value of the goods at the time of posting the bond, to indemnify any person injured by issuance of the duplicate warehouse receipt who files a notice of claim within one year after delivery of the goods.

b. A duplicate warehouse receipt shall be plainly marked to indicate that it is a duplicate. A receipt plainly marked as a duplicate is a representation and warranty by the warehouse that the duplicate receipt is an accurate copy of an original receipt properly issued and uncanceled at the date of the issue of the duplicate, but shall not impose upon the warehouse other liability.

c. A warehouse which in good faith delivers goods to the holder of a duplicate receipt issued in accordance with this subsection is liable to any person injured by the delivery, but only to the extent of the security posted in accordance with paragraph *"b"* of this subsection.

2. If a warehouse receipt has been lost or destroyed, the depositor may either remove the goods from the warehouse facility or sell the goods to the warehouse after executing a lost warehouse receipt release on a form prescribed by the department of agriculture and land stewardship. The form shall include an affidavit stating that the warehouse receipt has been lost or destroyed, and the depositor's undertaking to indemnify the warehouse for any loss incurred as a result of the loss or destruction of the warehouse receipt. The form shall be filed with the department of agriculture and land stewardship.

3. If a warehouse receipt has been lost or destroyed by a warehouse after delivery of the goods or purchase of the goods by the warehouse, the warehouse shall execute and file with the department of agriculture and land stewardship a notarized affidavit stating that the warehouse receipt has been lost or destroyed by the warehouse after delivery or purchase of the goods by the warehouse. The form of the affidavit shall be prescribed by the department of agriculture and land stewardship.

2007 Acts, ch 30, §41, 45, 46; 2008 Acts, ch 1032, §80

Referred to in §203C.19

554.7602 Judicial process against goods covered by negotiable document of title.

Unless a document of title was originally issued upon delivery of the goods by a person that did not have power to dispose of them, a lien does not attach by virtue of any judicial process to goods in the possession of a bailee for which a negotiable document of title is outstanding unless possession or control of the document is first surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to the

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bailee or to the court. A purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

[S13, §3138-a25, -b23, -b24; C24, 27, 31, 35, 39, §**8268, 8269, 9685, 9968, 9969;** C46, 50, 54, 58, 62, §487.24, 487.25, 542.25, 554.40, 554.41; C66, 71, 73, 75, 77, 79, 81, §554.7602]

2007 Acts, ch 30, §42, 45, 46

554.7603 Conflicting claims — interpleader.

If more than one person claims title to or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an action for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods or by original action.

[S13, §3138-a16, -a17, -a18, -b19, -b20, -b42; C24, 27, 31, 35, 39, §**8264, 8265, 8287, 9676 – 9678;** C46, 50, 54, 58, 62, §487.20, 487.21, 487.43, 542.16 – 542.18; C66, 71, 73, 75, 77, 79, 81, §554.7603]

2007 Acts, ch 30, §43, 45, 46

ARTICLE 8

INVESTMENT SECURITIES

Referred to in §554.2105, 554.3102, 554.4102, 554.5110, 554.9331, 556.13

PART 1

SHORT TITLE AND GENERAL MATTERS

554.8101 Short title.

This Article shall be known and may be cited as Uniform Commercial Code — Investment Securities.

[C50, 54, 58, 62, §493A.24; C66, 71, 73, 75, 77, 79, 81, §554.8101]

554.8102 Definitions.

1. In this Article:

a. "Adverse claim" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the financial asset.

b. "Bearer form", as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement.

c. "Broker" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.

d. "Certificated security" means a security that is represented by a certificate.

e. "Clearing corporation" means:

(1) a person that is registered as a "clearing agency" under the federal securities laws;

(2) a federal reserve bank; or

(3) any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.

f. "Communicate" means to:

(1) send a signed record; or

(2) transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

g. "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary.

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If a person acquires a security entitlement by virtue of section 554.8501, subsection 2, paragraph *"b"* or *"c"*, that person is the entitlement holder.

h. *"Entitlement order"* means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.

i. (1) *"Financial asset"*, except as otherwise provided in section 554.8103, means:

(a) a security;

(b) an obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or

(c) any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

(2) As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.

j. Reserved.

k. *"Indorsement"* means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it.

l. *"Instruction"* means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.

m. *"Registered form"*, as applied to a certificated security, means a form in which:

(1) the security certificate specifies a person entitled to the security; and

(2) a transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.

n. *"Securities intermediary"* means:

(1) a clearing corporation; or

(2) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

o. *"Security"*, except as otherwise provided in section 554.8103, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:

(1) which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;

(2) which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations; and

(3) which:

(a) is, or is of a type, dealt in or traded on securities exchanges or securities markets; or

(b) is a medium for investment and by its terms expressly provides that it is a security governed by this Article.

p. *"Security certificate"* means a certificate representing a security.

q. *"Security entitlement"* means the rights and property interest of an entitlement holder with respect to a financial asset specified in part 5.

r. *"Uncertificated security"* means a security that is not represented by a certificate.

2. The following definitions in this Article and other Articles apply to this Article:

a. "Appropriate person" ..... Section 554.8107
b. "Control" ..... Section 554.8106
c. "Controllable account" ..... Section 554.9102
d. "Controllable electronic record"..... Section 554.14102
e. "Controllable payment intangible" .. Section 554.9102
f. "Delivery" ..... Section 554.8301

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g. "Investment company security"..... Section 554.8103
h. "Issuer"..... Section 554.8201
i. "Overissue"..... Section 554.8210
j. "Protected purchaser"..... Section 554.8303
k. "Securities account"..... Section 554.8501

3. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

4. The characterization of a person, business, or transaction for purposes of this Article does not determine the characterization of the person, business, or transaction for purposes of any other law, regulation, or rule.

[C66, 71, 73, 75, 77, 79, 81, §554.8102]

89 Acts, ch 113, §1; 96 Acts, ch 1138, §10, 84; 2007 Acts, ch 41, §29; 2012 Acts, ch 1023, §157; 2017 Acts, ch 54, §66; 2024 Acts, ch 1023, §31, 32

Referred to in §515.35, 518.14, 518A.12, 554.4104, 554.8103, 554.9102, 626.25, 633.89, 642.17

554.8103 Rules for determining whether certain obligations and interests are securities or financial assets.

1. A share or similar equity interest issued by a corporation, business trust, joint stock company, or similar entity is a security.

2. An *"investment company security"* is a security. *"Investment company security"* means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, an interest in a unit investment trust that is so registered, or a face-amount certificate issued by a face-amount certificate company that is so registered. Investment company security does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.

3. An interest in a partnership or limited liability company is not a security unless it is dealt in or traded on securities exchanges or in securities markets, its terms expressly provide that it is a security governed by this Article, or it is an investment company security. However, an interest in a partnership or limited liability company is a financial asset if it is held in a securities account.

4. A writing that is a security certificate is governed by this Article and not by Article 3, even though it also meets the requirements of that Article. However, a negotiable instrument governed by Article 3 is a financial asset if it is held in a securities account.

5. An option or similar obligation issued by a clearing corporation to its participants is not a security, but is a financial asset.

6. A commodity contract, as defined in section 554.9102, subsection 1, paragraph *"q"*, is not a security or a financial asset.

7. A document of title is not a financial asset unless section 554.8102, subsection 1, paragraph *"i"*, subparagraph (1), subparagraph division (c) applies.

8. A controllable account, controllable electronic record, or controllable payment intangible is not a financial asset unless section 554.8102, subsection 1, paragraph *"i"*, subparagraph (1), subparagraph division (c), applies.

[C50, 54, 58, 62, §493A.15; C66, 71, 73, 75, 77, 79, 81, §554.8103]

89 Acts, ch 113, §2; 96 Acts, ch 1138, §11, 84; 2000 Acts, ch 1149, §149, 187; 2007 Acts, ch 30, §45, 46, 64; 2024 Acts, ch 1023, §33

Referred to in §501A.903, 554.8102

554.8104 Acquisition of security or financial asset or interest therein.

1. A person acquires a security or an interest therein, under this Article, if:

a. the person is a purchaser to whom a security is delivered pursuant to section 554.8301; or

b. the person acquires a security entitlement to the security pursuant to section 554.8501.

2. A person acquires a financial asset, other than a security, or an interest therein, under this Article, if the person acquires a security entitlement to the financial asset.

3. A person who acquires a security entitlement to a security or other financial asset has the rights specified in part 5, but is a purchaser of any security, security entitlement, or other

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financial asset held by the securities intermediary only to the extent provided in section 554.8503.

4. Unless the context shows that a different meaning is intended, a person who is required by other law, regulation, rule, or agreement to transfer, deliver, present, surrender, exchange, or otherwise put in the possession of another person a security or financial asset satisfies that requirement by causing the other person to acquire an interest in the security or financial asset pursuant to subsection 1 or 2.

[C66, 71, 73, 75, 77, 79, 81, §554.8104]

89 Acts, ch 113, §3; 96 Acts, ch 1138, §12, 84; 2017 Acts, ch 54, §67

554.8105 Notice of adverse claim.

1. A person has notice of an adverse claim if:

a. the person knows of the adverse claim;

b. the person is aware of facts sufficient to indicate that there is a significant probability that the adverse claim exists and deliberately avoids information that would establish the existence of the adverse claim; or

c. the person has a duty, imposed by statute or regulation, to investigate whether an adverse claim exists, and the investigation so required would establish the existence of the adverse claim.

2. Having knowledge that a financial asset or interest therein is or has been transferred by a representative imposes no duty of inquiry into the rightfulness of a transaction and is not notice of an adverse claim. However, a person who knows that a representative has transferred a financial asset or interest therein in a transaction that is, or whose proceeds are being used, for the individual benefit of the representative or otherwise in breach of duty has notice of an adverse claim.

3. An act or event that creates a right to immediate performance of the principal obligation represented by a security certificate or sets a date on or after which the certificate is to be presented or surrendered for redemption or exchange does not itself constitute notice of an adverse claim except in the case of a transfer more than:

a. one year after a date set for presentment or surrender for redemption or exchange; or

b. six months after a date set for payment of money against presentation or surrender of the certificate, if money was available for payment on that date.

4. A purchaser of a certificated security has notice of an adverse claim if the security certificate:

a. whether in bearer or registered form, has been indorsed "for collection" or "for surrender" or for some other purpose not involving transfer; or

b. is in bearer form and has on it an unambiguous statement that it is the property of a person other than the transferor, but the mere writing of a name on the certificate is not such a statement.

5. Filing of a financing statement under Article 9 is not notice of an adverse claim to a financial asset.

[C66, 71, 73, 75, 77, 79, 81, §554.8105]

89 Acts, ch 113, §4; 96 Acts, ch 1138, §13, 84

554.8106 Control.

1. A purchaser has "control" of a certificated security in bearer form if the certificated security is delivered to the purchaser.

2. A purchaser has "control" of a certificated security in registered form if the certificated security is delivered to the purchaser, and:

a. the certificate is indorsed to the purchaser or in blank by an effective indorsement; or

b. the certificate is registered in the name of the purchaser, upon original issue or registration of transfer by the issuer.

3. A purchaser has "control" of an uncertificated security if:

a. the uncertificated security is delivered to the purchaser; or

b. the issuer has agreed that it will comply with instructions originated by the purchaser without further consent by the registered owner.

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4. A purchaser has "control" of a security entitlement if:

a. the purchaser becomes the entitlement holder;

b. the securities intermediary has agreed that it will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; or

c. another person, other than the transferor to the purchaser of an interest in the security entitlement:

(1) has control of the security entitlement and acknowledges that it has control on behalf of the purchaser; or

(2) obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

5. If an interest in a security entitlement is granted by the entitlement holder to the entitlement holder's own securities intermediary, the securities intermediary has control.

6. A purchaser who has satisfied the requirements of subsection 3 or 4 has control, even if the registered owner in the case of subsection 3, or the entitlement holder in the case of subsection 4, retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

7. An issuer or a securities intermediary may not enter into an agreement of the kind described in subsection 3, paragraph *"b"*, or subsection 4, paragraph *"b"*, without the consent of the registered owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

8. A person that has control under this section is not required to acknowledge that it has control on behalf of a purchaser.

9. If a person acknowledges that it has or will obtain control on behalf of a purchaser, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the purchaser and is not required to confirm the acknowledgment to any other person.

[C66, 71, 73, 75, 77, 79, 81, §554.8106]

89 Acts, ch 113, §5; 96 Acts, ch 1138, §14, 84; 2000 Acts, ch 1149, §150, 187; 2002 Acts, ch 1119, §87; 2024 Acts, ch 1023, §34, 35

Referred to in §554.8102, 554.8107, 554.8510, 554.9106, 554.9208, 554.9328

554.8107 Whether indorsement, instruction, or entitlement order is effective.

1. *"Appropriate person"* means:

a. with respect to an indorsement, the person specified by a security certificate or by an effective special indorsement to be entitled to the security;

b. with respect to an instruction, the registered owner of an uncertificated security;

c. with respect to an entitlement order, the entitlement holder;

d. if the person designated in paragraph *"a"*, *"b"*, or *"c"* is deceased, the designated person's successor taking under other law or the designated person's personal representative acting for the estate of the decedent; or

e. if the person designated in paragraph *"a"*, *"b"*, or *"c"* lacks capacity, the designated person's guardian, conservator, or other similar representative who has power under other law to transfer the security or financial asset.

2. An indorsement, instruction, or entitlement order is effective if:

a. it is made by the appropriate person;

b. it is made by a person who has power under the law of agency to transfer the security or financial asset on behalf of the appropriate person, including, in the case of an instruction or entitlement order, a person who has control under section 554.8106, subsection 3, paragraph *"b"*, or subsection 4, paragraph *"b"*; or

c. the appropriate person has ratified it or is otherwise precluded from asserting its ineffectiveness.

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3. An indorsement, instruction, or entitlement order made by a representative is effective even if:

a. the representative has failed to comply with a controlling instrument or with the law of the state having jurisdiction of the representative relationship, including any law requiring the representative to obtain court approval of the transaction; or

b. the representative's action in making the indorsement, instruction, or entitlement order or using the proceeds of the transaction is otherwise a breach of duty.

4. If a security is registered in the name of or specially indorsed to a person described as a representative, or if a securities account is maintained in the name of a person described as a representative, an indorsement, instruction, or entitlement order made by the person is effective even though the person is no longer serving in the described capacity.

5. Effectiveness of an indorsement, instruction, or entitlement order is determined as of the date the indorsement, instruction, or entitlement order is made, and an indorsement, instruction, or entitlement order does not become ineffective by reason of any later change of circumstances.

[C66, 71, 73, 75, 77, 79, 81, §554.8107]

89 Acts, ch 113, §6; 96 Acts, ch 1138, §15, 84

Referred to in §554.8102, 554.8402

554.8108 Warranties in direct holding.

1. A person who transfers a certificated security to a purchaser for value warrants to the purchaser, and an indorser, if the transfer is by indorsement, warrants to any subsequent purchaser, that:

a. the certificate is genuine and has not been materially altered;

b. the transferor or indorser does not know of any fact that might impair the validity of the security;

c. there is no adverse claim to the security;

d. the transfer does not violate any restriction on transfer;

e. if the transfer is by indorsement, the indorsement is made by an appropriate person, or if the indorsement is by an agent, the agent has actual authority to act on behalf of the appropriate person; and

f. the transfer is otherwise effective and rightful.

2. A person who originates an instruction for registration of transfer of an uncertificated security to a purchaser for value warrants to the purchaser that:

a. the instruction is made by an appropriate person, or if the instruction is by an agent, the agent has actual authority to act on behalf of the appropriate person;

b. the security is valid;

c. there is no adverse claim to the security; and

d. at the time the instruction is presented to the issuer:

(1) the purchaser will be entitled to the registration of transfer;

(2) the transfer will be registered by the issuer free from all liens, security interests, restrictions, and claims other than those specified in the instruction;

(3) the transfer will not violate any restriction on transfer; and

(4) the requested transfer will otherwise be effective and rightful.

3. A person who transfers an uncertificated security to a purchaser for value and does not originate an instruction in connection with the transfer warrants that:

a. the uncertificated security is valid;

b. there is no adverse claim to the security;

c. the transfer does not violate any restriction on transfer; and

d. the transfer is otherwise effective and rightful.

4. A person who indorses a security certificate warrants to the issuer that:

a. there is no adverse claim to the security; and

b. the indorsement is effective.

5. A person who originates an instruction for registration of transfer of an uncertificated security warrants to the issuer that:

a. the instruction is effective; and

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b. at the time the instruction is presented to the issuer the purchaser will be entitled to the registration of transfer.

6. A person who presents a certificated security for registration of transfer or for payment or exchange warrants to the issuer that the person is entitled to the registration, payment, or exchange, but a purchaser for value and without notice of adverse claims to whom transfer is registered warrants only that the person has no knowledge of any unauthorized signature in a necessary indorsement.

7. If a person acts as agent of another in delivering a certificated security to a purchaser, the identity of the principal was known to the person to whom the certificate was delivered, and the certificate delivered by the agent was received by the agent from the principal or received by the agent from another person at the direction of the principal, the person delivering the security certificate warrants only that the delivering person has authority to act for the principal and does not know of any adverse claim to the certificated security.

8. A secured party who redelivers a security certificate received, or after payment and on order of the debtor delivers the security certificate to another person, makes only the warranties of an agent under subsection 7.

9. Except as otherwise provided in subsection 7, a broker acting for a customer makes to the issuer and a purchaser the warranties provided in subsections 1 through 6. A broker that delivers a security certificate to its customer, or causes its customer to be registered as the owner of an uncertificated security, makes to the customer the warranties provided in subsection 1 or 2, and has the rights and privileges of a purchaser under this section. The warranties of and in favor of the broker acting as an agent are in addition to applicable warranties given by and in favor of the customer.

89 Acts, ch 113, §7; 96 Acts, ch 1138, §16, 84
Referred to in §554.8109, 554.8304, 554.8305

554.8109 Warranties in indirect holding.

1. A person who originates an entitlement order to a securities intermediary warrants to the securities intermediary that:

a. the entitlement order is made by an appropriate person, or if the entitlement order is by an agent, the agent has actual authority to act on behalf of the appropriate person; and

b. there is no adverse claim to the security entitlement.

2. A person who delivers a security certificate to a securities intermediary for credit to a securities account or originates an instruction with respect to an uncertificated security directing that the uncertificated security be credited to a securities account makes to the securities intermediary the warranties specified in section 554.8108, subsection 1 or 2.

3. If a securities intermediary delivers a security certificate to its entitlement holder or causes its entitlement holder to be registered as the owner of an uncertificated security, the securities intermediary makes to the entitlement holder the warranties specified in section 554.8108, subsection 1 or 2.

96 Acts, ch 1138, §17, 84

554.8110 Applicability — choice of law.

1. The local law of the issuer's jurisdiction, as specified in subsection 4, governs:

a. the validity of a security;

b. the rights and duties of the issuer with respect to registration of transfer;

c. the effectiveness of registration of transfer by the issuer;

d. whether the issuer owes any duties to an adverse claimant to a security; and

e. whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.

2. The local law of the securities intermediary's jurisdiction, as specified in subsection 5, governs:

a. acquisition of a security entitlement from the securities intermediary;

b. the rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;

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c. whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and

d. whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a security entitlement or interest therein from an entitlement holder.

3. The local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the security certificate is delivered.

4. *"Issuer's jurisdiction"* means the jurisdiction under which the issuer of the security is organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction specified by the issuer. An issuer organized under the law of this state may specify the law of another jurisdiction as the law governing the matters specified in subsection 1, paragraphs *"b"* through *"e"*.

5. The following rules determine a "securities intermediary's jurisdiction" for purposes of this section:

a. if an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that a particular jurisdiction is the securities intermediary's jurisdiction for purposes of this part, this Article, or 2000 Iowa Acts, ch. 1149, that jurisdiction is the securities intermediary's jurisdiction.

b. if paragraph *"a"* does not apply and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

c. if neither paragraph *"a"* nor paragraph *"b"* applies and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

d. if none of the preceding paragraphs applies, the securities intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the entitlement holder's account is located.

e. if none of the preceding paragraphs applies, the securities intermediary's jurisdiction is the jurisdiction in which the chief executive office of the securities intermediary is located.

6. A securities intermediary's jurisdiction is not determined by the physical location of certificates representing financial assets, or by the jurisdiction in which is organized the issuer of the financial asset with respect to which an entitlement holder has a security entitlement, or by the location of facilities for data processing or other record keeping concerning the account.

7. The local law of the issuer's jurisdiction or the securities intermediary's jurisdiction governs a matter or transaction specified in subsection 1 or 2 even if the matter or transaction does not bear any relation to the jurisdiction.

96 Acts, ch 1138, §18, 84; 2000 Acts, ch 1149, §151, 187; 2015 Acts, ch 30, §174; 2024 Acts, ch 1023, §36

Referred to in §554.1301, 554.9305

554.8111 Clearing corporation rules.

A rule adopted by a clearing corporation governing rights and obligations among the clearing corporation and its participants in the clearing corporation is effective even if the rule conflicts with this chapter and affects another party who does not consent to the rule.

96 Acts, ch 1138, §19, 84; 97 Acts, ch 23, §70

554.8112 Creditor's legal process.

1. The interest of a debtor in a certificated security may be reached by a creditor only by actual seizure of the security certificate by the officer making the attachment or levy, except as otherwise provided in subsection 4. However, a certificated security for which the certificate has been surrendered to the issuer may be reached by a creditor by legal process upon the issuer.

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2. The interest of a debtor in an uncertificated security may be reached by a creditor only by legal process upon the issuer at its chief executive office in the United States, except as otherwise provided in subsection 4.

3. The interest of a debtor in a security entitlement may be reached by a creditor only by legal process upon the securities intermediary with whom the debtor's securities account is maintained, except as otherwise provided in subsection 4.

4. The interest of a debtor in a certificated security for which the certificate is in the possession of a secured party, or in an uncertificated security registered in the name of a secured party, or a security entitlement maintained in the name of a secured party, may be reached by a creditor by legal process upon the secured party.

5. A creditor whose debtor is the owner of a certificated security, uncertificated security, or security entitlement is entitled to aid from a court of competent jurisdiction, by injunction or otherwise, in reaching the certificated security, uncertificated security, or security entitlement or in satisfying the claim by means allowed at law or in equity in regard to property that cannot readily be reached by other legal process.

96 Acts, ch 1138, §20, 84

554.8113 Statute of frauds inapplicable.

A contract or modification of a contract for the sale or purchase of a security is enforceable whether or not there is a writing signed or record authenticated by a party against whom enforcement is sought, even if the contract or modification is not capable of performance within one year of its making.

96 Acts, ch 1138, §21, 84

554.8114 Evidentiary rules concerning certificated securities.

The following rules apply in an action on a certificated security against the issuer:

1. Unless specifically denied in the pleadings, each signature on a security certificate or in a necessary indorsement is admitted.

2. If the effectiveness of a signature is put in issue, the burden of establishing effectiveness is on the party claiming under the signature, but the signature is presumed to be genuine or authorized.

3. If signatures on a security certificate are admitted or established, production of the certificate entitles a holder to recover on it unless the defendant establishes a defense or a defect going to the validity of the security.

4. If it is shown that a defense or defect exists, the plaintiff has the burden of establishing that the plaintiff or some person under whom the plaintiff claims is a person against whom the defense or defect cannot be asserted.

96 Acts, ch 1138, §22, 84

554.8115 Securities intermediary and others not liable to adverse claimant.

A securities intermediary that has transferred a financial asset pursuant to an effective entitlement order, or a broker or other agent or bailee that has dealt with a financial asset at the direction of its customer or principal, is not liable to a person having an adverse claim to the financial asset, unless the securities intermediary, or broker or other agent or bailee:

1. took the action after it had been served with an injunction, restraining order, or other legal process enjoining it from doing so, issued by a court of competent jurisdiction, and had a reasonable opportunity to act on the injunction, restraining order, or other legal process; or

2. acted in collusion with the wrongdoer in violating the rights of the adverse claimant; or

3. in the case of a security certificate that has been stolen, acted with notice of the adverse claim.

96 Acts, ch 1138, §23, 84

554.8116 Securities intermediary as purchaser for value.

A securities intermediary that receives a financial asset and establishes a security entitlement to the financial asset in favor of an entitlement holder is a purchaser for value of the financial asset. A securities intermediary that acquires a security entitlement to a

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financial asset from another securities intermediary acquires the security entitlement for value if the securities intermediary acquiring the security entitlement establishes a security entitlement to the financial asset in favor of an entitlement holder.

96 Acts, ch 1219, §30, 40

PART 2

ISSUE AND ISSUER

554.8201 Issuer.

1. With respect to an obligation on or a defense to a security, an *"issuer"* includes a person that:

a. places or authorizes the placing of its name on a security certificate, other than as authenticating trustee, registrar, transfer agent, or the like, to evidence a share, participation, or other interest in its property or in an enterprise, or to evidence its duty to perform an obligation represented by the certificate;

b. creates a share, participation, or other interest in its property or in an enterprise, or undertakes an obligation, that is an uncertificated security;

c. directly or indirectly creates a fractional interest in its rights or property, if the fractional interest is represented by a security certificate; or

d. becomes responsible for, or in place of, another person described as an issuer in this section.

2. With respect to an obligation on or defense to a security, a guarantor is an issuer to the extent of its guaranty, whether or not its obligation is noted on a security certificate.

3. With respect to a registration of a transfer, issuer means a person on whose behalf transfer books are maintained.

[S13, §3060-a29, -a60, -a61, -a62; C24, 27, 31, 35, 39, §**9489, 9520 – 9522;** C46, 50, 54, 58, 62, §541.29, 541.60 – 541.62; C66, 71, 73, 75, 77, 79, 81, §554.8201]

89 Acts, ch 113, §8; 96 Acts, ch 1138, §24, 84

Referred to in §515.35, 518.14, 518A.12, 554.8102, 554.9102

554.8202 Issuer's responsibility and defenses — notice of defect or defense.

1. Even against a purchaser for value and without notice, the terms of a certificated security include terms stated on the certificate and terms made part of the security by reference on the certificate to another instrument, indenture, or document or to a constitution, statute, ordinance, rule, regulation, order, or the like, to the extent the terms referred to do not conflict with terms stated on the certificate. A reference under this subsection does not of itself charge a purchaser for value with notice of a defect going to the validity of the security, even if the certificate expressly states that a person accepting it admits notice. The terms of an uncertificated security include those stated in any instrument, indenture, or document or in a constitution, statute, ordinance, rule, regulation, order, or the like, pursuant to which the security is issued.

2. The following rules apply if an issuer asserts that a security is not valid:

a. A security other than one issued by a government or governmental subdivision, agency, or instrumentality, even though issued with a defect going to its validity, is valid in the hands of a purchaser for value and without notice of the particular defect unless the defect involves a violation of a constitutional provision. In that case, the security is valid in the hands of a purchaser for value and without notice of the defect, other than one who takes by original issue.

b. Paragraph *"a"* applies to an issuer that is a government or governmental subdivision, agency, or instrumentality only if there has been substantial compliance with the legal requirements governing the issue or the issuer has received a substantial consideration for the issue as a whole or for the particular security and a stated purpose of the issue is one for which the issuer has power to borrow money or issue the security.

3. Except as otherwise provided in section 554.8205, lack of genuineness of a certificated security is a complete defense, even against a purchaser for value and without notice.

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4. All other defenses of the issuer of a security, including nondelivery and conditional delivery of a certificated security, are ineffective against a purchaser for value who has taken the certificated security without notice of the particular defense.

5. This section does not affect the right of a party to cancel a contract for a security "when, as and if issued" or "when distributed" in the event of a material change in the character of the security that is the subject of the contract or in the plan or arrangement pursuant to which the security is to be issued or distributed.

6. If a security is held by a securities intermediary against whom an entitlement holder has a security entitlement with respect to the security, the issuer may not assert any defense that the issuer could not assert if the entitlement holder held the security directly.

[S13, §3060-a16, -a23, -a28, -a56, -a57, -a60, -a61, -a62; C24, 27, 31, 35, 39, §**9476, 9483, 9488, 9516, 9517, 9520 – 9522;** C46, 50, 54, 58, 62, §541.16, 541.23, 541.28, 541.56, 541.57, 541.60 – 541.62; C66, 71, 73, 75, 77, 79, 81, §554.8202]

89 Acts, ch 113, §9; 96 Acts, ch 1138, §25, 84

554.8203 Staleness as notice of defect or defense.

After an act or event, other than a call that has been revoked, creating a right to immediate performance of the principal obligation represented by a certificated security or setting a date on or after which the security is to be presented or surrendered for redemption or exchange, a purchaser is charged with notice of any defect in its issue or defense of the issuer, if the act or event:

1. requires the payment of money, the delivery of a certificated security, the registration of transfer of an uncertificated security, or any of them on presentation or surrender of the security certificate, the money or security is available on the date set for payment or exchange, and the purchaser takes the security more than one year after that date; or

2. is not covered by subsection 1 and the purchaser takes the security more than two years after the date set for surrender or presentation or the date on which performance became due.

[S13, §3060, -a52, -a53; C24, 27, 31, 35, 39, §**9512, 9513;** C46, 50, 54, 58, 62, §541.52, 541.53; C66, 71, 73, 75, 77, 79, 81, §554.8203]

89 Acts, ch 113, §10; 96 Acts, ch 1138, §26, 84

554.8204 Effect of issuer's restriction on transfer.

A restriction on transfer of a security imposed by the issuer, even if otherwise lawful, is ineffective against a person without knowledge of the restriction unless:

1. the security is certificated and the restriction is noted conspicuously on the security certificate; or

2. the security is uncertificated and the registered owner has been notified of the restriction.

[C50, 54, 58, 62, §493A.15; C66, 71, 73, 75, 77, 79, 81, §554.8204]

89 Acts, ch 113, §11; 96 Acts, ch 1138, §27, 84

Referred to in §554.8401

554.8205 Effect of unauthorized signature on security certificate.

An unauthorized signature placed on a security certificate before or in the course of issue is ineffective, but the signature is effective in favor of a purchaser for value of the certificated security if the purchaser is without notice of the lack of authority and the signing has been done by:

1. an authenticating trustee, registrar, transfer agent, or other person entrusted by the issuer with the signing of the security certificate or of similar security certificates, or the immediate preparation for signing of any of them; or

2. an employee of the issuer, or of any of the persons listed in subsection 1, entrusted with responsible handling of the security certificate.

[S13, §3060-a23; C24, 27, 31, 35, 39, §**9483;** C46, 50, 54, 58, 62, §541.23; C66, 71, 73, 75, 77, 79, 81, §554.8205]

89 Acts, ch 113, §12; 96 Acts, ch 1138, §28, 84; 97 Acts, ch 23, §71

Referred to in §554.8202

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554.8206 Completion or alteration of security certificate.

1. If a security certificate contains the signatures necessary to its issue or transfer but is incomplete in any other respect:

a. any person may complete it by filling in the blanks as authorized; and

b. even if the blanks are incorrectly filled in, the security certificate as completed is enforceable by a purchaser who took it for value and without notice of the incorrectness.

2. A complete security certificate that has been improperly altered, even if fraudulently, remains enforceable, but only according to its original terms.

[S13, §3060-a14, -a15, -a124; C24, 27, 31, 35, 39, §**9474, 9475, 9585;** C46, §541.14, 541.15, 541.25; C50, 54, 58, 62, §493A.16, 541.14, 541.15, 541.125; C66, 71, 73, 75, 77, 79, 81, §554.8206]

89 Acts, ch 113, §13; 96 Acts, ch 1138, §29, 84

554.8207 Rights and duties of issuer with respect to registered owners.

1. Before due presentment for registration of transfer of a certificated security in registered form, or of an instruction requesting registration of transfer of an uncertificated security, the issuer or indenture trustee may treat the registered owner as the person exclusively entitled to vote, receive notifications, and otherwise exercise all the rights and powers of an owner.

2. This Article does not affect the liability of the registered owner of a security for a call, assessment, or the like.

[C50, 54, 58, 62, §493A.3, 493A.21; C66, 71, 73, 75, 77, 79, 81, §554.8207]

89 Acts, ch 113, §14; 96 Acts, ch 1138, §30, 84

554.8208 Effect of signature of authenticating trustee, registrar, or transfer agent.

1. A person signing a security certificate, as authenticating trustee, registrar, transfer agent, or the like, warrants to a purchaser for value of the certificated security, if the purchaser is without notice of a particular defect, that:

a. the certificate is genuine;

b. the person's own participation in the issue of the security is within the person's capacity and within the scope of the authority received by the person from the issuer; and

c. the person has reasonable grounds to believe that the certificated security is in the form and within the amount the issuer is authorized to issue.

2. Unless otherwise agreed, a person signing under subsection 1 does not assume responsibility for the validity of the security in other respects.

[C66, 71, 73, 75, 77, 79, 81, §554.8208]

89 Acts, ch 113, §15; 96 Acts, ch 1138, §31, 84

554.8209 Issuer's lien.

A lien in favor of an issuer upon a certificated security is valid against a purchaser only if the right of the issuer to the lien is noted conspicuously on the security certificate.

96 Acts, ch 1138, §32, 84

554.8210 Overissue.

1. In this section, *"overissue"* means the issue of securities in excess of the amount the issuer has corporate power to issue, but an overissue does not occur if appropriate action has cured the overissue.

2. Except as otherwise provided in subsections 3 and 4, the provisions of this Article which validate a security or compel its issue or reissue do not apply to the extent that validation, issue, or reissue would result in overissue.

3. If an identical security not constituting an overissue is reasonably available for purchase, a person entitled to issue or validation may compel the issuer to purchase the security and deliver it if certificated or register its transfer if uncertificated, against surrender of any security certificate the person holds.

4. If a security is not reasonably available for purchase, a person entitled to issue or

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validation may recover from the issuer the price the person or the last purchaser for value paid for it with interest from the date of the person's demand.

96 Acts, ch 1138, §33, 84
Referred to in §554.8102, 554.8404, 554.8405

PART 3

TRANSFER OF CERTIFICATED AND UNCERTIFICATED SECURITIES

554.8301 Delivery.

1. Delivery of a certificated security to a purchaser occurs when:

a. the purchaser acquires possession of the security certificate;

b. another person, other than a securities intermediary, either acquires possession of the security certificate on behalf of the purchaser or, having previously acquired possession of the certificate, acknowledges that it holds for the purchaser; or

c. a securities intermediary acting on behalf of the purchaser acquires possession of the security certificate, only if the certificate is in registered form and is registered in the name of the purchaser, payable to the order of the purchaser, or specially indorsed to the purchaser by an effective indorsement and has not been indorsed to the securities intermediary or in blank.

2. Delivery of an uncertificated security to a purchaser occurs when:

a. the issuer registers the purchaser as the registered owner, upon original issue or registration of transfer; or

b. another person, other than a securities intermediary, either becomes the registered owner of the uncertificated security on behalf of the purchaser or, having previously become the registered owner, acknowledges that it holds for the purchaser.

[S13, §3060-a52, -a57, -a58, -a59; C24, 27, 31, 35, 39, §**9512, 9517 – 9519;** C46, §541.52, 541.57 – 541.59; C50, 54, 58, 62, §493A.4, 493A.7, 541.52, 541.57 – 541.59; C66, 71, 73, 75, 77, 79, 81, §554.8301]

89 Acts, ch 113, §16; 96 Acts, ch 1138, §34, 84; 2000 Acts, ch 1149, §152, 187; 2013 Acts, ch 30, §261
Referred to in §554.8102, 554.8104, 554.9203, 554.9313

554.8302 Rights of purchaser.

1. Except as otherwise provided in subsections 2 and 3, a purchaser of a certificated or uncertificated security acquires all rights in the security that the transferor had or had power to transfer.

2. A purchaser of a limited interest acquires rights only to the extent of the interest purchased.

3. A purchaser of a certificated security who as a previous holder had notice of an adverse claim does not improve its position by taking from a protected purchaser.

[S13, §3060-a52; C24, 27, 31, 35, 39, §**9512;** C46, 50, 54, 58, 62, §541.52; C66, 71, 73, 75, 77, 79, 81, §554.8302]

89 Acts, ch 113, §17; 96 Acts, ch 1138, §35, 84; 2000 Acts, ch 1149, §153, 187

554.8303 Protected purchaser.

1. *"Protected purchaser"* means a purchaser of a certificated or uncertificated security, or of an interest therein, who:

a. gives value;

b. does not have notice of any adverse claim to the security; and

c. obtains control of the certificated or uncertificated security.

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2. In addition to acquiring the rights of a purchaser, a protected purchaser also acquires its interest in the security free of any adverse claim.

[C66, 71, 73, 75, 77, 79, 81, §554.8303]

89 Acts, ch 113, §18; 96 Acts, ch 1138, §36, 84

Referred to in §554.8102, 554.9102

554.8304 Indorsement.

1. An indorsement may be in blank or special. An indorsement in blank includes an indorsement to bearer. A special indorsement specifies to whom a security is to be transferred or who has power to transfer it. A holder may convert a blank indorsement to a special indorsement.

2. An indorsement purporting to be only of part of a security certificate representing units intended by the issuer to be separately transferable is effective to the extent of the indorsement.

3. An indorsement, whether special or in blank, does not constitute a transfer until delivery of the certificate on which it appears or, if the indorsement is on a separate document, until delivery of both the document and the certificate.

4. If a security certificate in registered form has been delivered to a purchaser without a necessary indorsement, the purchaser may become a protected purchaser only when the indorsement is supplied. However, against a transferor, a transfer is complete upon delivery and the purchaser has a specifically enforceable right to have any necessary indorsement supplied.

5. An indorsement of a security certificate in bearer form may give notice of an adverse claim to the certificate, but it does not otherwise affect a right to registration that the holder possesses.

6. Unless otherwise agreed, a person making an indorsement assumes only the obligations provided in section 554.8108 and not an obligation that the security will be honored by the issuer.

[S13, §3060-a37, -a56; C24, 27, 31, 35, 39, §**9497, 9516;** C46, §541.37, 541.56; C50, 54, 58, 62, §493A.8, 541.37, 541.56; C66, 71, 73, 75, 77, 79, 81, §554.8304]

89 Acts, ch 113, §19; 96 Acts, ch 1138, §37, 84

554.8305 Instruction.

1. If an instruction has been originated by an appropriate person but is incomplete in any other respect, any person may complete it as authorized and the issuer may rely on it as completed, even though it has been completed incorrectly.

2. Unless otherwise agreed, a person initiating an instruction assumes only the obligations imposed by section 554.8108 and not an obligation that the security will be honored by the issuer.

[S13, §3060-a52, -a53; C24, 27, 31, 35, 39, §**9512, 9513;** C46, 50, 54, 58, 62, §541.52, 541.53; C66, 71, 73, 75, 77, 79, 81, §554.8305]

89 Acts, ch 113, §20; 96 Acts, ch 1138, §38, 84

554.8306 Effect of guaranteeing signature, indorsement, or instruction.

1. A person who guarantees a signature of an indorser of a security certificate warrants that at the time of signing:

a. the signature was genuine;

b. the signer was an appropriate person to indorse, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person; and

c. the signer had legal capacity to sign.

2. A person who guarantees a signature of the originator of an instruction warrants that at the time of signing:

a. the signature was genuine;

b. the signer was an appropriate person to originate the instruction, or if the signature is by an agent, the agent had actual authority to act on behalf of the appropriate person, if the

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person specified in the instruction as the registered owner was, in fact, the registered owner, as to which fact the signature guarantor does not make a warranty; and

c. the signer had legal capacity to sign.

3. A person who specially guarantees the signature of an originator of an instruction makes the warranties of a signature guarantor under subsection 2 and also warrants that at the time the instruction is presented to the issuer:

a. the person specified in the instruction as the registered owner of the uncertificated security will be the registered owner; and

b. the transfer of the uncertificated security requested in the instruction will be registered by the issuer free from all liens, security interests, restrictions, and claims other than those specified in the instruction.

4. A guarantor under subsections 1 and 2 or a special guarantor under subsection 3 does not otherwise warrant the rightfulness of the transfer.

5. A person who guarantees an indorsement of a security certificate makes the warranties of a signature guarantor under subsection 1 and also warrants the rightfulness of the transfer in all respects.

6. A person who guarantees an instruction requesting the transfer of an uncertificated security makes the warranties of a special signature guarantor under subsection 3 and also warrants the rightfulness of the transfer in all respects.

7. An issuer may not require a special guaranty of signature, a guaranty of indorsement, or a guaranty of instruction as a condition to registration of transfer.

8. The warranties under this section are made to a person taking or dealing with the security in reliance on the guaranty, and the guarantor is liable to the person for loss resulting from their breach. An indorser or originator of an instruction whose signature, indorsement, or instruction has been guaranteed is liable to a guarantor for any loss suffered by the guarantor as a result of breach of the warranties of the guarantor.

[S13, §3060-a65, -a66, -a67, -a69; C24, 27, 31, 35, 39, §**9525 – 9527, 9529;** C46, §541.65 – 541.67, 541.69; C50, 54, 58, 62, §493A.6, 493A.11, 493A.12, 541.65 – 541.67, 541.69; C66, 71, 73, 75, 77, 79, 81, §554.8306]

89 Acts, ch 113, §21; 96 Acts, ch 1138, §39, 84

554.8307 Purchaser's right to requisites for registration of transfer.

Unless otherwise agreed, the transferor of a security on due demand shall supply the purchaser with proof of authority to transfer or with any other requisite necessary to obtain registration of the transfer of the security, but if the transfer is not for value, a transferor need not comply unless the purchaser pays the necessary expenses. If the transferor fails within a reasonable time to comply with the demand, the purchaser may reject or rescind the transfer.

[S13, §3060-a49; C24, 27, 31, 35, 39, §**9509;** C46, §541.49; C50, 54, 58, 62, §493A.9, 541.49; C66, 71, 73, 75, 77, 79, 81, §554.8307]

89 Acts, ch 113, §22; 96 Acts, ch 1138, §40, 84

554.8308 through 554.8321 Repealed by 96 Acts, ch 1138, §81, 84.

PART 4

REGISTRATION

554.8401 Duty of issuer to register transfer.

1. If a certificated security in registered form is presented to an issuer with a request to register transfer or an instruction is presented to an issuer with a request to register transfer of an uncertificated security, the issuer shall register the transfer as requested if:

a. under the terms of the security the person seeking registration of transfer is eligible to have the security registered in its name;

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b. the indorsement or instruction is made by the appropriate person or by an agent who has actual authority to act on behalf of the appropriate person;

c. reasonable assurance is given that the indorsement or instruction is genuine and authorized (section 554.8402);

d. any applicable law relating to the collection of taxes has been complied with;

e. the transfer does not violate any restriction on transfer imposed by the issuer in accordance with section 554.8204;

f. a demand that the issuer not register transfer has not become effective under section 554.8403, or the issuer has complied with section 554.8403, subsection 2, but no legal process or indemnity bond is obtained as provided in section 554.8403, subsection 4; and

g. the transfer is in fact rightful or is to a protected purchaser.

2. If an issuer is under a duty to register a transfer of a security, the issuer is liable to a person presenting a certificated security or an instruction for registration or to the person's principal for loss resulting from unreasonable delay in registration or failure or refusal to register the transfer.

[C66, 71, 73, 75, 77, 79, 81, §554.8401]

89 Acts, ch 113, §37; 96 Acts, ch 1138, §41, 84; 97 Acts, ch 23, §72

554.8402 Assurance that indorsement or instruction is effective.

1. An issuer may require the following assurance that each necessary indorsement or each instruction is genuine and authorized:

a. in all cases, a guaranty of the signature of the person making an indorsement or originating an instruction including, in the case of an instruction, reasonable assurance of identity;

b. if the indorsement is made or the instruction is originated by an agent, appropriate assurance of actual authority to sign;

c. if the indorsement is made or the instruction is originated by a fiduciary pursuant to section 554.8107, subsection 1, paragraph "*d*" or "*e*", appropriate evidence of appointment or incumbency;

d. if there is more than one fiduciary, reasonable assurance that all who are required to sign have done so; and

e. if the indorsement is made or the instruction is originated by a person not covered by another provision of this subsection, assurance appropriate to the case corresponding as nearly as may be to the provisions of this subsection.

2. An issuer may elect to require reasonable assurance beyond that specified in this section.

3. In this section:

a. "Guaranty of the signature" means a guaranty signed by or on behalf of a person reasonably believed by the issuer to be responsible. An issuer may adopt standards with respect to responsibility if they are not manifestly unreasonable.

b. "Appropriate evidence of appointment or incumbency" means:

(1) in the case of a fiduciary appointed or qualified by a court, a certificate issued by or under the direction or supervision of the court or an officer thereof and dated within sixty days before the date of presentation for transfer; or

(2) in any other case, a copy of a document showing the appointment or a certificate issued by or on behalf of a person reasonably believed by an issuer to be responsible or, in the absence of that document or certificate, other evidence the issuer reasonably considers appropriate.

[C66, 71, 73, 75, 77, 79, 81, §554.8402]

86 Acts, ch 1047, §1; 89 Acts, ch 113, §38; 96 Acts, ch 1138, §42, 84

Referred to in §554.8401

554.8403 Demand that issuer not register transfer.

1. A person who is an appropriate person to make an indorsement or originate an instruction may demand that the issuer not register transfer of a security by communicating to the issuer a notification that identifies the registered owner and the issue of which the

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security is a part and provides an address for communications directed to the person making the demand. The demand is effective only if it is received by the issuer at a time and in a manner affording the issuer reasonable opportunity to act on it.

2. If a certificated security in registered form is presented to an issuer with a request to register transfer or an instruction is presented to an issuer with a request to register transfer of an uncertificated security after a demand that the issuer not register transfer has become effective, the issuer shall promptly communicate to the person who initiated the demand at the address provided in the demand and the person who presented the security for registration of transfer or initiated the instruction requesting registration of transfer a notification stating that:

a. the certificated security has been presented for registration of transfer or the instruction for registration of transfer of the uncertificated security has been received;

b. a demand that the issuer not register transfer had previously been received; and

c. the issuer will withhold registration of transfer for a period of time stated in the notification in order to provide the person who initiated the demand an opportunity to obtain legal process or an indemnity bond.

3. The period described in subsection 2, paragraph "*c*", may not exceed thirty days after the date of communication of the notification. A shorter period may be specified by the issuer if it is not manifestly unreasonable.

4. An issuer is not liable to a person who initiated a demand that the issuer not register transfer for any loss the person suffers as a result of registration of a transfer pursuant to an effective indorsement or instruction if the person who initiated the demand does not, within the time stated in the issuer's communication, either:

a. obtain an appropriate restraining order, injunction, or other process from a court of competent jurisdiction enjoining the issuer from registering the transfer; or

b. file with the issuer an indemnity bond, sufficient in the issuer's judgment to protect the issuer and any transfer agent, registrar, or other agent of the issuer involved from any loss it or they may suffer by refusing to register the transfer.

5. This section does not relieve an issuer from liability for registering transfer pursuant to an indorsement or instruction that was not effective.

[C66, 71, 73, 75, 77, 79, 81, §554.8403]

89 Acts, ch 113, §39; 90 Acts, ch 1168, §57; 96 Acts, ch 1138, §43, 84; 2013 Acts, ch 30, §261

Referred to in §554.8401, 554.8404

554.8404 Wrongful registration.

1. Except as otherwise provided in section 554.8406, an issuer is liable for wrongful registration of transfer if the issuer has registered a transfer of a security to a person not entitled to it, and the transfer was registered:

a. pursuant to an ineffective indorsement or instruction;

b. after a demand that the issuer not register transfer became effective under section 554.8403, subsection 1, and the issuer did not comply with section 554.8403, subsection 2;

c. after the issuer had been served with an injunction, restraining order, or other legal process enjoining it from registering the transfer, issued by a court of competent jurisdiction, and the issuer had a reasonable opportunity to act on the injunction, restraining order, or other legal process; or

d. by an issuer acting in collusion with the wrongdoer.

2. An issuer that is liable for wrongful registration of transfer under subsection 1 on demand shall provide the person entitled to the security with a like certificated or uncertificated security, and any payments or distributions that the person did not receive as a result of the wrongful registration. If an overissue would result, the issuer's liability to provide the person with a like security is governed by section 554.8210.

3. Except as otherwise provided in subsection 1 or in a law relating to the collection of taxes, an issuer is not liable to an owner or other person suffering loss as a result of the

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registration of a transfer of a security if registration was made pursuant to an effective indorsement or instruction.

[C66, 71, 73, 75, 77, 79, 81, §554.8404]

89 Acts, ch 113, §40; 96 Acts, ch 1138, §44, 84

Referred to in §554.8406

554.8405 Replacement of lost, destroyed, or wrongfully taken security certificate.

1. If an owner of a certificated security, whether in registered or bearer form, claims that the certificate has been lost, destroyed, or wrongfully taken, the issuer shall issue a new certificate if the owner:

a. so requests before the issuer has notice that the certificate has been acquired by a protected purchaser;

b. files with the issuer a sufficient indemnity bond; and

c. satisfies other reasonable requirements imposed by the issuer.

2. If, after the issue of a new security certificate, a protected purchaser of the original certificate presents it for registration of transfer, the issuer shall register the transfer unless an overissue would result. In that case, the issuer's liability is governed by section 554.8210. In addition to any rights on the indemnity bond, an issuer may recover the new certificate from a person to whom it was issued or any person taking under that person, except a protected purchaser.

[S13, §3060-a199, -a200; C24, 27, 31, 35, 39, §**9659, 9660;** C46, §541.199, 541.200; C50, 54, 58, 62, §493A.17, 541.199; C66, 71, 73, 75, 77, 79, 81, §554.8405]

89 Acts, ch 113, §41; 96 Acts, ch 1138, §45, 84

Referred to in §501A.905, 554.8406, 556.13

554.8406 Obligation to notify issuer of lost, destroyed, or wrongfully taken security certificate.

If a security certificate has been lost, apparently destroyed, or wrongfully taken, and the owner fails to notify the issuer of that fact within a reasonable time after the owner has notice of it and the issuer registers a transfer of the security before receiving notification, the owner may not assert against the issuer a claim for registering the transfer under section 554.8404 or a claim to a new security certificate under section 554.8405.

[C66, 71, 73, 75, 77, 79, 81, §554.8406]

89 Acts, ch 113, §42; 96 Acts, ch 1138, §46, 84

Referred to in §554.8404

554.8407 Authenticating trustee, transfer agent, and registrar.

A person acting as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of a transfer of its securities, in the issue of new security certificates or uncertificated securities, or in the cancellation of surrendered security certificates has the same obligation to the holder or owner of a certificated or uncertificated security with regard to the particular functions performed as the issuer has in regard to those functions.

89 Acts, ch 113, §43; 96 Acts, ch 1138, §47, 84

554.8408 Statements of uncertificated securities. Repealed by 96 Acts, ch 1138, §81, 84.

PART 5

SECURITY ENTITLEMENTS

Referred to in §554.8102, 554.8104

554.8501 Securities account — acquisition of security entitlement from securities intermediary.

1. *"Securities account"* means an account to which a financial asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise the rights that comprise the financial asset.

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2. Except as otherwise provided in subsections 4 and 5, a person acquires a security entitlement if a securities intermediary:

a. indicates by book entry that a financial asset has been credited to the person's securities account;

b. receives a financial asset from the person or acquires a financial asset for the person and, in either case, accepts it for credit to the person's securities account; or

c. becomes obligated under other law, regulation, or rule to credit a financial asset to the person's securities account.

3. If a condition of subsection 2 has been met, a person has a security entitlement even though the securities intermediary does not itself hold the financial asset.

4. If a securities intermediary holds a financial asset for another person, and the financial asset is registered in the name of, payable to the order of, or specially indorsed to the other person, and has not been indorsed to the securities intermediary or in blank, the other person is treated as holding the financial asset directly rather than as having a security entitlement with respect to the financial asset.

5. Issuance of a security is not establishment of a security entitlement.

96 Acts, ch 1138, §48, 84
Referred to in §554.8102, 554.8104, 554.8502, 554.9102

554.8502 Assertion of adverse claim against entitlement holder.

An action based on an adverse claim to a financial asset, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a person who acquires a security entitlement under section 554.8501 for value and without notice of the adverse claim.

96 Acts, ch 1138, §49, 84
Referred to in §554.8510

554.8503 Property interest of entitlement holder in financial asset held by securities intermediary.

1. To the extent necessary for a securities intermediary to satisfy all security entitlements with respect to a particular financial asset, all interests in that financial asset held by the securities intermediary are held by the securities intermediary for the entitlement holders, are not property of the securities intermediary, and are not subject to claims of creditors of the securities intermediary, except as otherwise provided in section 554.8511.

2. An entitlement holder's property interest with respect to a particular financial asset under subsection 1 is a pro rata property interest in all interests in that financial asset held by the securities intermediary, without regard to the time the entitlement holder acquired the security entitlement or the time the securities intermediary acquired the interest in that financial asset.

3. An entitlement holder's property interest with respect to a particular financial asset under subsection 1 may be enforced against the securities intermediary only by exercise of the entitlement holder's rights under sections 554.8505 through 554.8508.

4. *a.* An entitlement holder's property interest with respect to a particular financial asset under subsection 1 may be enforced against a purchaser of the financial asset or interest therein only if:

(1) insolvency proceedings have been initiated by or against the securities intermediary;

(2) the securities intermediary does not have sufficient interests in the financial asset to satisfy the security entitlements of all of its entitlement holders to that financial asset;

(3) the securities intermediary violated its obligations under section 554.8504 by transferring the financial asset or interest therein to the purchaser; and

(4) the purchaser is not protected under subsection 5.

b. The trustee or other liquidator, acting on behalf of all entitlement holders having security entitlements with respect to a particular financial asset, may recover the financial asset, or interest therein, from the purchaser. If the trustee or other liquidator elects not to pursue that right, an entitlement holder whose security entitlement remains unsatisfied has the right to recover its interest in the financial asset from the purchaser.

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5. An action based on the entitlement holder's property interest with respect to a particular financial asset under subsection 1, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against any purchaser of a financial asset or interest therein who gives value, obtains control, and does not act in collusion with the securities intermediary in violating the securities intermediary's obligations under section 554.8504.

96 Acts, ch 1138, §50, 84; 2012 Acts, ch 1023, §157
Referred to in §554.8104

554.8504 Duty of securities intermediary to maintain financial asset.

1. A securities intermediary shall promptly obtain and thereafter maintain a financial asset in a quantity corresponding to the aggregate of all security entitlements it has established in favor of its entitlement holders with respect to that financial asset. The securities intermediary may maintain those financial assets directly or through one or more other securities intermediaries.

2. Except to the extent otherwise agreed by its entitlement holder, a securities intermediary may not grant any security interests in a financial asset it is obligated to maintain pursuant to subsection 1.

3. A securities intermediary satisfies the duty in subsection 1 if:

a. the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or

b. in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to obtain and maintain the financial asset.

4. This section does not apply to a clearing corporation that is itself the obligor of an option or similar obligation to which its entitlement holders have security entitlements.

96 Acts, ch 1138, §51, 84
Referred to in §554.8503, 554.8509

554.8505 Duty of securities intermediary with respect to payments and distributions.

1. A securities intermediary shall take action to obtain a payment or distribution made by the issuer of a financial asset. A securities intermediary satisfies the duty if:

a. the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or

b. in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to attempt to obtain the payment or distribution.

2. A securities intermediary is obligated to its entitlement holder for a payment or distribution made by the issuer of a financial asset if the payment or distribution is received by the securities intermediary.

96 Acts, ch 1138, §52, 84
Referred to in §554.8503, 554.8509

554.8506 Duty of securities intermediary to exercise rights as directed by entitlement holder.

A securities intermediary shall exercise rights with respect to a financial asset if directed to do so by an entitlement holder. A securities intermediary satisfies the duty if:

1. the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or

2. in the absence of agreement, the securities intermediary either places the entitlement holder in a position to exercise the rights directly or exercises due care in accordance with reasonable commercial standards to follow the direction of the entitlement holder.

96 Acts, ch 1138, §53, 84
Referred to in §554.8503, 554.8509

554.8507 Duty of securities intermediary to comply with entitlement order.

1. A securities intermediary shall comply with an entitlement order if the entitlement order is originated by the appropriate person, the securities intermediary has had reasonable

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opportunity to assure itself that the entitlement order is genuine and authorized, and the securities intermediary has had reasonable opportunity to comply with the entitlement order. A securities intermediary satisfies the duty if:

a. the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or

b. in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to comply with the entitlement order.

2. If a securities intermediary transfers a financial asset pursuant to an ineffective entitlement order, the securities intermediary shall reestablish a security entitlement in favor of the person entitled to it, and pay or credit any payments or distributions that the person did not receive as a result of the wrongful transfer. If the securities intermediary does not reestablish a security entitlement, the securities intermediary is liable to the entitlement holder for damages.

96 Acts, ch 1138, §54, 84
Referred to in §554.8503, 554.8509

554.8508 Duty of securities intermediary to change entitlement holder's position to other form of security holding.

A securities intermediary shall act at the direction of an entitlement holder to change a security entitlement into another available form of holding for which the entitlement holder is eligible, or to cause the financial asset to be transferred to a securities account of the entitlement holder with another securities intermediary. A securities intermediary satisfies the duty if:

1. the securities intermediary acts as agreed upon by the entitlement holder and the securities intermediary; or

2. in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to follow the direction of the entitlement holder.

96 Acts, ch 1138, §55, 84
Referred to in §554.8503, 554.8509

554.8509 Specification of duties of securities intermediary by other statute or regulation — manner of performance of duties of securities intermediary and exercise of rights of entitlement holder.

1. If the substance of a duty imposed upon a securities intermediary by sections 554.8504 through 554.8508 is the subject of other statute, regulation, or rule, compliance with that statute, regulation, or rule satisfies the duty.

2. To the extent that specific standards for the performance of the duties of a securities intermediary or the exercise of the rights of an entitlement holder are not specified by other statute, regulation, or rule or by agreement between the securities intermediary and entitlement holder, the securities intermediary shall perform its duties and the entitlement holder shall exercise its rights in a commercially reasonable manner.

3. The obligation of a securities intermediary to perform the duties imposed by sections 554.8504 through 554.8508 is subject to:

a. rights of the securities intermediary arising out of a security interest under a security agreement with the entitlement holder or otherwise; and

b. rights of the securities intermediary under other law, regulation, rule, or agreement to withhold performance of its duties as a result of unfulfilled obligations of the entitlement holder to the securities intermediary.

4. Sections 554.8504 through 554.8508 do not require a securities intermediary to take any action that is prohibited by other statute, regulation, or rule.

96 Acts, ch 1138, §56, 84

554.8510 Rights of purchaser of security entitlement from entitlement holder.

1. In a case not covered by the priority rules in Article 9 or the rules stated in subsection 3, an action based on an adverse claim to a financial asset or security entitlement, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be

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asserted against a person who purchases a security entitlement, or an interest therein, from an entitlement holder if the purchaser gives value, does not have notice of the adverse claim, and obtains control.

2. If an adverse claim could not have been asserted against an entitlement holder under section 554.8502, the adverse claim cannot be asserted against a person who purchases a security entitlement, or an interest therein, from the entitlement holder.

3. In a case not covered by the priority rules in Article 9, a purchaser for value of a security entitlement, or an interest therein, who obtains control has priority over a purchaser of a security entitlement, or an interest therein, who does not obtain control. Except as otherwise provided in subsection 4, purchasers who have control rank according to priority in time of:

a. the purchaser's becoming the person for whom the securities account, in which the security entitlement is carried, is maintained, if the purchaser obtained control under section 554.8106, subsection 4, paragraph *"a"*;

b. the securities intermediary's agreement to comply with the purchaser's entitlement orders with respect to security entitlements carried or to be carried in the securities account in which the security entitlement is carried, if the purchaser obtained control under section 554.8106, subsection 4, paragraph *"b"*;

c. if the purchaser obtained control through another person under section 554.8106, subsection 4, paragraph "*c*", the time on which priority would be based under this subsection if the other person were the secured party; or

4. A securities intermediary as purchaser has priority over a conflicting purchaser who has control unless otherwise agreed by the securities intermediary.

96 Acts, ch 1138, §57, 84; 2000 Acts, ch 1149, §154, 187

554.8511 Priority among security interests and entitlement holders.

1. Except as otherwise provided in subsections 2 and 3, if a securities intermediary does not have sufficient interests in a particular financial asset to satisfy both its obligations to entitlement holders who have security entitlements to that financial asset and its obligation to a creditor of the securities intermediary who has a security interest in that financial asset, the claims of entitlement holders, other than the creditor, have priority over the claim of the creditor.

2. A claim of a creditor of a securities intermediary who has a security interest in a financial asset held by a securities intermediary has priority over claims of the securities intermediary's entitlement holders who have security entitlements with respect to that financial asset if the creditor has control over the financial asset.

3. If a clearing corporation does not have sufficient financial assets to satisfy both its obligations to entitlement holders who have security entitlements with respect to a financial asset and its obligation to a creditor of the clearing corporation who has a security interest in that financial asset, the claim of the creditor has priority over the claims of entitlement holders.

96 Acts, ch 1138, §58, 84

Referred to in §554.8503

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ARTICLE 9

SECURED TRANSACTIONS

Referred to in §173.14B, 321.45, 321.50, 501A.603, 554.1201, 554.2401, 554.2402, 554.2403, 554.2503, 554.3102, 554.3605, 554.4210, 554.5114, 554.5116, 554.5118, 554.7106, 554.7209, 554.8105, 554.8106, 554.8510, 554.13303, 554.13309, 554.14102, 554.14103, 554.14104, 554.14105, 554.15301, 554.15305, 554.15306, 570.1, 570A.3, 570A.4, 571.1B, 571.3, 579A.2, 579B.3, 579B.4, 581.2A, 581.3, 684.8, 714.29, 717.4

For provisions governing different agricultural liens, see chapters 570A, 571, 579A, 579B, 581, and §717.4
For provisions governing a landlord's lien covering farm products, see chapter 570
For provisions granting the department of agriculture and land stewardship a lien attached to assets of a grain dealer, see §203.12A; and a lien attached to assets of a warehouse operator, see §203C.12A

PART 1

GENERAL PROVISIONS

SUBPART A

SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS

554.9101 Short title.

This Article may be cited as Uniform Commercial Code — Secured Transactions.

2000 Acts, ch 1149, §1, 185, 187

554.9102 Definitions and index of definitions.

1. *Article 9 definitions.* In this Article:

a. "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

b. "Account", except as used in *"account for"*, *"account statement"*, *"account to"*, *"commodity account"* in paragraph *"p"*, *"customer's account"*, *"deposit account"* in paragraph *"ag"*, *"on account of"*, and *"statement of account"*, means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of; (ii) for services rendered or to be rendered; (iii) for a policy of insurance issued or to be issued; (iv) for a secondary obligation incurred or to be incurred; (v) for energy provided or to be provided; (vi) for the use or hire of a vessel under a charter or other contract; (vii) arising out of the use of a credit or charge card or information contained on or for use with the card; or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes controllable accounts and health care insurance receivables. The term does not include (i) chattel paper, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card, or (vii) rights to payment evidenced by an instrument.

c. "Account debtor" means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the negotiable instrument evidences chattel paper.

d. "Accounting", except as used in *"accounting for"*, means a record:

(1) signed by a secured party;

(2) indicating the aggregate unpaid secured obligations as of a date not more than thirty-five days earlier or thirty-five days later than the date of the record; and

(3) identifying the components of the obligations in reasonable detail.

e. "Agricultural lien" means an interest, other than a security interest, in farm products:

(1) which secures payment or performance of an obligation for:

(a) goods or services furnished in connection with a debtor's farming operation; or

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(b) rent on real property leased by a debtor in connection with its farming operation;

(2) which is created by statute in favor of a person that:

(a) in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(b) leased real property to a debtor in connection with the debtor's farming operation; and

(3) whose effectiveness does not depend on the person's possession of the personal property.

f. "As-extracted collateral" means:

(1) oil, gas, or other minerals that are subject to a security interest that:

(a) is created by a debtor having an interest in the minerals before extraction; and

(b) attaches to the minerals as extracted; or

(2) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.

g. "Assignee", except as used in *"assignee for benefit of creditors"*, means a person (i) in whose favor a security interest that secures an obligation is created or provided for under a security agreement, whether or not the obligation is outstanding or (ii) to which an account, chattel paper, payment intangible, or promissory note has been sold. The term includes a person to which a security interest has been transferred by a secured party.

h. "Assignor" means a person that (i) under a security agreement creates or provides for a security interest that secures an obligation or (ii) sells an account, chattel paper, payment intangible, or promissory note. The term includes a secured party that has transferred a security interest to another person.

i. Reserved.

j. "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

k. "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

l. "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

m. (1) *"Chattel paper"* means:

(a) a right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; or

(b) a right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if:

(i) the right to payment and lease agreement are evidenced by a record; and

(ii) the predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of the goods.

(2) *"Chattel paper"* does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel or a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

n. "Collateral" means the property subject to a security interest or agricultural lien. The term includes:

(1) proceeds to which a security interest attaches;

(2) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(3) goods that are the subject of a consignment.

o. "*Commercial tort claim"* means a claim arising in tort with respect to which:

(1) the claimant is an organization; or

(2) the claimant is an individual and the claim:

(a) arose in the course of the claimant's business or profession; and

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(b) does not include damages arising out of personal injury to or the death of an individual.

p. "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

q. "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

(1) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

(2) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

r. "Commodity customer" means a person for which a commodity intermediary carries a commodity contract on its books.

s. "Commodity intermediary" means a person that:

(1) is registered as a futures commission merchant under federal commodities law; or

(2) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

t. "Communicate" means:

(1) to send a written or other tangible record;

(2) to transmit a record by any means agreed upon by the persons sending and receiving the record; or

(3) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

u. "Consignee" means a merchant to which goods are delivered in a consignment.

v. "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(1) the merchant:

(a) deals in goods of that kind under a name other than the name of the person making delivery;

(b) is not an auctioneer; and

(c) is not generally known by its creditors to be substantially engaged in selling the goods of others;

(2) with respect to each delivery, the aggregate value of the goods is one thousand dollars or more at the time of delivery;

(3) the goods are not consumer goods immediately before delivery; and

(4) the transaction does not create a security interest that secures an obligation.

w. "Consignor" means a person that delivers goods to a consignee in a consignment.

x. "Consumer debtor" means a debtor in a consumer transaction.

y. "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.

z. "Consumer-goods transaction" means a consumer transaction in which:

(1) an individual incurs an obligation primarily for personal, family, or household purposes; and

(2) a security interest in consumer goods secures the obligation.

aa. "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

ab. "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes; a security interest secures the obligation; and the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

ac. "Continuation statement" means an amendment of a financing statement which:

(1) identifies, by its file number, the initial financing statement to which it relates; and

(2) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

ad. "Controllable account" means an account evidenced by a controllable electronic

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record that provides that the account debtor undertakes to pay the person that has control under section 554.14105 of the controllable electronic record.

ae. "Controllable payment intangible" means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 554.14105 of the controllable electronic record.

af. "Debtor" means:

(1) a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(2) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(3) a consignee.

ag. "Deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

ah. "Document" means a document of title or a receipt of the type described in section 554.7201, subsection 2.

ai. Reserved.

aj. "Electronic money" means money that is in an electronic form.

ak. "Encumbrance" means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

al. "Equipment" means goods other than inventory, farm products, or consumer goods.

am. "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(1) crops grown, growing, or to be grown, including:

(a) crops produced on trees, vines, and bushes; and

(b) aquatic goods produced in aquacultural operations;

(2) livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(3) supplies used or produced in a farming operation; or

(4) products of crops or livestock in their unmanufactured states.

an. "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

ao. "File number" means the number assigned to an initial financing statement pursuant to section 554.9519, subsection 1.

ap. "Filing office" means an office designated in section 554.9501 as the place to file a financing statement.

aq. "Filing-office rule" means a rule adopted pursuant to section 554.9526.

ar. "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

as. "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying section 554.9502, subsections 1 and 2. The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

at. "Fixtures" means goods that have become so related to particular real property that an interest in them arises under real property law.

au. "General intangible" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes controllable electronic records, payment intangibles, and software.

av. Reserved.

aw. "Goods" means all things that are movable when a security interest attaches. The term includes fixtures; standing timber that is to be cut and removed under a conveyance or contract for sale; the unborn young of animals; crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes; and manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if the program is associated with the

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goods in such a manner that it customarily is considered part of the goods, or by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

ax. "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

ay. "Health care insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health care goods or services provided.

az. "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card, or (iv) writings that evidence chattel paper.

ba. "Inventory" means goods, other than farm products, which:

(1) are leased by a person as lessor;

(2) are held by a person for sale or lease or to be furnished under a contract of service;

(3) are furnished by a person under a contract of service; or

(4) consist of raw materials, work in process, or materials used or consumed in a business.

bb. "Investment property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

bc. "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

bd. "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

be. "Lien creditor" means:

(1) a creditor that has acquired a lien on the property involved by attachment, levy, or the like;

(2) an assignee for benefit of creditors from the time of assignment;

(3) a trustee in bankruptcy from the date of the filing of the petition; or

(4) a receiver in equity from the time of appointment.

bf. "Manufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States secretary of housing and urban development and complies with the standards established under Title 42 of the United States Code.

bg. "Manufactured-home transaction" means a secured transaction:

(1) that creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(2) in which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

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bh. "Money" has the meaning provided in section 554.1201, subsection 2, paragraph *"y"*, but does not include (i) a deposit account or (ii) money in an electronic form that cannot be subjected to control under section 554.9105A.

bi. "Mortgage" means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

bj. "New debtor" means a person that becomes bound as debtor under section 554.9203, subsection 4, by a security agreement previously entered into by another person.

bk. "New value" means money; money's worth in property, services, or new credit; or release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

bl. "Noncash proceeds" means proceeds other than cash proceeds.

bm. "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, owes payment or other performance of the obligation, has provided property other than the collateral to secure payment or other performance of the obligation, or is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

bn. "Original debtor", except as used in section 554.9310, subsection 3, means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under section 554.9203, subsection 4.

bo. "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation. The term includes a controllable payment intangible.

bp. "Person related to", with respect to an individual, means:

(1) the spouse of the individual;

(2) a brother, brother-in-law, sister, or sister-in-law of the individual;

(3) an ancestor or lineal descendant of the individual or the individual's spouse; or

(4) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

bq. "Person related to", with respect to an organization, means:

(1) a person directly or indirectly controlling, controlled by, or under common control with the organization;

(2) an officer or director of, or a person performing similar functions with respect to, the organization;

(3) an officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (1);

(4) the spouse of an individual described in subparagraph (1), (2), or (3); or

(5) an individual who is related by blood or marriage to an individual described in subparagraph (1), (2), (3), or (4) and shares the same home with the individual.

br. "Proceeds", except as used in section 554.9609, subsection 2, means the following property:

(1) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(2) whatever is collected on, or distributed on account of, collateral;

(3) rights arising out of collateral;

(4) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

(5) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

bs. "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

bt. "Proposal" means a record signed by a secured party which includes the terms on

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which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to sections 554.9620, 554.9621, and 554.9622.

bu. *"Public-finance transaction"* means a secured transaction in connection with which:

(1) debt securities are issued;

(2) all or a portion of the securities issued have an initial stated maturity of at least twenty years; and

(3) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a state or a governmental unit of a state.

bv. *"Public organic record"* means a record that is available to the public for inspection and is:

(1) a record consisting of the record initially filed with or issued by a state or the United States to form or organize an organization and any record filed with or issued by the state or the United States which amends or restates the initial record;

(2) an organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

(3) a record consisting of legislation enacted by the legislature of a state or the Congress of the United States which forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the state or the United States which amends or restates the name of the organization.

bw. *"Pursuant to commitment"*, with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

bx. *"Record"*, except as used in *"for record"*, *"of record"*, *"record or legal title"*, and *"record owner"*, means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

by. *"Registered organization"* means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the state or the United States. The term includes a business trust that is formed under the law of a single state if a statute of the state governing business trusts requires that the business trust's organic record be filed with the state.

bz. *"Secondary obligor"* means an obligor to the extent that:

(1) the obligor's obligation is secondary; or

(2) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

ca. *"Secured party"* means:

(1) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(2) a person that holds an agricultural lien;

(3) a consignor;

(4) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(5) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(6) a person that holds a security interest arising under section 554.2401, 554.2505, 554.2711, subsection 3, section 554.4210, 554.5118, or 554.13508, subsection 5.

cb. *"Security agreement"* means an agreement that creates or provides for a security interest.

cc. Reserved.

cd. *"Software"* means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

ce. *"State"* means a state of the United States, the District of Columbia, Puerto Rico, the

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United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

cf. *"Supporting obligation"* means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

cg. Reserved.

ch. *"Tangible money"* means money in a tangible form.

ci. *"Termination statement"* means an amendment of a financing statement which:

(1) identifies, by its file number, the initial financing statement to which it relates; and

(2) indicates either that it is a termination statement or that the identified financing statement is no longer effective.

cj. *"Transmitting utility"* means a person primarily engaged in the business of:

(1) operating a railroad, subway, street railway, or trolley bus;

(2) transmitting communications electrically, electromagnetically, or by light;

(3) transmitting goods by pipeline or sewer; or

(4) transmitting or producing and transmitting electricity, steam, gas, or water.

2. *Definitions in other Articles.* The following definitions in other Articles apply to this Article:

a. "Applicant" .....Section 554.5102
b. "Beneficiary" .....Section 554.5102
c. "Broker".....Section 554.8102
d. "Certificated security" .....Section 554.8102
e. "Check".....Section 554.3104
f. "Clearing corporation".....Section 554.8102
g. "Contract for sale" .....Section 554.2106
h. "Control" .....Section 554.7106
i. "Controllable electronic record".....Section 554.14102
j. "Customer".....Section 554.4104
k. "Entitlement holder" .....Section 554.8102
l. "Financial asset" .....Section 554.8102
m. "Holder in due course".....Section 554.3302
n. "Issuer" (with respect to a letter of credit or letter-of-credit right) .....Section 554.5102
o. "Issuer" (with respect to a security) .....Section 554.8201
p. "Issuer" (with respect to documents of title).....Section 554.7102
q. "Lease".....Section 554.13103
r. "Lease agreement".....Section 554.13103
s. "Lease contract" .....Section 554.13103
t. "Leasehold interest" .....Section 554.13103
u. "Lessee".....Section 554.13103
v. "Lessee in ordinary course of business".....Section 554.13103
w. "Lessor" .....Section 554.13103
x. "Lessor's residual interest".....Section 554.13103
y. "Letter of credit".....Section 554.5102
z. "Merchant" .....Section 554.2104
aa. "Negotiable instrument" .....Section 554.3104
ab. "Nominated person".....Section 554.5102
ac. "Note" .....Section 554.3104
ad. "Proceeds of a letter of credit" .....Section 554.5114
ae. "Protected purchaser" .....Section 554.8303
af. "Prove".....Section 554.3103
ag. "Qualifying

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purchaser".....Section 554.14102
ah. "Sale".....Section 554.2106
ai. "Securities account".....Section 554.8501
aj. "Securities intermediary".....Section 554.8102
ak. "Security".....Section 554.8102
al. "Security certificate".....Section 554.8102
am. "Security entitlement".....Section 554.8102
an. "Uncertificated security".....Section 554.8102

3. *Article 1 definitions and principles.* Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

4. *Federal Food Security Act.* For purposes of the Federal Food Security Act, 7 U.S.C. §1631, written notice shall be considered to be received by the person to whom it was delivered if the notice is delivered in hand to the person, or mailed by certified or registered mail with the proper postage and properly addressed to the person to whom it was sent. The refusal of a person to whom a notice is so mailed to accept delivery of the notice shall be considered receipt.

2000 Acts, ch 1149, §2, 185, 187; 2007 Acts, ch 30, §45, 46, 65; 2007 Acts, ch 41, §30; 2012 Acts, ch 1023, §147; 2012 Acts, ch 1052, §1 – 3, 37; 2013 Acts, ch 30, §152; 2022 Acts, ch 1117, §13 – 15; 2024 Acts, ch 1023, §37 – 41

Referred to in §203.12A, 203C.12A, 554.2103, 554.8102, 554.8103, 554.9109, 554.13103, 554.15102, 554B.1, 570.1, 570A.3, 571.1B, 581.2A, 681A.6, 681A.10, 714.29, 716.11

554.9103 Purchase-money security interest — application of payments — burden of establishing.

1. *Definitions.* In this section:

a. "purchase-money collateral" means goods or software that secures a purchase-money obligation incurred with respect to that collateral; and

b. "purchase-money obligation" means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.

2. *Purchase-money security interest in goods.* A security interest in goods is a purchase-money security interest:

a. to the extent that the goods are purchase-money collateral with respect to that security interest;

b. if the security interest is in inventory that is or was purchase-money collateral, also to the extent that the security interest secures a purchase-money obligation incurred with respect to other inventory in which the secured party holds or held a purchase-money security interest; and

c. also to the extent that the security interest secures a purchase-money obligation incurred with respect to software in which the secured party holds or held a purchase-money security interest.

3. *Purchase-money security interest in software.* A security interest in software is a purchase-money security interest to the extent that the security interest also secures a purchase-money obligation incurred with respect to goods in which the secured party holds or held a purchase-money security interest if:

a. the debtor acquired its interest in the software in an integrated transaction in which it acquired an interest in the goods; and

b. the debtor acquired its interest in the software for the principal purpose of using the software in the goods.

4. *Consignor's inventory purchase-money security interest.* The security interest of a consignor in goods that are the subject of a consignment is a purchase-money security interest in inventory.

5. *Application of payment in nonconsumer-goods transaction.* In a transaction other than a consumer-goods transaction, if the extent to which a security interest is a purchase-money security interest depends on the application of a payment to a particular obligation, the payment must be applied:

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a. in accordance with any reasonable method of application to which the parties agree;

b. in the absence of the parties' agreement to a reasonable method, in accordance with any intention of the obligor manifested at or before the time of payment; or

c. in the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:

(1) to obligations that are not secured; and

(2) if more than one obligation is secured, to obligations secured by purchase-money security interests in the order in which those obligations were incurred.

6. *No loss of status of purchase-money security interest in nonconsumer-goods transaction.* In a transaction other than a consumer-goods transaction, a purchase-money security interest does not lose its status as such, even if:

a. the purchase-money collateral also secures an obligation that is not a purchase-money obligation;

b. collateral that is not purchase-money collateral also secures the purchase-money obligation; or

c. the purchase-money obligation has been renewed, refinanced, consolidated, or restructured.

7. *Burden of proof in nonconsumer-goods transaction.* In a transaction other than a consumer-goods transaction, a secured party claiming a purchase-money security interest has the burden of establishing the extent to which the security interest is a purchase-money security interest.

8. *Nonconsumer-goods transactions — no inference.* The limitation of the rules in subsections 5, 6, and 7 to transactions other than consumer-goods transactions is intended to leave to the court the determination of the proper rules in consumer-goods transactions. The court may not infer from that limitation the nature of the proper rule in consumer-goods transactions and may continue to apply established approaches.

2000 Acts, ch 1149, §3, 185, 187
Referred to in §322.21

554.9104 Control of deposit account.

1. *Requirements for control.* A secured party has control of a deposit account if:

a. the secured party is the bank with which the deposit account is maintained;

b. the debtor, secured party, and bank have agreed in a signed record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor;

c. the secured party becomes the bank's customer with respect to the deposit account; or

d. another person, other than the debtor:

(1) has control of the deposit account and acknowledges that it has control on behalf of the secured party; or

(2) obtains control of the deposit account after having acknowledged that it will obtain control of the deposit account on behalf of the secured party.

2. *Debtor's right to direct disposition.* A secured party that has satisfied subsection 1 has control, even if the debtor retains the right to direct the disposition of funds from the deposit account.

2000 Acts, ch 1149, §4, 185, 187; 2024 Acts, ch 1023, §42
Referred to in §554.9107B, 554.9203, 554.9207, 554.9208, 554.9314, 554.9327, 554.9340, 554.9342, 554.9601, 554.9607

554.9105 Control of electronic copy of record evidencing chattel paper.

1. *General rule: control of electronic copy of record evidencing chattel paper.* A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if a system employed for evidencing the assignment of interests in the chattel paper reliably establishes the purchaser as the person to which the authoritative electronic copy was assigned.

2. *Single authoritative copy.* A system satisfies subsection 1 if the record or records evidencing the chattel paper are created, stored, and assigned in a manner that:

a. a single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in paragraphs "*d*", "*e*", and "*f*", unalterable;

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b. the authoritative copy identifies the purchaser as the assignee of the record or records;

c. the authoritative copy is communicated to and maintained by the purchaser or its designated custodian;

d. copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the purchaser;

e. each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

f. any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

3. *One or more authoritative copies.* A system satisfies subsection 1, and a purchaser has control of an authoritative electronic copy of a record evidencing chattel paper, if the electronic copy, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

a. enables the purchaser readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

b. enables the purchaser readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the assignee of the authoritative electronic copy; and

c. gives the purchaser exclusive power, subject to subsection 4, to:

(1) prevent others from adding or changing an identified assignee of the authoritative electronic copy; and

(2) transfer control of the authoritative electronic copy.

4. *Meaning of exclusive.* Subject to subsection 5, a power is exclusive under subsection 3, paragraph *"c"*, subparagraphs (1) and (2), even if:

a. the authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is recorded limits the use of the authoritative electronic copy or has a protocol programmed to cause a change, including a transfer or loss of control; or

b. the power is shared with another person.

5. *When power not shared with another person.* A power of a purchaser is not shared with another person under subsection 4, paragraph *"b"*, and the purchaser's power is not exclusive if:

a. the purchaser can exercise the power only if the power also is exercised by the other person; and

b. the other person:

(1) can exercise the power without exercise of the power by the purchaser; or

(2) is the transferor to the purchaser of an interest in the chattel paper.

6. *Presumption of exclusivity of certain powers.* If a purchaser has the powers specified in subsection 3, paragraph *"c"*, subparagraphs (1) and (2), the powers are presumed to be exclusive.

7. *Obtaining control through another person.* A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if another person, other than the transferor to the purchaser of an interest in the chattel paper:

a. has control of the authoritative electronic copy and acknowledges that it has control on behalf of the purchaser; or

b. obtains control of the authoritative electronic copy after having acknowledged that it will obtain control of the electronic copy on behalf of the purchaser.

2000 Acts, ch 1149, §5, 185, 187; 2012 Acts, ch 1052, §4, 37; 2024 Acts, ch 1023, §43

Referred to in §554.9107B, 554.9207, 554.9208, 554.9317, 554.9330, 554.9601

554.9105A Control of electronic money.

1. *General rule: control of electronic money.* A person has control of electronic money if:

a. the electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded gives the person:

(1) power to avail itself of substantially all the benefit from the electronic money; and

(2) exclusive power, subject to subsection 2, to:

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(a) prevent others from availing themselves of substantially all the benefit from the electronic money; and

(b) transfer control of the electronic money to another person or cause another person to obtain control of other electronic money as a result of the transfer of the electronic money; and

b. the electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as having the powers under paragraph *"a"*.

2. *Meaning of exclusive.* Subject to subsection 3, a power is exclusive under subsection 1, paragraph *"a"*, subparagraph (2), subparagraph divisions (a) and (b) even if:

a. the electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded limits the use of the electronic money or has a protocol programmed to cause a change, including a transfer or loss of control; or

b. the power is shared with another person.

3. *When power not shared with another person.* A power of a person is not shared with another person under subsection 2, paragraph *"b"* and the person's power is not exclusive if:

a. the person can exercise the power only if the power also is exercised by the other person; and

b. the other person:

(1) can exercise the power without exercise of the power by the person; or

(2) is the transferor to the person of an interest in the electronic money.

4. *Presumption of exclusivity of certain powers.* If a person has the powers specified in subsection 1, paragraph *"a"*, subparagraph (2), subparagraph divisions (a) and (b) the powers are presumed to be exclusive.

5. *Control through another person.* A person has control of electronic money if another person, other than the transferor of an interest in the electronic money:

a. has control of the electronic money and acknowledges that it has control on behalf of the person, or

b. obtains control of the electronic money after having acknowledged that it will obtain control of the electronic money on behalf of the person.

2022 Acts, ch 1117, §16; 2024 Acts, ch 1023, §44

Referred to in §554.9102, 554.9107B, 554.9203, 554.9207, 554.9208, 554.9314, 554.9601

554.9106 Control of investment property.

1. *Control under section 554.8106.* A person has control of a certificated security, uncertificated security, or security entitlement as provided in section 554.8106.

2. *Control of commodity contract.* A secured party has control of a commodity contract if:

a. the secured party is the commodity intermediary with which the commodity contract is carried; or

b. the commodity customer, secured party, and commodity intermediary have agreed that the commodity intermediary will apply any value distributed on account of the commodity contract as directed by the secured party without further consent by the commodity customer.

3. *Effect of control of securities account or commodity account.* A secured party having control of all security entitlements or commodity contracts carried in a securities account or commodity account has control over the securities account or commodity account.

2000 Acts, ch 1149, §6, 185, 187

Referred to in §554.9203, 554.9207, 554.9208, 554.9314, 554.9328, 554.9601

554.9107 Control of letter-of-credit right.

A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or any nominated person if the issuer or nominated person

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has consented to an assignment of proceeds of the letter of credit under section 554.5114, subsection 3, or otherwise applicable law or practice.

2000 Acts, ch 1149, §7, 185, 187
Referred to in §554.9203, 554.9207, 554.9208, 554.9314, 554.9329, 554.9601

554.9107A Control of controllable account, controllable electronic record, or controllable payment intangible.

1. *Control under section 554.14105.* A secured party has control of a controllable electronic record as provided in section 554.14105.

2. *Control of controllable account and controllable payment intangible.* A secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences the controllable account or controllable payment intangible.

2022 Acts, ch 1117, §17
Referred to in §554.9203, 554.9207, 554.9314, 554.9601

554.9107B No requirement to acknowledge or confirm; no duties.

1. *No requirement to acknowledge.* A person that has control under section 554.9104, 554.9105, or 554.9105A is not required to acknowledge that it has control on behalf of another person.

2. *No duties or confirmation.* If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

2024 Acts, ch 1023, §45

554.9108 Sufficiency of description.

1. *Sufficiency of description.* Except as otherwise provided in subsections 3, 4, and 5, a description of personal or real property is sufficient, whether or not it is specific, if it reasonably identifies what is described.

2. *Examples of reasonable identification.* Except as otherwise provided in subsection 4, a description of collateral reasonably identifies the collateral if it identifies the collateral by:

a. specific listing;

b. category;

c. except as otherwise provided in subsection 5, a type of collateral defined in this chapter;

d. quantity;

e. computational or allocational formula or procedure; or

f. except as otherwise provided in subsection 3, any other method, if the identity of the collateral is objectively determinable.

3. *Supergeneric description not sufficient.* A description of collateral as "all the debtor's assets" or "all the debtor's personal property" or using words of similar import does not reasonably identify the collateral.

4. *Investment property.* Except as otherwise provided in subsection 5, a description of a security entitlement, securities account, or commodity account is sufficient if it describes:

a. the collateral by those terms or as investment property; or

b. the underlying financial asset or commodity contract.

5. *When description by type insufficient.* A description only by type of collateral defined in this chapter is an insufficient description of:

a. a commercial tort claim; or

b. in a consumer transaction, consumer goods, a security entitlement, a securities account, or a commodity account.

2000 Acts, ch 1149, §8, 185, 187
Referred to in §554.9504

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SUBPART B

APPLICABILITY OF ARTICLE

554.9109 Scope.

1. *General scope of Article.* Except as otherwise provided in subsections 3 and 4, this Article applies to:

a. a transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract;

b. an agricultural lien;

c. a sale of accounts, chattel paper, payment intangibles, or promissory notes;

d. a consignment;

e. a security interest arising under section 554.2401, 554.2505, 554.2711, subsection 3, or section 554.13508, subsection 5, as provided in section 554.9110; and

f. a security interest arising under section 554.4210 or 554.5118.

2. *Security interest in secured obligation.* The application of this Article to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this Article does not apply.

3. *Extent to which Article does not apply.* This Article does not apply to the extent that:

a. a statute, regulation, or treaty of the United States preempts this Article;

b. another statute of this state expressly governs the creation, perfection, priority, or enforcement of a security interest created by this state or a governmental unit of this state;

c. a statute of another state, a foreign country, or a governmental unit of another state or a foreign country, other than a statute generally applicable to security interests, expressly governs creation, perfection, priority, or enforcement of a security interest created by the state, country, or governmental unit; or

d. the rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under section 554.5114.

4. *Inapplicability of Article.* This Article does not apply to:

a. a landlord's lien, other than an agricultural lien;

b. a lien, other than an agricultural lien, given by statute or other rule of law for services or materials, but section 554.9333 applies with respect to priority of the lien;

c. an assignment of a claim for wages, salary, or other compensation of an employee;

d. a sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

e. an assignment of accounts, chattel paper, payment intangibles, or promissory notes which is for the purpose of collection only;

f. an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

g. an assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

h. a transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health care provider of a health care insurance receivable and any subsequent assignment of the right to payment, but sections 554.9315 and 554.9322 apply with respect to proceeds and priorities in proceeds;

i. an assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

j. a right of recoupment or setoff, but:

(1) section 554.9340 applies with respect to the effectiveness of rights of recoupment or setoff against deposit accounts; and

(2) section 554.9404 applies with respect to defenses or claims of an account debtor;

k. the creation or transfer of an interest in or lien on real property, including a lease or rents thereunder, except to the extent that provision is made for:

(1) liens on real property in sections 554.9203 and 554.9308;

(2) fixtures in section 554.9334;

(3) fixture filings in sections 554.9501, 554.9502, 554.9512, 554.9516, and 554.9519; and

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(4) security agreements covering personal and real property in section 554.9604;

l. an assignment of a claim arising in tort, other than a commercial tort claim, but sections 554.9315 and 554.9322 apply with respect to proceeds and priorities in proceeds;

m. an assignment of a deposit account in a consumer transaction, but sections 554.9315 and 554.9322 apply with respect to proceeds and priorities in proceeds;

n. a transfer, other than a transfer pursuant to chapter 419, by this state or a governmental unit within this state in connection with a public-finance transaction or a transaction that would be a public-finance transaction but for failure to meet the criterion set forth in section 554.9102, subsection 1, paragraph *"bu"*, subparagraph (2); or

o. an assignment of a claim or right to receive any of the following:

(1) compensation for injuries or sickness as provided in 26 U.S.C. §104(a)(1) or (2).

(2) benefits under a special needs trust as provided in 42 U.S.C. §1396p(d)(4).

2000 Acts, ch 1149, §9, 185, 187; 2002 Acts, ch 1119, §88
Referred to in §554.13303, 579B.3

554.9110 Security interests arising under Article 2 or 13.

A security interest arising under section 554.2401, 554.2505, 554.2711, subsection 3, or section 554.13508, subsection 5, is subject to this Article. However, until the debtor obtains possession of the goods:

1. the security interest is enforceable, even if section 554.9203, subsection 2, paragraph *"c"*, has not been satisfied;

2. filing is not required to perfect the security interest;

3. the rights of the secured party after default by the debtor are governed by Article 2 or 13; and

4. the security interest has priority over a conflicting security interest created by the debtor.

2000 Acts, ch 1149, §10, 185, 187
Referred to in §554.9109, 554.9203, 554.9322

554.9111 Reserved.

554.9112 through 554.9116 Repealed by 2000 Acts, ch 1149, §185, 187.

PART 2

EFFECTIVENESS OF SECURITY AGREEMENT — ATTACHMENT OF SECURITY INTEREST — RIGHTS OF PARTIES TO SECURITY AGREEMENT

SUBPART A

EFFECTIVENESS AND ATTACHMENT

554.9201 General effectiveness of security agreement.

1. *General effectiveness.* Except as otherwise provided in this chapter, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

2. *Applicable consumer laws.* A transaction subject to this Article is subject to any applicable rule of law which establishes a different rule for consumers, including as provided in chapter 537, or any other statute or regulation of this state that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit, and to any consumer protection statute or regulation.

3. *Other applicable law controls.* In case of conflict between this Article and a rule of law, statute, or regulation described in subsection 2, the rule of law, statute, or regulation

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controls. Failure to comply with a statute or regulation described in subsection 2 has only the effect the statute or regulation specifies.

4. *Further deference to other applicable law.* This Article does not:

a. validate any rate, charge, agreement, or practice that violates a rule of law, statute, or regulation described in subsection 2; or

b. extend the application of the rule of law, statute, or regulation to a transaction not otherwise subject to it.

2000 Acts, ch 1149, §11, 185, 187

554.9202 Title to collateral immaterial.

Except as otherwise provided with respect to consignments or sales of accounts, chattel paper, payment intangibles, or promissory notes, the provisions of this Article with regard to rights and obligations apply whether title to collateral is in the secured party or the debtor.

2000 Acts, ch 1149, §12, 185, 187

554.9203 Attachment and enforceability of security interest — proceeds — supporting obligations — formal requisites.

1. *Attachment.* A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

2. *Enforceability.* Except as otherwise provided in subsections 3 through 9, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

a. value has been given;

b. the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

c. one of the following conditions is met:

(1) the debtor has signed a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(2) the collateral is not a certificated security and is in the possession of the secured party under section 554.9313 pursuant to the debtor's security agreement;

(3) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 554.8301 pursuant to the debtor's security agreement;

(4) the collateral is controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, investment property, or letter-of-credit rights, and the secured party has control under section 554.7106, 554.9104, 554.9105A, 554.9106, 554.9107, or 554.9107A pursuant to the debtor's security agreement; or

(5) the collateral is chattel paper and the secured party has possession and control under section 554.9314A pursuant to the debtor's security agreement.

3. *Other UCC provisions.* Subsection 2 is subject to section 554.4210 on the security interest of a collecting bank, section 554.5118 on the security interest of a letter-of-credit issuer or nominated person, section 554.9110 on a security interest arising under Article 2 or 13, and section 554.9206 on security interests in investment property.

4. *When person becomes bound by another person's security agreement.* A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this Article or by contract:

a. the security agreement becomes effective to create a security interest in the person's property; or

b. the person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

5. *Effect of new debtor becoming bound.* If a new debtor becomes bound as debtor by a security agreement entered into by another person:

a. the agreement satisfies subsection 2, paragraph "c", with respect to existing or

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after-acquired property of the new debtor to the extent the property is described in the agreement; and

b. another agreement is not necessary to make a security interest in the property enforceable.

6. *Proceeds and supporting obligations.* The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by section 554.9315 and is also attachment of a security interest in a supporting obligation for the collateral.

7. *Lien securing right to payment.* The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien.

8. *Security entitlement carried in securities account.* The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

9. *Commodity contracts carried in commodity account.* The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

2000 Acts, ch 1149, §13, 185, 187; 2007 Acts, ch 30, §45, 46, 66; 2022 Acts, ch 1117, §18, 19; 2024 Acts, ch 1023, §46, 47

Referred to in §554.4210, 554.5118, 554.9102, 554.9109, 554.9110, 554.9316, 554.9317, 554.9508, 554.15302, 554.15303

554.9204 After-acquired property — future advances.

1. *After-acquired collateral.* Except as otherwise provided in subsection 2, a security agreement may create or provide for a security interest in after-acquired collateral.

2. *When after-acquired property clause not effective.* Subject to subsection 4, a security interest does not attach under a term constituting an after-acquired property clause to:

a. consumer goods, other than an accession when given as additional security, unless the debtor acquires rights in them within ten days after the secured party gives value; or

b. a commercial tort claim.

3. *Future advances and other value.* A security agreement may provide that collateral secures, or that accounts, chattel paper, payment intangibles, or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant to commitment.

4. *Limitation on subsection 2.* Subsection 2 does not prevent a security interest from attaching:

a. to consumer goods as proceeds under section 554.9315, subsection 1, or commingled goods under section 554.9336, subsection 3;

b. to a commercial tort claim as proceeds under section 554.9315, subsection 1; or

c. under an after-acquired property clause to property that is proceeds of consumer goods or a commercial tort claim.

2000 Acts, ch 1149, §14, 185, 187; 2024 Acts, ch 1023, §48, 49

554.9205 Use or disposition of collateral permissible.

1. *When security interest not invalid or fraudulent.* A security interest is not invalid or fraudulent against creditors solely because:

a. the debtor has the right or ability to:

(1) use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods;

(2) collect, compromise, enforce, or otherwise deal with collateral;

(3) accept the return of collateral or make repossessions; or

(4) use, commingle, or dispose of proceeds; or

b. the secured party fails to require the debtor to account for proceeds or replace collateral.

2. *Requirements of possession not relaxed.* This section does not relax the requirements

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of possession if attachment, perfection, or enforcement of a security interest depends upon possession of the collateral by the secured party.

2000 Acts, ch 1149, §15, 185, 187

554.9206 Security interest arising in purchase or delivery of financial asset.

1. *Security interest when person buys through securities intermediary.* A security interest in favor of a securities intermediary attaches to a person's security entitlement if:

a. the person buys a financial asset through the securities intermediary in a transaction in which the person is obligated to pay the purchase price to the securities intermediary at the time of the purchase; and

b. the securities intermediary credits the financial asset to the buyer's securities account before the buyer pays the securities intermediary.

2. *Security interest secures obligation to pay for financial asset.* The security interest described in subsection 1 secures the person's obligation to pay for the financial asset.

3. *Security interest in payment against delivery transaction.* A security interest in favor of a person that delivers a certificated security or other financial asset represented by a writing attaches to the security or other financial asset if:

a. the security or other financial asset:

(1) in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment; and

(2) is delivered under an agreement between persons in the business of dealing with such securities or financial assets; and

b. the agreement calls for delivery against payment.

4. *Security interest secures obligation to pay for delivery.* The security interest described in subsection 3 secures the obligation to make payment for the delivery.

2000 Acts, ch 1149, §16, 185, 187

Referred to in §554.9203, 554.9309

SUBPART B

RIGHTS AND DUTIES

554.9207 Rights and duties of secured party having possession or control of collateral.

1. *Duty of care when secured party in possession.* Except as otherwise provided in subsection 4, a secured party shall use reasonable care in the custody and preservation of collateral in the secured party's possession. In the case of chattel paper or an instrument, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.

2. *Expenses, risks, duties, and rights when secured party in possession.* Except as otherwise provided in subsection 4, if a secured party has possession of collateral:

a. reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the collateral are chargeable to the debtor and are secured by the collateral;

b. the risk of accidental loss or damage is on the debtor to the extent of a deficiency in any effective insurance coverage;

c. the secured party shall keep the collateral identifiable, but fungible collateral may be commingled; and

d. the secured party may use or operate the collateral:

(1) for the purpose of preserving the collateral or its value;

(2) as permitted by an order of a court having competent jurisdiction; or

(3) except in the case of consumer goods, in the manner and to the extent agreed by the debtor.

3. *Duties and rights when secured party in possession or control.* Except as otherwise provided in subsection 4, a secured party having possession of collateral or control of collateral under section 554.7106, 554.9104, 554.9105, 554.9105A, 554.9106, 554.9107, or 554.9107A:

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a. may hold as additional security any proceeds, except money or funds, received from the collateral;

b. shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

c. may create a security interest in the collateral.

4. *Buyer of certain rights to payment.* If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor:

a. subsection 1 does not apply unless the secured party is entitled under an agreement:

(1) to charge back uncollected collateral; or

(2) otherwise to full or limited recourse against the debtor or a secondary obligor based on the nonpayment or other default of an account debtor or other obligor on the collateral; and

b. subsections 2 and 3 do not apply.

2000 Acts, ch 1149, §17, 185, 187; 2007 Acts, ch 30, §45, 46, 67; 2022 Acts, ch 1117, §20
Referred to in §554.9601, 554.9602

554.9208 Additional duties of secured party having control of collateral.

1. *Applicability of section.* This section applies to cases in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.

2. *Duties of secured party after receiving demand from debtor.* Within ten days after receiving a signed demand by the debtor:

a. a secured party having control of a deposit account under section 554.9104, subsection 1, paragraph *"b"*, shall send to the bank with which the deposit account is maintained a signed record that releases the bank from any further obligation to comply with instructions originated by the secured party;

b. a secured party having control of a deposit account under section 554.9104, subsection 1, paragraph *"c"*, shall:

(1) pay the debtor the balance on deposit in the deposit account; or

(2) transfer the balance on deposit into a deposit account in the debtor's name;

c. a secured party, other than a buyer, having control under section 554.9105 of an authoritative electronic copy of a record evidencing chattel paper shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

d. a secured party having control of investment property under section 554.8106, subsection 4, paragraph *"b"*, or section 554.9106, subsection 2, shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained a signed record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party;

e. a secured party having control of a letter-of-credit right under section 554.9107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party a signed release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party;

f. a secured party having control under section 554.7106 of an authoritative electronic copy of an electronic document shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

g. a secured party having control under section 554.9105A of electronic money shall transfer control of the electronic money to the debtor or a person designated by the debtor; and

h. a secured party having control under section 554.14105 of a controllable electronic record, other than a buyer of a controllable account or controllable payment intangible evidenced by the controllable electronic record, shall transfer control of the controllable electronic record to the debtor or a person designated by the debtor.

2000 Acts, ch 1149, §18, 185, 187; 2007 Acts, ch 30, §45, 46, 68; 2022 Acts, ch 1117, §21, 22; 2023 Acts, ch 64, §93; 2024 Acts, ch 1023, §50
Referred to in §554.9625

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554.9209 Duties of secured party if account debtor has been notified of assignment.

1. *Applicability of section.* Except as otherwise provided in subsection 3, this section applies if:

a. there is no outstanding secured obligation; and

b. the secured party is not committed to make advances, incur obligations, or otherwise give value.

2. *Duties of secured party after receiving demand from debtor.* Within ten days after receiving a signed demand by the debtor, a secured party shall send to an account debtor that has received notification under section 554.9406, subsection 1, or section 554.14106, subsection 2, of an assignment to the secured party as assignee a signed record that releases the account debtor from any further obligation to the secured party.

3. *Inapplicability to sales.* This section does not apply to an assignment constituting the sale of an account, chattel paper, or payment intangible.

2000 Acts, ch 1149, §19, 187; 2024 Acts, ch 1023, §51
Referred to in §554.9625

554.9210 Request for accounting — request regarding list of collateral or statement of account.

1. *Definitions.* In this section:

a. *"Request"* means a record of a type described in paragraph *"b"*, *"c"*, or *"d"*.

b. *"Request for an accounting"* means a record signed by a debtor requesting that the recipient provide an accounting of the unpaid obligations secured by collateral and reasonably identifying the transaction or relationship that is the subject of the request.

c. *"Request regarding a list of collateral"* means a record signed by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request.

d. *"Request regarding a statement of account"* means a record signed by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of unpaid obligations secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

2. *Duty to respond to requests.* Subject to subsections 3, 4, 5, and 6, a secured party, other than a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall comply with a request within fourteen days after receipt:

a. in the case of a request for an accounting, by signing and sending to the debtor an accounting; and

b. in the case of a request regarding a list of collateral or a request regarding a statement of account, by signing and sending to the debtor an approval or correction.

3. *Request regarding list of collateral — statement concerning type of collateral.* A secured party that claims a security interest in all of a particular type of collateral owned by the debtor may comply with a request regarding a list of collateral by sending to the debtor a signed record including a statement to that effect within fourteen days after receipt.

4. *Request regarding list of collateral — no interest claimed.* A person that receives a request regarding a list of collateral, claims no interest in the collateral when it receives the request, and claimed an interest in the collateral at an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor a signed record:

a. disclaiming any interest in the collateral; and

b. if known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the collateral.

5. *Request for accounting or regarding statement of account — no interest in obligation claimed.* A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor a signed record:

a. disclaiming any interest in the obligations; and

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b. if known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the obligations.

6. *Charges for responses.* A debtor is entitled without charge to one response to a request under this section during any six-month period. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

2000 Acts, ch 1149, §20, 187; 2024 Acts, ch 1023, §52
Referred to in §554.9602, 554.9625

PART 3

PERFECTION AND PRIORITY

SUBPART A

LAW GOVERNING PERFECTION AND PRIORITY

554.9301 Law governing perfection and priority of security interests.

Except as otherwise provided in sections 554.9303 through 554.9306B, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

1. Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral.

2. While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.

3. Except as otherwise provided in subsection 4, while negotiable tangible documents, goods, instruments, or tangible money is located in a jurisdiction, the local law of that jurisdiction governs:

a. perfection of a security interest in the goods by filing a fixture filing;

b. perfection of a security interest in timber to be cut; and

c. the effect of perfection or nonperfection and the priority of a nonpossessory security interest in the collateral.

4. The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

2000 Acts, ch 1149, §21, 185, 187; 2007 Acts, ch 30, §45, 46, 69; 2022 Acts, ch 1117, §23; 2024 Acts, ch 1023, §53, 54
Referred to in §554.1301, 554.9316

554.9302 Law governing perfection and priority of agricultural liens.

While farm products are located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of an agricultural lien on the farm products.

2000 Acts, ch 1149, §22, 185, 187
Referred to in §554.1301, 579A.2, 579B.3

554.9303 Law governing perfection and priority of security interests in goods covered by a certificate of title.

1. *Applicability of section.* This section applies to goods covered by a certificate of title, even if there is no other relationship between the jurisdiction under whose certificate of title the goods are covered and the goods or the debtor.

2. *When goods covered by certificate of title.* Goods become covered by a certificate of title when a valid application for the certificate of title and the applicable fee are delivered to the appropriate authority. Goods cease to be covered by a certificate of title at the earlier of the time the certificate of title ceases to be effective under the law of the issuing jurisdiction

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or the time the goods become covered subsequently by a certificate of title issued by another jurisdiction.

3. *Applicable law.* The local law of the jurisdiction under whose certificate of title the goods are covered governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in goods covered by a certificate of title from the time the goods become covered by the certificate of title until the goods cease to be covered by the certificate of title.

2000 Acts, ch 1149, §23, 185, 187
Referred to in §321.50, 554.1301, 554.9301

554.9304 Law governing perfection and priority of security interests in deposit accounts.

1. *Law of bank's jurisdiction governs.* The local law of a bank's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that bank even if the transaction does not bear any relation to the bank's jurisdiction.

2. *Bank's jurisdiction.* The following rules determine a bank's jurisdiction for purposes of this part:

a. If an agreement between the bank and the debtor governing the deposit account expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this part, this Article, or this chapter, that jurisdiction is the bank's jurisdiction.

b. If paragraph *"a"* does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

c. If neither paragraph *"a"* nor paragraph *"b"* applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit account is maintained at an office in a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

d. If none of the preceding paragraphs applies, the bank's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the customer's account is located.

e. If none of the preceding paragraphs applies, the bank's jurisdiction is the jurisdiction in which the chief executive office of the bank is located.

2000 Acts, ch 1149, §24, 185, 187; 2024 Acts, ch 1023, §55
Referred to in §554.1301, 554.9301

554.9305 Law governing perfection and priority of security interests in investment property.

1. *Governing law — general rules.* Except as otherwise provided in subsection 3, the following rules apply:

a. While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby.

b. The local law of the issuer's jurisdiction as specified in section 554.8110, subsection 4, governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security.

c. The local law of the securities intermediary's jurisdiction as specified in section 554.8110, subsection 5, governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account.

d. The local law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a commodity contract or commodity account.

e. Paragraphs *"b"*, *"c"*, and *"d"* apply even if the transaction does not bear any relation to the jurisdiction.

2. *Commodity intermediary's jurisdiction.* The following rules determine a commodity intermediary's jurisdiction for purposes of this part:

a. If an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that a particular jurisdiction is the

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commodity intermediary's jurisdiction for purposes of this part, this Article, or this chapter, that jurisdiction is the commodity intermediary's jurisdiction.

b. If paragraph *"a"* does not apply and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

c. If neither paragraph *"a"* nor paragraph *"b"* applies and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the commodity account is maintained at an office in a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

d. If none of the preceding paragraphs applies, the commodity intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the commodity customer's account is located.

e. If none of the preceding paragraphs applies, the commodity intermediary's jurisdiction is the jurisdiction in which the chief executive office of the commodity intermediary is located.

3. *When perfection governed by law of jurisdiction where debtor located.* The local law of the jurisdiction in which the debtor is located governs:

a. perfection of a security interest in investment property by filing;

b. automatic perfection of a security interest in investment property created by a broker or securities intermediary; and

c. automatic perfection of a security interest in a commodity contract or commodity account created by a commodity intermediary.

2000 Acts, ch 1149, §25, 185, 187; 2024 Acts, ch 1023, §56
Referred to in §554.1301, 554.9301, 554.9316

554.9306 Law governing perfection and priority of security interests in letter-of-credit rights.

1. *Governing law — issuer's or nominated person's jurisdiction.* Subject to subsection 3, the local law of the issuer's jurisdiction or a nominated person's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a letter-of-credit right if the issuer's jurisdiction or nominated person's jurisdiction is a state.

2. *Issuer's or nominated person's jurisdiction.* For purposes of this part, an issuer's jurisdiction or nominated person's jurisdiction is the jurisdiction whose law governs the liability of the issuer or nominated person with respect to the letter-of-credit right as provided in section 554.5116.

3. *When section not applicable.* This section does not apply to a security interest that is perfected only under section 554.9308, subsection 4.

2000 Acts, ch 1149, §26, 185, 187
Referred to in §554.1301, 554.9301

554.9306A Law governing perfection and priority of security interests in chattel paper.

1. *Chattel paper evidenced by authoritative electronic copy.* Except as provided in subsection 4, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the chattel paper, even if the transaction does not bear any relation to the chattel paper's jurisdiction.

2. *Chattel paper's jurisdiction.* The following rules determine the chattel paper's jurisdiction under this section:

a. If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction for purposes of this section, this part, this Article, or this chapter, that jurisdiction is the chattel paper's jurisdiction.

b. If paragraph *"a"* does not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that a

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particular jurisdiction is the chattel paper's jurisdiction for purposes of this section, this part, this Article, or this chapter that jurisdiction is the chattel paper's jurisdiction.

c. If paragraphs *"a"* and *"b"* do not apply and the authoritative electronic copy, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that the chattel paper is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

d. If paragraphs *"a"*, *"b"*, and *"c"* do not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that the chattel paper or the system is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

e. If paragraphs *"a"* through *"d"* do not apply, the chattel paper's jurisdiction is the jurisdiction in which the debtor is located.

3. *Chattel paper evidenced by authoritative tangible copy.* If an authoritative tangible copy of a record evidences chattel paper and the chattel paper is not evidenced by an authoritative electronic copy, while the authoritative tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

a. perfection of a security interest in the chattel paper by possession under section 554.9314A; and

b. the effect of perfection or nonperfection and the priority of a security interest in the chattel paper.

4. *When perfection governed by law of jurisdiction where debtor located.* The local law of the jurisdiction in which the debtor is located governs perfection of a security interest in chattel paper by filing.

2022 Acts, ch 1117, §24; 2024 Acts, ch 1023, §57
Referred to in §554.1301, 554.9301, 554.9316

554.9306B Law governing perfection and priority of security interests in controllable accounts, controllable electronic records, and controllable payment intangibles.

1. *Governing law: general rules.* Except as provided in subsection 2, the local law of the controllable electronic record's jurisdiction specified in section 554.14107, subsections 3 and 4 governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a controllable electronic record and a security interest in a controllable account or controllable payment intangible evidenced by the controllable electronic record.

2. *When perfection governed by law of jurisdiction where debtor located.* The local law of the jurisdiction in which the debtor is located governs:

a. perfection of a security interest in a controllable account, controllable electronic record, or controllable payment intangible by filing; and

b. automatic perfection of a security interest in a controllable payment intangible created by a sale of the controllable payment intangible.

2024 Acts, ch 1023, §58
Referred to in §554.1301, 554.9301, 554.9316

554.9307 Location of debtor.

1. *Place of business.* In this section, *"place of business"* means a place where a debtor conducts its affairs.

2. *Debtor's location — general rules.* Except as otherwise provided in this section, the following rules determine a debtor's location:

a. A debtor who is an individual is located at the individual's principal residence.

b. A debtor that is an organization and has only one place of business is located at its place of business.

c. A debtor that is an organization and has more than one place of business is located at its chief executive office.

3. *Limitation of applicability of subsection 2.* Subsection 2 applies only if a debtor's residence, place of business, or chief executive office, as applicable, is located in a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, recording, or registration system

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as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. If subsection 2 does not apply, the debtor is located in the District of Columbia.

4. *Continuation of location — cessation of existence, etc.* A person that ceases to exist, have a residence, or have a place of business continues to be located in the jurisdiction specified by subsections 2 and 3.

5. *Location of registered organization organized under state law.* A registered organization that is organized under the law of a state is located in that state.

6. *Location of registered organization organized under federal law — bank branches and agencies.* Except as otherwise provided in subsection 9, a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a state are located:

a. in the state that the law of the United States designates, if the law designates a state of location;

b. in the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location, including by designating its main office, home office, or other comparable office; or

c. in the District of Columbia, if neither paragraph *"a"* nor paragraph *"b"* applies.

7. *Continuation of location — change in status of registered organization.* A registered organization continues to be located in the jurisdiction specified by subsection 5 or 6 notwithstanding:

a. the suspension, revocation, forfeiture, or lapse of the registered organization's status as such in its jurisdiction of organization; or

b. the dissolution, winding up, or cancellation of the existence of the registered organization.

8. *Location of United States.* The United States is located in the District of Columbia.

9. *Location of foreign bank branch or agency if licensed in only one state.* A branch or agency of a bank that is not organized under the law of the United States or a state is located in the state in which the branch or agency is licensed, if all branches and agencies of the bank are licensed in only one state.

10. *Location of foreign air carrier.* A foreign air carrier under the Federal Aviation Act of 1958, as amended, is located at the designated office of the agent upon which service of process may be made on behalf of the carrier.

11. *Section applies only to this part.* This section applies only for purposes of this part.

2000 Acts, ch 1149, §27, 185, 187; 2012 Acts, ch 1052, §5, 37
Referred to in §554.1301, 681A.6

SUBPART B

PERFECTION

554.9308 When security interest or agricultural lien is perfected — continuity of perfection.

1. *Perfection of security interest.* Except as otherwise provided in this section and section 554.9309, a security interest is perfected if it has attached and all of the applicable requirements for perfection in sections 554.9310, 554.9311, 554.9312, 554.9313, 554.9314, 554.9315, and 554.9316 have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches.

2. *Perfection of agricultural lien.* An agricultural lien is perfected if it has become effective and all of the applicable requirements for perfection in section 554.9310 have been satisfied. An agricultural lien is perfected when it becomes effective if the applicable requirements are satisfied before the agricultural lien becomes effective.

3. *Continuous perfection — perfection by different methods.* A security interest or agricultural lien is perfected continuously if it is originally perfected by one method

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under this Article and is later perfected by another method under this Article, without an intermediate period when it was unperfected.

4. *Supporting obligation.* Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral.

5. *Lien securing right to payment.* Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right.

6. *Security entitlement carried in securities account.* Perfection of a security interest in a securities account also perfects a security interest in the security entitlements carried in the securities account.

7. *Commodity contract carried in commodity account.* Perfection of a security interest in a commodity account also perfects a security interest in the commodity contracts carried in the commodity account.

2000 Acts, ch 1149, §28, 185, 187; 2022 Acts, ch 1117, §25; 2024 Acts, ch 1023, §59
Referred to in §554.9109, 554.9306, 554.9310, 554.9312, 570.1, 570A.4, 571.3, 579A.2, 579B.4, 581.3, 717.4

554.9309 Security interest perfected upon attachment.

The following security interests are perfected when they attach:

1. a purchase-money security interest in consumer goods, except as otherwise provided in section 554.9311, subsection 2, with respect to consumer goods that are subject to a statute or treaty described in section 554.9311, subsection 1;

2. an assignment of accounts or payment intangibles which does not by itself or in conjunction with other assignments to the same assignee transfer a significant part of the assignor's outstanding accounts or payment intangibles;

3. a sale of a payment intangible;

4. a sale of a promissory note;

5. a security interest created by the assignment of a health care insurance receivable to the provider of the health care goods or services;

6. a security interest arising under section 554.2401, 554.2505, 554.2711, subsection 3, or section 554.13508, subsection 5, until the debtor obtains possession of the collateral;

7. a security interest of a collecting bank arising under section 554.4210;

8. a security interest of an issuer or nominated person arising under section 554.5118;

9. a security interest arising in the delivery of a financial asset under section 554.9206, subsection 3;

10. a security interest in investment property created by a broker or securities intermediary;

11. a security interest in a commodity contract or a commodity account created by a commodity intermediary;

12. an assignment for the benefit of all creditors of the transferor and subsequent transfers by the assignee thereunder; and

13. a security interest created by an assignment of a beneficial interest in a decedent's estate.

2000 Acts, ch 1149, §29, 185, 187
Referred to in §554.9308, 554.9310, 554.9323

554.9310 When filing required to perfect security interest or agricultural lien — security interests and agricultural liens to which filing provisions do not apply.

1. *General rule — perfection by filing.* Except as otherwise provided in subsection 2 and section 554.9312, subsection 2, a financing statement must be filed to perfect all security interests and agricultural liens.

2. *Exceptions — filing not necessary.* The filing of a financing statement is not necessary to perfect a security interest:

a. that is perfected under section 554.9308, subsection 4, 5, 6, or 7;

b. that is perfected under section 554.9309 when it attaches;

c. in property subject to a statute, regulation, or treaty described in section 554.9311, subsection 1;

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d. in goods in possession of a bailee which is perfected under section 554.9312, subsection 4, paragraph *"a"* or *"b"*;

e. in certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under section 554.9312, subsection 5, 6, or 7;

f. in collateral in the secured party's possession under section 554.9313;

g. in a certificated security which is perfected by delivery of the security certificate to the secured party under section 554.9313;

h. in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, investment property, or letter-of-credit rights which are perfected by control under section 554.9314;

i. in chattel paper which is perfected by possession and control under section 554.9314A;

j. in proceeds which is perfected under section 554.9315; or

k. that is perfected under section 554.9316.

3. *Assignment of perfected security interest.* If a secured party assigns a perfected security interest or agricultural lien, a filing under this Article is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

2000 Acts, ch 1149, §30, 185, 187; 2007 Acts, ch 30, §45, 46, 70; 2022 Acts, ch 1117, §26; 2024 Acts, ch 1023, §60, 61

Referred to in §554.9102, 554.9308, 554.9311, 717.4

554.9311 Perfection of security interests in property subject to certain statutes, regulations, and treaties.

1. *Security interest subject to other law.* Except as otherwise provided in subsection 4, the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

a. a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt section 554.9310, subsection 1;

b. any certificate-of-title statute, including as provided in chapter 321, covering automobiles, trailers, mobile homes, boats, farm tractors, or the like, which provides for a security interest to be indicated on a certificate of title as a condition or result of perfection; or

c. a statute of another jurisdiction which provides for a security interest to be indicated on a certificate of title as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

2. *Compliance with other law.* Compliance with the requirements of a statute, regulation, or treaty described in subsection 1 for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this Article. Except as otherwise provided in subsection 4 and sections 554.9313 and 554.9316, subsections 4 and 5, for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in subsection 1 may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

3. *Duration and renewal of perfection.* Except as otherwise provided in subsection 4 and section 554.9316, subsections 4 and 5, duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in subsection 1 are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this Article.

4. *Inapplicability to certain inventory.* During any period in which collateral subject to a statute specified in subsection 1, paragraph *"b"* is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

2000 Acts, ch 1149, §31, 185, 187; 2012 Acts, ch 1052, §6, 37

Referred to in §554.9308, 554.9309, 554.9310, 554.9316, 554.9334, 554.9335, 554.9337, 554.9505, 554.9611, 554.9621

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554.9312 Perfection of security interests in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, negotiable documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money — perfection by permissive filing — temporary perfection without filing or transfer of possession.

1. *Perfection by filing permitted.* A security interest in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, instruments, investment property, or negotiable documents may be perfected by filing.

2. *Control or possession of certain collateral.* Except as otherwise provided in section 554.9315, subsections 3 and 4, for proceeds:

a. a security interest in a deposit account may be perfected only by control under section 554.9314;

b. except as otherwise provided in section 554.9308, subsection 4, a security interest in a letter-of-credit right may be perfected only by control under section 554.9314;

c. a security interest in tangible money may be perfected only by the secured party's taking possession under section 554.9313; and

d. a security interest in electronic money may be perfected only by control under section 554.9314.

3. *Goods covered by negotiable document.* While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

a. a security interest in the goods may be perfected by perfecting a security interest in the document; and

b. a security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

4. *Goods covered by nonnegotiable document.* While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

a. issuance of a document in the name of the secured party;

b. the bailee's receipt of notification of the secured party's interest; or

c. filing as to the goods.

5. *Temporary perfection — new value.* A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of twenty days from the time it attaches to the extent that it arises for new value given under a signed security agreement.

6. *Temporary perfection — goods or documents made available to debtor.* A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for twenty days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

a. ultimate sale or exchange; or

b. loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange.

7. *Temporary perfection — delivery of security certificate or instrument to debtor.* A perfected security interest in a certificated security or instrument remains perfected for twenty days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

a. ultimate sale or exchange; or

b. presentation, collection, enforcement, renewal, or registration of transfer.

8. *Expiration of temporary perfection.* After the twenty-day period specified in subsection 5, 6, or 7 expires, perfection depends upon compliance with this Article.

2000 Acts, ch 1149, §32, 185, 187; 2007 Acts, ch 30, §45, 46, 71; 2022 Acts, ch 1117, §27; 2024 Acts, ch 1023, §62

Referred to in §554.9308, 554.9310, 554.9323, 554.9324

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554.9313 When possession by or delivery to secured party perfects security interest without filing.

1. *Perfection by possession or delivery.* Except as otherwise provided in subsection 2, a secured party may perfect a security interest in goods, instruments, negotiable tangible documents, or tangible money by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 554.8301.

2. *Goods covered by certificate of title.* With respect to goods covered by a certificate of title issued by this state, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in section 554.9316, subsection 4.

3. *Collateral in possession of person other than debtor.* With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when:

a. the person in possession signs a record acknowledging that it holds possession of the collateral for the secured party's benefit; or

b. the person takes possession of the collateral after having signed a record acknowledging that it will hold possession of the collateral for the secured party's benefit.

4. *Time of perfection by possession — continuation of perfection.* If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs not earlier than the time the secured party takes possession and continues only while the secured party retains possession.

5. *Time of perfection by delivery — continuation of perfection.* A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under section 554.8301 and remains perfected by delivery until the debtor obtains possession of the security certificate.

6. *Acknowledgment not required.* A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

7. *Effectiveness of acknowledgment — no duties or confirmation.* If a person acknowledges that it holds possession for the secured party's benefit:

a. the acknowledgment is effective under subsection 3 or section 554.8301, subsection 1, even if the acknowledgment violates the rights of a debtor; and

b. unless the person otherwise agrees or law other than this Article otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.

8. *Secured party's delivery to person other than debtor.* A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery:

a. to hold possession of the collateral for the secured party's benefit; or

b. to redeliver the collateral to the secured party.

9. *Effect of delivery under subsection 8 — no duties or confirmation.* A secured party does not relinquish possession, even if a delivery under subsection 8 violates the rights of a debtor. A person to which collateral is delivered under subsection 8 does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this Article otherwise provides.

2000 Acts, ch 1149, §33, 185, 187; 2007 Acts, ch 30, §45, 46, 72; 2022 Acts, ch 1117, §28; 2024 Acts, ch 1023, §63

Referred to in §554.9203, 554.9308, 554.9310, 554.9311, 554.9312, 554.9314A, 554.9316, 554.9320, 554.9328

554.9314 Perfection by control.

1. *Perfection by control.* A security interest in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents,

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electronic money, investment property, or letter-of-credit rights may be perfected by control of the collateral under section 554.7106, 554.9104, 554.9105A, 554.9106, 554.9107, or 554.9107A.

2. *Specified collateral — time of perfection by control — continuation of perfection.* A security interest in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, or letter-of-credit rights is perfected by control under section 554.7106, 554.9104, 554.9105A, 554.9107, or 554.9107A not earlier than the time the secured party obtains control and remains perfected by control only while the secured party retains control.

3. *Investment property — time of perfection by control — continuation of perfection.* A security interest in investment property is perfected by control under section 554.9106 not earlier than the time the secured party obtains control and remains perfected by control until:

a. the secured party does not have control; and

b. one of the following occurs:

(1) if the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(2) if the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

(3) if the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

2000 Acts, ch 1149, §34, 185, 187; 2007 Acts, ch 30, §45, 46, 73; 2022 Acts, ch 1117, §29; 2024 Acts, ch 1023, §64

Referred to in §554.9308, 554.9310, 554.9312, 554.9327, 554.9328, 554.9329

554.9314A Perfection by possession and control of chattel paper.

1. *Perfection by possession and control.* A secured party may perfect a security interest in chattel paper by taking possession of each authoritative tangible copy of the record evidencing the chattel paper and obtaining control of each authoritative electronic copy of the electronic record evidencing the chattel paper.

2. *Time of perfection; continuation of perfection.* A security interest is perfected under subsection 1 not earlier than the time the secured party takes possession and obtains control and remains perfected under subsection 1 only while the secured party retains possession and control.

3. *Application of section 554.9313 to perfection by possession of chattel paper.* Section 554.9313, subsections 3 and 6 through 9, apply to perfection by possession of an authoritative tangible copy of a record evidencing chattel paper.

2024 Acts, ch 1023, §65

Referred to in §554.9203, 554.9306A, 554.9310

554.9315 Secured party's rights on disposition of collateral and in proceeds.

1. *Disposition of collateral — continuation of security interest or agricultural lien — proceeds.* Except as otherwise provided in this Article and in section 554.2403, subsection 2:

a. a security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the secured party authorized the disposition free of the security interest or agricultural lien; and

b. a security interest attaches to any identifiable proceeds of collateral.

2. *When commingled proceeds identifiable.* Proceeds that are commingled with other property are identifiable proceeds:

a. if the proceeds are goods, to the extent provided by section 554.9336; and

b. if the proceeds are not goods, to the extent that the secured party identifies the proceeds by a method of tracing, including application of equitable principles, that is permitted under law other than this Article with respect to commingled property of the type involved.

3. *Perfection of security interest in proceeds.* A security interest in proceeds is a perfected security interest if the security interest in the original collateral was perfected.

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4. *Continuation of perfection.* A perfected security interest in proceeds becomes unperfected on the twenty-first day after the security interest attaches to the proceeds unless:

a. the following conditions are satisfied:

(1) a filed financing statement covers the original collateral;

(2) the proceeds are collateral in which a security interest may be perfected by filing in the office in which the financing statement has been filed; and

(3) the proceeds are not acquired with cash proceeds;

b. the proceeds are identifiable cash proceeds; or

c. the security interest in the proceeds is perfected other than under subsection 3 when the security interest attaches to the proceeds or within twenty days thereafter.

5. *When perfected security interest in proceeds becomes unperfected.* If a filed financing statement covers the original collateral, a security interest in proceeds which remains perfected under subsection 4, paragraph *"a"*, becomes unperfected at the later of:

a. when the effectiveness of the filed financing statement lapses under section 554.9515 or is terminated under section 554.9513; or

b. the twenty-first day after the security interest attaches to the proceeds.

2000 Acts, ch 1149, §35, 185, 187

Referred to in §554.9109, 554.9203, 554.9204, 554.9308, 554.9310, 554.9312, 554.9509, 554.9607

554.9316 Effect of change in governing law.

1. *General rule — effect on perfection of change in governing law.* A security interest perfected pursuant to the law of the jurisdiction designated in section 554.9301, subsection 1, section 554.9305, subsection 3, section 554.9306A, subsection 4, or section 554.9306B, subsection 2, remains perfected until the earliest of:

a. the time perfection would have ceased under the law of that jurisdiction;

b. the expiration of four months after a change of the debtor's location to another jurisdiction; or

c. the expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

2. *Security interest perfected or unperfected under law of new jurisdiction.* If a security interest described in subsection 1 becomes perfected under the law of the other jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

3. *Possessory security interest in collateral moved to new jurisdiction.* A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:

a. the collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;

b. thereafter the collateral is brought into another jurisdiction; and

c. upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.

4. *Goods covered by certificate of title from this state.* Except as otherwise provided in subsection 5, a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.

5. *When subsection 4 security interest becomes unperfected against purchasers.* A security interest described in subsection 4 becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under section 554.9311, subsection 2, or section 554.9313 are not satisfied before the earlier of:

a. the time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this state; or

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b. the expiration of four months after the goods had become so covered.

6. *Change in jurisdiction of chattel paper, controllable electronic record, bank, issuer, nominated person, securities intermediary, or commodity intermediary.* A security interest in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, letter-of-credit rights, or investment property which is perfected under the law of the chattel paper's jurisdiction, the controllable electronic record's jurisdiction, the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

a. the time the security interest would have become unperfected under the law of that jurisdiction; or

b. the expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

7. *Subsection 6 security interest perfected or unperfected under law of new jurisdiction.* If a security interest described in subsection 6 becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

8. *Effect on filed financing statement of change in governing law.* The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:

a. A financing statement filed before the change pursuant to the law of the jurisdiction designated in section 554.9301, subsection 1, or section 554.9305, subsection 3, is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location.

b. If a security interest perfected by a financing statement that is effective under paragraph *"a"* becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in section 554.9301, subsection 1, or section 554.9305, subsection 3, or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

9. *Effect of change in governing law on financing statement filed against original debtor.* If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in section 554.9301, subsection 1, or section 554.9305, subsection 3, and the new debtor is located in another jurisdiction, the following rules apply:

a. The financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under section 554.9203, subsection 4, if the financing statement would have been effective to perfect a security interest in the collateral had the collateral been acquired by the original debtor.

b. A security interest perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in section 554.9301, subsection 1, or section 554.9305, subsection 3, or the expiration of the four-month period remains perfected thereafter. A security interest that is perfected by the financing statement but which does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

2000 Acts, ch 1149, §36, 185, 187; 2012 Acts, ch 1052, §7, 33, 37; 2024 Acts, ch 1023, §66

Referred to in §554.9308, 554.9310, 554.9311, 554.9313, 554.9320, 554.9326

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SUBPART C

PRIORITY

554.9317 Interests that take priority over or take free of security interest or agricultural lien.

1. *Conflicting security interests and rights of lien creditors.* A security interest or agricultural lien is subordinate to the rights of:

a. a person entitled to priority under section 554.9322; and

b. except as otherwise provided in subsection 5, a person that becomes a lien creditor before the earlier of the time:

(1) The security interest or agricultural lien is perfected; or

(2) One of the conditions specified in section 554.9203, subsection 2, paragraph "*c*" is met and a financing statement covering the collateral is filed.

2. *Buyers that receive delivery.* Except as otherwise provided in subsection 5, a buyer, other than a secured party, of goods, instruments, tangible documents, or a security certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

3. *Lessees that receive delivery.* Except as otherwise provided in subsection 5, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

4. *Licensees and buyers of certain collateral.* Subject to subsections 6 through 9, a licensee of a general intangible or a buyer, other than a secured party, of collateral other than electronic money, goods, instruments, tangible documents, or a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

5. *Purchase-money security interest.* Except as otherwise provided in sections 554.9320 and 554.9321, if a person files a financing statement with respect to a purchase-money security interest before or within twenty days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise between the time the security interest attaches and the time of filing.

6. *Buyers of chattel paper.* A buyer, other than a secured party, of chattel paper takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and:

a. receives delivery of each authoritative tangible copy of the record evidencing the chattel paper; and

b. if each authoritative electronic copy of the record evidencing the chattel paper can be subjected to control under section 554.9105, obtains control of each authoritative electronic copy.

7. *Buyers of electronic documents.* A buyer of an electronic document takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and, if each authoritative electronic copy of the document can be subjected to control under section 554.7106, obtains control of each authoritative electronic copy.

8. *Buyers of controllable electronic records.* A buyer of a controllable electronic record takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable electronic record.

9. *Buyers of controllable accounts and controllable payment intangibles.* A buyer, other than a secured party, of a controllable account or a controllable payment intangible takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable account or controllable payment intangible.

2000 Acts, ch 1149, §37, 185, 187; 2007 Acts, ch 30, §45, 46, 74; 2012 Acts, ch 1052, §8, 37; 2024 Acts, ch 1023, §67, 68

Referred to in §554.13307

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554.9318 No interest retained in right to payment that is sold — rights and title of seller of account or chattel paper with respect to creditors and purchasers.

1. *Seller retains no interest.* A debtor that has sold an account, chattel paper, payment intangible, or promissory note does not retain a legal or equitable interest in the collateral sold.

2. *Deemed rights of debtor if buyer's security interest unperfected.* For purposes of determining the rights of creditors of, and purchasers for value of an account or chattel paper from, a debtor that has sold an account or chattel paper, while the buyer's security interest is unperfected, the debtor is deemed to have rights and title to the account or chattel paper identical to those the debtor sold.

2000 Acts, ch 1149, §38, 185, 187

554.9319 Rights and title of consignee with respect to creditors and purchasers.

1. *Consignee has consignor's rights.* Except as otherwise provided in subsection 2, for purposes of determining the rights of creditors of, and purchasers for value of goods from, a consignee, while the goods are in the possession of the consignee, the consignee is deemed to have rights and title to the goods identical to those the consignor had or had power to transfer.

2. *Applicability of other law.* For purposes of determining the rights of a creditor of a consignee, law other than this Article determines the rights and title of a consignee while goods are in the consignee's possession if, under this part, a perfected security interest held by the consignor would have priority over the rights of the creditor.

2000 Acts, ch 1149, §39, 187

554.9320 Buyer of goods.

1. *Buyer in ordinary course of business.* Except as otherwise provided in subsection 5, a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.

2. *Buyer of consumer goods.* Except as otherwise provided in subsection 5, a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys:

a. without knowledge of the security interest;

b. for value;

c. primarily for the buyer's personal, family, or household purposes; and

d. before the filing of a financing statement covering the goods.

3. *Effectiveness of filing for subsection 2.* To the extent that it affects the priority of a security interest over a buyer of goods under subsection 2, the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by section 554.9316, subsections 1 and 2.

4. *Buyer in ordinary course of business at wellhead or minehead.* A buyer in ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.

5. *Possessory security interest not affected.* Subsections 1 and 2 do not affect a security interest in goods in the possession of the secured party under section 554.9313.

2000 Acts, ch 1149, §40, 187

Referred to in §554.7209, 554.7503, 554.9317

554.9321 Licensee of general intangible and lessee of goods in ordinary course of business.

1. *Licensee in ordinary course of business.* In this section, *"licensee in ordinary course of business"* means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course if the license to

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the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

2. *Rights of licensee in ordinary course of business.* A licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

3. *Rights of lessee in ordinary course of business.* A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

2000 Acts, ch 1149, §41, 187
Referred to in §554.7209, 554.7503, 554.9317, 554.13307

554.9322 Priorities among conflicting security interests in and agricultural liens on same collateral.

1. *General priority rules.* Except as otherwise provided in this section, priority among conflicting security interests and agricultural liens in the same collateral is determined according to the following rules:

a. Conflicting perfected security interests and agricultural liens rank according to priority in time of filing or perfection. Priority dates from the earlier of the time a filing covering the collateral is first made or the security interest or agricultural lien is first perfected, if there is no period thereafter when there is neither filing nor perfection.

b. A perfected security interest or agricultural lien has priority over a conflicting unperfected security interest or agricultural lien.

c. The first security interest or agricultural lien to attach or become effective has priority if conflicting security interests and agricultural liens are unperfected.

2. *Time of perfection — proceeds and supporting obligations.* For the purposes of subsection 1, paragraph "*a*":

a. the time of filing or perfection as to a security interest in collateral is also the time of filing or perfection as to a security interest in proceeds; and

b. the time of filing or perfection as to a security interest in collateral supported by a supporting obligation is also the time of filing or perfection as to a security interest in the supporting obligation.

3. *Special priority rules — proceeds and supporting obligations.* Except as otherwise provided in subsection 6, a security interest in collateral which qualifies for priority over a conflicting security interest under section 554.9327, 554.9328, 554.9329, 554.9330, or 554.9331 also has priority over a conflicting security interest in:

a. any supporting obligation for the collateral; and

b. proceeds of the collateral if:

(1) the security interest in proceeds is perfected;

(2) the proceeds are cash proceeds or of the same type as the collateral; and

(3) in the case of proceeds that are proceeds of proceeds, all intervening proceeds are cash proceeds, proceeds of the same type as the collateral, or an account relating to the collateral.

4. *First-to-file priority rule for certain collateral.* Subject to subsection 5 and except as otherwise provided in subsection 6, if a security interest in chattel paper, deposit accounts, negotiable documents, instruments, investment property, or letter-of-credit rights is perfected by a method other than filing, conflicting perfected security interests in proceeds of the collateral rank according to priority in time of filing.

5. *Applicability of subsection 4.* Subsection 4 applies only if the proceeds of the collateral are not cash proceeds, chattel paper, negotiable documents, instruments, investment property, or letter-of-credit rights.

6. *Limitations on subsections 1 through 5.* Subsections 1 through 5 are subject to:

a. subsection 7 and the other provisions of this part;

b. section 554.4210 with respect to a security interest of a collecting bank;

c. section 554.5118 with respect to a security interest of an issuer or nominated person; and

d. section 554.9110 with respect to a security interest arising under Article 2 or 13.

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7. *Priority under agricultural lien statute.* A perfected agricultural lien on collateral has priority over a conflicting security interest in or agricultural lien on the same collateral if the statute creating the agricultural lien so provides.

2000 Acts, ch 1149, §42, 187

Referred to in §203.12A, 203C.12A, 554.9109, 554.9317, 554.9323, 554.9324, 554.9325, 554.9328, 554.9330, 570A.5, 571.3A, 579A.2, 579B.4, 581.2

554.9323 Future advances.

1. *When priority based on time of advance.* Except as otherwise provided in subsection 3, for purposes of determining the priority of a perfected security interest under section 554.9322, subsection 1, paragraph *"a"*, perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that:

a. is made while the security interest is perfected only:

(1) under section 554.9309 when it attaches; or

(2) temporarily under section 554.9312, subsection 5, 6, or 7; and

b. is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under section 554.9309 or 554.9312, subsection 5, 6, or 7.

2. *Lien creditor.* Except as otherwise provided in subsection 3, a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures an advance made more than forty-five days after the person becomes a lien creditor unless the advance is made:

a. without knowledge of the lien; or

b. pursuant to a commitment entered into without knowledge of the lien.

3. *Buyer of receivables.* Subsections 1 and 2 do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor.

4. *Buyer of goods.* Except as otherwise provided in subsection 5, a buyer of goods takes free of a security interest to the extent that it secures advances made after the earlier of:

a. the time the secured party acquires knowledge of the buyer's purchase; or

b. forty-five days after the purchase.

5. *Advances made pursuant to commitment — priority of buyer of goods.* Subsection 4 does not apply if the advance is made pursuant to a commitment entered into without knowledge of the buyer's purchase and before the expiration of the forty-five-day period.

6. *Lessee of goods.* Except as otherwise provided in subsection 7, a lessee of goods takes the leasehold interest free of a security interest to the extent that it secures advances made after the earlier of:

a. the time the secured party acquires knowledge of the lease; or

b. forty-five days after the lease contract becomes enforceable.

7. *Advances made pursuant to commitment — priority of lessee of goods.* Subsection 6 does not apply if the advance is made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the forty-five-day period.

2000 Acts, ch 1149, §43, 187; 2024 Acts, ch 1023, §69

Referred to in §554.9328, 554.13307

554.9324 Priority of purchase-money security interests.

1. *General rule — purchase-money priority.* Except as otherwise provided in subsection 7, a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in section 554.9327, a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within twenty days thereafter.

2. *Inventory purchase-money priority.* Subject to subsection 3 and except as otherwise provided in subsection 7, a perfected purchase-money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if so provided in section 554.9330, and, except as otherwise provided in section 554.9327, also has priority in identifiable cash proceeds

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of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer, if:

a. the purchase-money security interest is perfected when the debtor receives possession of the inventory;

b. the purchase-money secured party sends a signed notification to the holder of the conflicting security interest;

c. the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

d. the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in inventory of the debtor and describes the inventory.

3. *Holders of conflicting inventory security interests to be notified.* Subsection 2, paragraphs *"b"* through *"d"*, apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory:

a. if the purchase-money security interest is perfected by filing, before the date of the filing; or

b. if the purchase-money security interest is temporarily perfected without filing or possession under section 554.9312, subsection 6, before the beginning of the twenty-day period thereunder.

4. *Livestock purchase-money priority.* Subject to subsection 5 and except as otherwise provided in subsection 7, a perfected purchase-money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 554.9327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

a. the purchase-money security interest is perfected when the debtor receives possession of the livestock;

b. the purchase-money secured party sends a signed notification to the holder of the conflicting security interest;

c. the holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and

d. the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in livestock of the debtor and describes the livestock.

5. *Holders of conflicting livestock security interests to be notified.* Subsection 4, paragraphs *"b"* through *"d"*, apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:

a. if the purchase-money security interest is perfected by filing, before the date of the filing; or

b. if the purchase-money security interest is temporarily perfected without filing or possession under section 554.9312, subsection 6, before the beginning of the twenty-day period thereunder.

6. *Software purchase-money priority.* Except as otherwise provided in subsection 7, a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in section 554.9327, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

7. *Conflicting purchase-money security interests.* If more than one security interest qualifies for priority in the same collateral under subsection 1, 2, 4, or 6:

a. a security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

b. in all other cases, section 554.9322, subsection 1, applies to the qualifying security interests.

2000 Acts, ch 1149, §44, 187; 2024 Acts, ch 1023, §70, 71

Referred to in §554.9325

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554.9325 Priority of security interests in transferred collateral.

1. *Subordination of security interest in transferred collateral.* Except as otherwise provided in subsection 2, a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if:

a. the debtor acquired the collateral subject to the security interest created by the other person;

b. the security interest created by the other person was perfected when the debtor acquired the collateral; and

c. there is no period thereafter when the security interest is unperfected.

2. *Limitation of subsection 1 subordination.* Subsection 1 subordinates a security interest only if the security interest:

a. otherwise would have priority solely under section 554.9322, subsection 1, or section 554.9324; or

b. arose solely under section 554.2711, subsection 3, or section 554.13508, subsection 5.

2000 Acts, ch 1149, §45, 187

554.9326 Priority of security interests created by new debtor.

1. *Subordination of security interest created by new debtor.* Subject to subsection 2, a security interest that is created by a new debtor in collateral in which the new debtor has or acquires rights and is perfected solely by a filed financing statement that would be ineffective to perfect the security interest but for the application of section 554.9316, subsection 9, paragraph *"a"*, or section 554.9508 is subordinate to a security interest in the same collateral which is perfected other than by such a filed financing statement.

2. *Priority under other provisions — multiple original debtors.* The other provisions of this part determine the priority among conflicting security interests in the same collateral perfected by filed financing statements described in subsection 1. However, if the security agreements to which a new debtor became bound as debtor were not entered into by the same original debtor, the conflicting security interests rank according to priority in time of the new debtor's having become bound.

2000 Acts, ch 1149, §46, 187; 2012 Acts, ch 1052, §9, 37

554.9326A Priority of security interests in controllable account, controllable electronic record, and controllable payment intangible.

A security interest in a controllable account, controllable electronic record, or controllable payment intangible held by a secured party having control of the account, electronic record, or payment intangible has priority over a conflicting security interest held by a secured party that does not have control.

2022 Acts, ch 1117, §30

554.9327 Priority of security interests in deposit account.

The following rules govern priority among conflicting security interests in the same deposit account:

1. A security interest held by a secured party having control of the deposit account under section 554.9104 has priority over a conflicting security interest held by a secured party that does not have control.

2. Except as otherwise provided in subsections 3 and 4, security interests perfected by control under section 554.9314 rank according to priority in time of obtaining control.

3. Except as otherwise provided in subsection 4, a security interest held by the bank with which the deposit account is maintained has priority over a conflicting security interest held by another secured party.

4. A security interest perfected by control under section 554.9104, subsection 1, paragraph "c", has priority over a security interest held by the bank with which the deposit account is maintained.

2000 Acts, ch 1149, §47, 187

Referred to in §554.9322, 554.9324, 554.9330

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554.9328 Priority of security interests in investment property.

The following rules govern priority among conflicting security interests in the same investment property:

1. A security interest held by a secured party having control of investment property under section 554.9106 has priority over a security interest held by a secured party that does not have control of the investment property.

2. Except as otherwise provided in subsections 3 and 4, conflicting security interests held by secured parties each of which has control under section 554.9106 rank according to priority in time of:

a. if the collateral is a security, obtaining control;

b. if the collateral is a security entitlement carried in a securities account and:

(1) if the secured party obtained control under section 554.8106, subsection 4, paragraph "*a*", the secured party's becoming the person for which the securities account is maintained;

(2) if the secured party obtained control under section 554.8106, subsection 4, paragraph "*b*", the securities intermediary's agreement to comply with the secured party's entitlement orders with respect to security entitlements carried or to be carried in the securities account; or

(3) if the secured party obtained control through another person under section 554.8106, subsection 4, paragraph "*c*", the time on which priority would be based under this subsection if the other person were the secured party; or

c. if the collateral is a commodity contract carried with a commodity intermediary, the satisfaction of the requirement for control specified in section 554.9106, subsection 2, paragraph "*b*", with respect to commodity contracts carried or to be carried with the commodity intermediary.

3. A security interest held by a securities intermediary in a security entitlement or a securities account maintained with the securities intermediary has priority over a conflicting security interest held by another secured party.

4. A security interest held by a commodity intermediary in a commodity contract or a commodity account maintained with the commodity intermediary has priority over a conflicting security interest held by another secured party.

5. A security interest in a certificated security in registered form which is perfected by taking delivery under section 554.9313, subsection 1, and not by control under section 554.9314 has priority over a conflicting security interest perfected by a method other than control.

6. Conflicting security interests created by a broker, securities intermediary, or commodity intermediary which are perfected without control under section 554.9106 rank equally.

7. In all other cases, priority among conflicting security interests in investment property is governed by sections 554.9322 and 554.9323.

2000 Acts, ch 1149, §48, 187
Referred to in §554.9322

554.9329 Priority of security interests in letter-of-credit right.

The following rules govern priority among conflicting security interests in the same letter-of-credit right:

1. A security interest held by a secured party having control of the letter-of-credit right under section 554.9107 has priority to the extent of its control over a conflicting security interest held by a secured party that does not have control.

2. Security interests perfected by control under section 554.9314 rank according to priority in time of obtaining control.

2000 Acts, ch 1149, §49, 187
Referred to in §554.9322

554.9330 Priority of purchaser of chattel paper or instrument.

1. *Purchaser's priority — security interest claimed merely as proceeds.* A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed merely as proceeds of inventory subject to a security interest if:

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a. in good faith and in the ordinary course of the purchaser's business, the purchaser gives new value, takes possession of each authoritative tangible copy of the record evidencing the chattel paper, and obtains control under section 554.9105 of each authoritative electronic copy of the record evidencing the chattel paper; and

b. the authoritative copies of the record evidencing the chattel paper do not indicate that the chattel paper has been assigned to an identified assignee other than the purchaser.

2. *Purchaser's priority — other security interests.* A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value, takes possession of each authoritative tangible copy of the record evidencing the chattel paper, and obtains control under section 554.9105 of each authoritative electronic copy of the record evidencing the chattel paper in good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party.

3. *Chattel paper purchaser's priority in proceeds.* Except as otherwise provided in section 554.9327, a purchaser having priority in chattel paper under subsection 1 or 2 also has priority in proceeds of the chattel paper to the extent that:

a. section 554.9322 provides for priority in the proceeds; or

b. the proceeds consist of the specific goods covered by the chattel paper or cash proceeds of the specific goods, even if the purchaser's security interest in the proceeds is unperfected.

4. *Instrument purchaser's priority.* Except as otherwise provided in section 554.9331, subsection 1, a purchaser of an instrument has priority over a security interest in the instrument perfected by a method other than possession if the purchaser gives value and takes possession of the instrument in good faith and without knowledge that the purchase violates the rights of the secured party.

5. *Holder of purchase-money security interest gives new value.* For purposes of subsections 1 and 2, the holder of a purchase-money security interest in inventory gives new value for chattel paper constituting proceeds of the inventory.

6. *Indication of assignment gives knowledge.* For purposes of subsections 2 and 4, if the authoritative copies of the record evidencing chattel paper or an instrument indicate that the chattel paper or instrument has been assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

2000 Acts, ch 1149, §50, 187; 2024 Acts, ch 1023, §72
Referred to in §554.9322, 554.9324, 554D.118

554.9331 Priority of rights of purchasers of controllable accounts, controllable electronic records, controllable payment intangibles, documents, instruments, and securities under other Articles — priority of interests in financial assets and security entitlements and protection against assertion of claims under Articles 8 and 14.

1. *Rights under Articles 3, 7, 8, and 14 not limited.* This Article does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, a protected purchaser of a security, or a qualifying purchaser of a controllable account, controllable electronic record, or controllable payment intangible. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Articles 3, 7, 8, and 14.

2. *Protection under Articles 8 and 14.* This Article does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Article 8 or 14.

3. *Filing not notice.* Filing under this Article does not constitute notice of a claim or defense to the holders, purchasers, or persons described in subsections 1 and 2.

2000 Acts, ch 1149, §51, 187; 2022 Acts, ch 1117, §31; 2024 Acts, ch 1023, §73
Referred to in §554.9322, 554.9330

554.9332 Transfer of money — transfer of funds from deposit account.

1. *Transferee of tangible money.* A transferee of tangible money takes the money free

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of a security interest if the transferee receives possession of the money without acting in collusion with the debtor in violating the rights of the secured party.

2. *Transferee of funds from deposit account.* A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account if the transferee receives the funds without acting in collusion with the debtor in violating the rights of the secured party.

3. *Transferee of electronic money.* A transferee of electronic money takes the money free of a security interest if the transferee obtains control of the money without acting in collusion with the debtor in violating the rights of the secured party.

2000 Acts, ch 1149, §52, 187; 2022 Acts, ch 1117, §32; 2024 Acts, ch 1023, §74

554.9333 Priority of certain liens arising by operation of law.

1. *Possessory lien.* In this section, *"possessory lien"* means an interest, other than a security interest or an agricultural lien:

a. which secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business;

b. which is created by statute or rule of law in favor of the person; and

c. whose effectiveness depends on the person's possession of the goods.

2. *Priority of possessory lien.* A possessory lien on goods has priority over a security interest in the goods unless the lien is created by a statute that expressly provides otherwise.

2000 Acts, ch 1149, §53, 187

Referred to in §554.9109

554.9334 Priority of security interests in fixtures and crops.

1. *Security interest in fixtures under this Article.* A security interest under this Article may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this Article in ordinary building materials incorporated into an improvement on land.

2. *Security interest in fixtures under real property law.* This Article does not prevent creation of an encumbrance upon fixtures under real property law.

3. *General rule — subordination of security interest in fixtures.* In cases not governed by subsections 4 through 8, a security interest in fixtures is subordinate to a conflicting interest of an encumbrancer or owner of the related real property other than the debtor.

4. *Fixtures purchase-money priority.* Except as otherwise provided in subsection 8, a perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property and:

a. the security interest is a purchase-money security interest;

b. the interest of the encumbrancer or owner arises before the goods become fixtures; and

c. the security interest is perfected by a fixture filing before the goods become fixtures or within twenty days thereafter.

5. *Priority of security interest in fixtures over interests in real property.* A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:

a. the debtor has an interest of record in the real property or is in possession of the real property and the security interest:

(1) is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and

(2) has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;

b. before the goods become fixtures, the security interest is perfected by any method permitted by this Article and the fixtures are readily removable:

(1) factory or office machines;

(2) equipment that is not primarily used or leased for use in the operation of the real property; or

(3) replacements of domestic appliances that are consumer goods;

c. the conflicting interest is a lien on the real property obtained by legal or equitable

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proceedings after the security interest was perfected by any method permitted by this Article; or

d. the security interest is:

(1) created in a manufactured home in a manufactured-home transaction; and

(2) perfected pursuant to a statute described in section 554.9311, subsection 1, paragraph *"b"*.

6. *Priority based on consent, disclaimer, or right to remove.* A security interest in fixtures, whether or not perfected, has priority over a conflicting interest of an encumbrancer or owner of the real property if:

a. the encumbrancer or owner has, in a signed record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

b. the debtor has a right to remove the goods as against the encumbrancer or owner.

7. *Continuation of subsection 6, paragraph "b", priority.* The priority of the security interest under subsection 6, paragraph *"b"*, continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

8. *Priority of construction mortgage.* A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if a recorded record of the mortgage so indicates. Except as otherwise provided in subsections 5 and 6, a security interest in fixtures is subordinate to a construction mortgage if a record of the mortgage is recorded before the goods become fixtures and the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.

9. *Priority of security interest in crops.* Except as provided in subsection 10, a perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property.

10. *Agricultural liens prevail.* The provisions of this Article regarding agricultural liens prevail over any inconsistent provisions of subsection 9.

2000 Acts, ch 1149, §54, 187; 2024 Acts, ch 1023, §75

Referred to in §554.9109

554.9335 Accessions.

1. *Creation of security interest in accession.* A security interest may be created in an accession and continues in collateral that becomes an accession.

2. *Perfection of security interest.* If a security interest is perfected when the collateral becomes an accession, the security interest remains perfected in the collateral.

3. *Priority of security interest.* Except as otherwise provided in subsection 4, the other provisions of this part determine the priority of a security interest in an accession.

4. *Compliance with certificate-of-title statute.* A security interest in an accession is subordinate to a security interest in the whole which is perfected by compliance with the requirements of a certificate-of-title statute under section 554.9311, subsection 2.

5. *Removal of accession after default.* After default, subject to part 6, a secured party may remove an accession from other goods if the security interest in the accession has priority over the claims of every person having an interest in the whole.

6. *Reimbursement following removal.* A secured party that removes an accession from other goods under subsection 5 shall promptly reimburse any holder of a security interest or other lien on, or owner of, the whole or of the other goods, other than the debtor, for the cost of repair of any physical injury to the whole or the other goods. The secured party need not reimburse the holder or owner for any diminution in value of the whole or the other goods caused by the absence of the accession removed or by any necessity for replacing it. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

2000 Acts, ch 1149, §55, 187

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554.9336 Commingled goods.

1. *Commingled goods.* In this section, *"commingled goods"* means goods that are physically united with other goods in such a manner that their identity is lost in a product or mass.

2. *No security interest in commingled goods as such.* A security interest does not exist in commingled goods as such. However, a security interest may attach to a product or mass that results when goods become commingled goods.

3. *Attachment of security interest to product or mass.* If collateral becomes commingled goods, a security interest attaches to the product or mass.

4. *Perfection of security interest.* If a security interest in collateral is perfected before the collateral becomes commingled goods, the security interest that attaches to the product or mass under subsection 3 is perfected.

5. *Priority of security interest.* Except as otherwise provided in subsection 6, the other provisions of this part determine the priority of a security interest that attaches to the product or mass under subsection 3.

6. *Conflicting security interests in product or mass.* If more than one security interest attaches to the product or mass under subsection 3, the following rules determine priority:

a. A security interest that is perfected under subsection 4 has priority over a security interest that is unperfected at the time the collateral becomes commingled goods.

b. If more than one security interest is perfected under subsection 4, the security interests rank equally in proportion to the value of the collateral at the time it became commingled goods.

2000 Acts, ch 1149, §56, 187
Referred to in §554.9204, 554.9315

554.9337 Priority of security interests in goods covered by certificate of title.

If, while a security interest in goods is perfected by any method under the law of another jurisdiction, this state issues a certificate of title that does not show that the goods are subject to the security interest or contain a statement that they may be subject to security interests not shown on the certificate:

1. a buyer of the goods, other than a person in the business of selling goods of that kind, takes free of the security interest if the buyer gives value and receives delivery of the goods after issuance of the certificate and without knowledge of the security interest; and

2. the security interest is subordinate to a conflicting security interest in the goods that attaches, and is perfected under section 554.9311, subsection 2, after issuance of the certificate and without the conflicting secured party's knowledge of the security interest.

2000 Acts, ch 1149, §57, 187

554.9338 Priority of security interest or agricultural lien perfected by filed financing statement providing certain incorrect information.

If a security interest or agricultural lien is perfected by a filed financing statement providing information described in section 554.9516, subsection 2, paragraph *"e"*, which is incorrect at the time the financing statement is filed:

1. the security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

2. a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of tangible chattel paper, tangible documents, goods, instruments, or a security certificate, receives delivery of the collateral.

2000 Acts, ch 1149, §58, 187; 2007 Acts, ch 30, §45, 46, 75
Referred to in §554.9520

554.9339 Priority subject to subordination.

This Article does not preclude subordination by agreement by a person entitled to priority.

2000 Acts, ch 1149, §59, 187

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SUBPART D

RIGHTS OF BANK

554.9340 Effectiveness of right of recoupment or setoff against deposit account.

1. *Exercise of recoupment or setoff.* Except as otherwise provided in subsection 3, a bank with which a deposit account is maintained may exercise any right of recoupment or setoff against a secured party that holds a security interest in the deposit account.

2. *Recoupment or setoff not affected by security interest.* Except as otherwise provided in subsection 3, the application of this Article to a security interest in a deposit account does not affect a right of recoupment or setoff of the secured party as to a deposit account maintained with the secured party.

3. *When setoff ineffective.* The exercise by a bank of a setoff against a deposit account is ineffective against a secured party that holds a security interest in the deposit account which is perfected by control under section 554.9104, subsection 1, paragraph *"c"*, if the setoff is based on a claim against the debtor.

2000 Acts, ch 1149, §60, 187
Referred to in §554.9109, 554.9341

554.9341 Bank's rights and duties with respect to deposit account.

Except as otherwise provided in section 554.9340, subsection 3, and unless the bank otherwise agrees in a signed record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:

1. the creation, attachment, or perfection of a security interest in the deposit account;
2. the bank's knowledge of the security interest; or
3. the bank's receipt of instructions from the secured party.

2000 Acts, ch 1149, §61, 187; 2024 Acts, ch 1023, §76

554.9342 Bank's right to refuse to enter into or disclose existence of control agreement.

This Article does not require a bank to enter into an agreement of the kind described in section 554.9104, subsection 1, paragraph *"b"*, even if its customer so requests or directs. A bank that has entered into such an agreement is not required to confirm the existence of the agreement to another person unless requested to do so by its customer.

2000 Acts, ch 1149, §62, 187

PART 4

RIGHTS OF THIRD PARTIES

554.9401 Alienability of debtor's rights.

1. *Other law governs alienability — exceptions.* Except as otherwise provided in subsection 2 and sections 554.9406, 554.9407, 554.9408, and 554.9409, whether a debtor's rights in collateral may be voluntarily or involuntarily transferred is governed by law other than this Article.

2. *Agreement does not prevent transfer.* An agreement between the debtor and secured party which prohibits a transfer of the debtor's rights in collateral or makes the transfer a default does not prevent the transfer from taking effect.

2000 Acts, ch 1149, §63, 185, 187

554.9402 Secured party not obligated on contract of debtor or in tort.

The existence of a security interest, agricultural lien, or authority given to a debtor to dispose of or use collateral, without more, does not subject a secured party to liability in contract or tort for the debtor's acts or omissions.

2000 Acts, ch 1149, §64, 185, 187

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554.9403 Agreement not to assert defenses against assignee.

1. *Value.* In this section, *"value"* has the meaning provided in section 554.3303, subsection 1.

2. *Agreement not to assert claim or defense.* Except as otherwise provided in this section, an agreement between an account debtor and an assignor not to assert against an assignee any claim or defense that the account debtor may have against the assignor is enforceable by an assignee that takes an assignment:

a. for value;

b. in good faith;

c. without notice of a claim of a property or possessory right to the property assigned; and

d. without notice of a defense or claim in recoupment of the type that may be asserted against a person entitled to enforce a negotiable instrument under section 554.3305, subsection 1.

3. *When subsection 2 not applicable.* Subsection 2 does not apply to defenses of a type that may be asserted against a holder in due course of a negotiable instrument under section 554.3305, subsection 2.

4. *Omission of required statement in consumer transaction.* In a consumer transaction, if a record evidences the account debtor's obligation, law other than this Article requires that the record include a statement to the effect that the rights of an assignee are subject to claims or defenses that the account debtor could assert against the original obligee, and the record does not include such a statement:

a. the record has the same effect as if the record included such a statement; and

b. the account debtor may assert against an assignee those claims and defenses that would have been available if the record included such a statement.

5. *Rule for individual under other law.* This section is subject to law other than this Article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

6. *Other law not displaced.* Except as otherwise provided in subsection 4, this section does not displace law other than this Article which gives effect to an agreement by an account debtor not to assert a claim or defense against an assignee.

2000 Acts, ch 1149, §65, 185, 187

554.9404 Rights acquired by assignee — claims and defenses against assignee.

1. *Assignee's rights subject to terms, claims, and defenses — exceptions.* Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to subsections 2 through 5, the rights of an assignee are subject to:

a. all terms of the agreement between the account debtor and assignor and any defense or claim in recoupment arising from the transaction that gave rise to the contract; and

b. any other defense or claim of the account debtor against the assignor which accrues before the account debtor receives a notification of the assignment signed by the assignor or the assignee.

2. *Account debtor's claim reduces amount owed to assignee.* Subject to subsection 3 and except as otherwise provided in subsection 4, the claim of an account debtor against an assignor may be asserted against an assignee under subsection 1 only to reduce the amount the account debtor owes.

3. *Rule for individual under other law.* This section is subject to law other than this Article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

4. *Omission of required statement in consumer transaction.* In a consumer transaction, if a record evidences the account debtor's obligation, law other than this Article requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and the record does not include such a statement, the extent to which a claim of an account debtor against the assignor may be asserted against an assignee is determined as if the record included such a statement.

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5. *Inapplicability to health care insurance receivable.* This section does not apply to an assignment of a health care insurance receivable.

2000 Acts, ch 1149, §66, 185, 187; 2024 Acts, ch 1023, §77
Referred to in §539.1, 539.2, 539.3, 554.9109

554.9405 Modification of assigned contract.

1. *Effect of modification on assignee.* A modification of or substitution for an assigned contract is effective against an assignee if made in good faith. The assignee acquires corresponding rights under the modified or substituted contract. The assignment may provide that the modification or substitution is a breach of contract by the assignor. This subsection is subject to subsections 2 through 4.

2. *Applicability of subsection 1.* Subsection 1 applies to the extent that:

a. the right to payment or a part thereof under an assigned contract has not been fully earned by performance; or

b. the right to payment or a part thereof has been fully earned by performance and the account debtor has not received notification of the assignment under section 554.9406, subsection 1.

3. *Rule for individual under other law.* This section is subject to law other than this Article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

4. *Inapplicability to health care insurance receivable.* This section does not apply to an assignment of a health care insurance receivable.

2000 Acts, ch 1149, §67, 185, 187
Referred to in §539.1, 539.2, 539.3

554.9406 Discharge of account debtor — notification of assignment — identification and proof of assignment — restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective.

1. *Discharge of account debtor — effect of notification.* Subject to subsections 2 through 9 and 11, an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, signed by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

2. *When notification ineffective.* Subject to subsections 8 and 11, notification is ineffective under subsection 1:

a. if it does not reasonably identify the rights assigned;

b. to the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this Article; or

c. at the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if:

(1) only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee;

(2) a portion has been assigned to another assignee; or

(3) the account debtor knows that the assignment to that assignee is limited.

3. *Proof of assignment.* Subject to subsections 8 and 11, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under subsection 1.

4. *Term restricting assignment generally ineffective.* In this subsection, *"promissory note"* includes a negotiable instrument that evidences chattel paper. Except as otherwise provided in subsections 5 and 10A and sections 554.9407 and 554.13303, and subject to

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subsection 8, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

a. prohibits, restricts, or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account, chattel paper, payment intangible, or promissory note; or

b. provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account, chattel paper, payment intangible, or promissory note.

5. *Inapplicability of subsection 4 to certain sales.* Subsection 4 does not apply to the sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under section 554.9610 or an acceptance of collateral under section 554.9620.

6. *Legal restrictions on assignment generally ineffective.* Except as otherwise provided in subsection 10A and sections 554.9407 and 554.13303 and subject to subsections 8 and 9, a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

a. prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in the account or chattel paper; or

b. provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.

7. *Subsection 2, paragraph "c", not waivable.* Subject to subsections 8 and 11, an account debtor shall not waive or vary its option under subsection 2, paragraph *"c"*.

8. *Rule for individual under other law.* This section is subject to law other than this Article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

9. *Inapplicability to health care insurance receivable.* This section does not apply to an assignment of a health care insurance receivable.

10. *Section prevails over specified inconsistent law.* This section prevails over any inconsistent provision of an existing or future statute, rule, or regulation of this state unless the provision is contained in a statute of this state, refers expressly to this section, and states that the provision prevails over this section.

10A. *Inapplicability to interests in certain entities.* Subsections 4, 6, and 10 do not apply to a security interest in an ownership interest in a general partnership, limited partnership, or limited liability company.

11. *Inapplicability of certain subsections.* Subsections 1, 2, 3, and 7 do not apply to a controllable account or controllable payment intangible.

2000 Acts, ch 1149, §68, 185, 187; 2012 Acts, ch 1052, §10, 37; 2022 Acts, ch 1117, §33, 34; 2024 Acts, ch 1023, §78, 79

Referred to in §554.2210, 554.9209, 554.9401, 554.9405, 627.13

554.9407 Restrictions on creation or enforcement of security interest in leasehold interest or in lessor's residual interest.

1. *Term restricting assignment generally ineffective.* Except as otherwise provided in subsection 2, a term in a lease agreement is ineffective to the extent that it:

a. prohibits, restricts, or requires the consent of a party to the lease to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, an interest of a party under the lease contract or in the lessor's residual interest in the goods; or

b. provides that the assignment or transfer or the creation, attachment, perfection, or

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enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.

2. *Effectiveness of certain terms.* Except as otherwise provided in section 554.13303, subsection 7, a term described in subsection 1, paragraph *"b"*, is effective to the extent that there is:

a. a transfer by the lessee of the lessee's right of possession or use of the goods in violation of the term; or

b. a delegation of a material performance of either party to the lease contract in violation of the term.

3. *Security interest not material impairment.* The creation, attachment, perfection, or enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is not a transfer that materially impairs the lessee's prospect of obtaining return performance or materially changes the duty of or materially increases the burden or risk imposed on the lessee within the purview of section 554.13303, subsection 3, unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the lessor.

2000 Acts, ch 1149, §69, 185, 187
Referred to in §554.9401, 554.9406, 554.13303

554.9408 Restrictions on assignment of promissory notes, health care insurance receivables, and certain general intangibles ineffective.

1. *Term restricting assignment generally ineffective.* Except as otherwise provided in subsections 2 and 5A, a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health care insurance receivable or a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health care insurance receivable, or general intangible, is ineffective to the extent that the term:

a. would impair the creation, attachment, or perfection of a security interest; or

b. provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health care insurance receivable, or general intangible.

2. *Applicability of subsection 1 to sales of certain rights to payment.* Subsection 1 applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note, other than a sale pursuant to a disposition under section 554.9610 or an acceptance of collateral under section 554.9620.

3. *Legal restrictions on assignment generally ineffective.* Except as otherwise provided in subsection 5A, a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, person obligated on a promissory note, or account debtor to the assignment or transfer of, or creation of a security interest in, a promissory note, health care insurance receivable, or general intangible, including a contract, permit, license, or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or regulation:

a. would impair the creation, attachment, or perfection of a security interest; or

b. provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health care insurance receivable, or general intangible.

4. *Limitation on ineffectiveness under subsections 1 and 3.* To the extent that a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health care insurance receivable or general intangible or a rule of law, statute, or regulation described in subsection 3 would be effective under law other than this Article but is ineffective under subsection 1 or 3, the creation, attachment, or perfection of a security interest in the promissory note, health care insurance receivable, or general intangible:

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a. is not enforceable against the person obligated on the promissory note or the account debtor;

b. does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;

c. does not require the person obligated on the promissory note or the account debtor to recognize the security interest, pay or render performance to the secured party, or accept payment or performance from the secured party;

d. does not entitle the secured party to use or assign the debtor's rights under the promissory note, health care insurance receivable, or general intangible, including any related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health care insurance receivable, or general intangible;

e. does not entitle the secured party to use, assign, possess, or have access to any trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and

f. does not entitle the secured party to enforce the security interest in the promissory note, health care insurance receivable, or general intangible.

5. *Section prevails over specified inconsistent law.* This section prevails over any inconsistent provision of an existing or future statute, rule, or regulation of this state unless the provision is contained in a statute of this state, refers expressly to this section, and states that the provision prevails over this section.

5A. *Inapplicability to interests in certain entities.* This section does not apply to a security interest in an ownership interest in a general partnership, limited partnership, or limited liability company.

6. *Promissory note.* In this section, *"promissory note"* includes a negotiable instrument that evidences chattel paper.

2000 Acts, ch 1149, §70, 185, 187; 2012 Acts, ch 1052, §11, 37; 2024 Acts, ch 1023, §80 – 82
Referred to in §554.9401, 627.13

554.9409 Restrictions on assignment of letter-of-credit rights ineffective.

1. *Term or law restricting assignment generally ineffective.* A term in a letter of credit or a rule of law, statute, regulation, custom, or practice applicable to the letter of credit which prohibits, restricts, or requires the consent of an applicant, issuer, or nominated person to a beneficiary's assignment of or creation of a security interest in a letter-of-credit right is ineffective to the extent that the term or rule of law, statute, regulation, custom, or practice:

a. would impair the creation, attachment, or perfection of a security interest in the letter-of-credit right; or

b. provides that the assignment or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the letter-of-credit right.

2. *Limitation on ineffectiveness under subsection 1.* To the extent that a term in a letter of credit is ineffective under subsection 1 but would be effective under law other than this Article or a custom or practice applicable to the letter of credit, to the transfer of a right to draw or otherwise demand performance under the letter of credit, or to the assignment of a right to proceeds of the letter of credit, the creation, attachment, or perfection of a security interest in the letter-of-credit right:

a. is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

b. imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

c. does not require the applicant, issuer, nominated person, or transferee beneficiary to recognize the security interest, pay or render performance to the secured party, or accept payment or other performance from the secured party.

2000 Acts, ch 1149, §71, 187
Referred to in §554.9401

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PART 5

FILING

Referred to in §331.602, 331.609, 570A.4, 571.3, 581.3

SUBPART A

FILING OFFICE — CONTENTS AND EFFECTIVENESS OF FINANCING STATEMENT

554.9501 Filing office.

1. *Filing offices.* Except as otherwise provided in subsection 2, if the local law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is:

a. the office designated for the filing or recording of a record of a mortgage on the related real property, if:

(1) the collateral is as-extracted collateral or timber to be cut; or

(2) the financing statement is filed as a fixture filing and the collateral is goods that are or are to become fixtures; or

b. the office of the secretary of state in all other cases, including a case in which the collateral is goods that are or are to become fixtures and the financing statement is not filed as a fixture filing.

2. *Filing office for transmitting utilities.* The office in which to file a financing statement to perfect a security interest in collateral, including fixtures, of a transmitting utility is the office of the secretary of state. The financing statement also constitutes a fixture filing as to the collateral indicated in the financing statement which is or is to become fixtures.

2000 Acts, ch 1149, §72, 185, 187

Referred to in §554.9102, 554.9109, 554.9502, 554.9512, 554.9516, 554.9519, 554.9522, 554B.1, 681A.6

554.9502 Contents of financing statement — record of mortgage as financing statement — time of filing financing statement.

1. *Sufficiency of financing statement.* Subject to subsection 2, a financing statement is sufficient only if it:

a. provides the name of the debtor;

b. provides the name of the secured party or a representative of the secured party; and

c. indicates the collateral covered by the financing statement.

2. *Real-property-related financing statements.* Except as otherwise provided in section 554.9501, subsection 2, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must satisfy subsection 1 and also:

a. indicate that it covers this type of collateral;

b. indicate that it is to be filed for record in the real property records;

c. provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of this state if the description were contained in a record of the mortgage of the real property; and

d. if the debtor does not have an interest of record in the real property, provide the name of a record owner.

3. *Record of mortgage as financing statement.* A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:

a. the record indicates the goods or accounts that it covers;

b. the goods are or are to become fixtures related to the real property described in the record or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;

c. the record satisfies the requirements for a financing statement in this section, but

(1) the record need not indicate that it is to be filed in the real property records; and

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(2) the record sufficiently provides the name of a debtor who is an individual if it provides the individual name of the debtor or the surname and first personal name of the debtor, even if the debtor is an individual to whom section 554.9503, subsection 1, paragraph *"d"* applies; and

d. the record is duly recorded.

4. *Filing before security agreement or attachment.* A financing statement may be filed before a security agreement is made or a security interest otherwise attaches.

2000 Acts, ch 1149, §73, 185, 187; 2012 Acts, ch 1052, §12, 37; 2014 Acts, ch 1092, §124
Referred to in §554.9102, 554.9109, 554.9512, 554.9514, 554.9515, 554.9520, 554.9525, 554.13309, 570A.4, 571.3, 579A.2, 579B.4, 581.3

554.9503 Name of debtor and secured party.

1. *Sufficiency of debtor's name.* A financing statement sufficiently provides the name of the debtor:

a. except as otherwise provided in paragraph *"c"*, if the debtor is a registered organization or if the collateral is held in a trust that is a registered organization, only if the financing statement provides the name that is stated to be the registered organization's name on the public organic record most recently filed with or issued or enacted by the registered organization's jurisdiction of organization which purports to state, amend, or restate the registered organization's name;

b. subject to subsection 6, if the collateral is being administered by the personal representative of a decedent, only if the financing statement provides, as the name of the debtor, the name of the decedent and, in a separate part of the financing statement, indicates that the collateral is being administered by a personal representative;

c. if the collateral is held in a trust that is not a registered organization, only if the financing statement:

(1) provides as the name of the debtor:

(a) if the organic record of the trust specifies a name for the trust, the name specified; or

(b) if the organic record of the trust does not specify a name for the trust, the name of the settlor or testator; and

(2) in a separate part of the financing statement:

(a) if the name is provided in accordance with subparagraph (1), subparagraph division (a), indicates that the collateral is held in a trust; or

(b) if the name is provided in accordance with subparagraph (1), subparagraph division (b), provides additional information sufficient to distinguish the trust from other trusts having one or more of the same settlors or the same testator and indicates that the collateral is held in a trust, unless the additional information so indicates;

d. subject to subsection 7, if the debtor is an individual to whom this state has issued a driver's license under chapter 321 that has not expired, only if the financing statement provides the name of the individual which is indicated on the driver's license;

e. if the debtor is an individual to whom paragraph *"d"* does not apply, only if the financing statement provides the individual name of the debtor or the surname and first personal name of the debtor; and

f. in other cases:

(1) if the debtor has a name, only if the financing statement provides the organizational name of the debtor; and

(2) if the debtor does not have a name, only if it provides the names of the partners, members, associates, or other persons comprising the debtor, in a manner that each name provided would be sufficient if the person named were the debtor.

2. *Additional debtor-related information.* A financing statement that provides the name of the debtor in accordance with subsection 1 is not rendered ineffective by the absence of:

a. a trade name or other name of the debtor; or

b. unless required under subsection 1, paragraph *"f"*, subparagraph (2), names of partners, members, associates, or other persons comprising the debtor.

3. *Debtor's trade name insufficient.* A financing statement that provides only the debtor's trade name does not sufficiently provide the name of the debtor.

4. *Representative capacity.* Failure to indicate the representative capacity of a secured

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party or representative of a secured party does not affect the sufficiency of a financing statement.

5. *Multiple debtors and secured parties.* A financing statement may provide the name of more than one debtor and the name of more than one secured party.

6. *Name of decedent.* The name of the decedent indicated on the order appointing the personal representative of the decedent issued by the court having jurisdiction over the collateral is sufficient as the "name of the decedent" under subsection 1, paragraph *"b"*.

7. *Multiple driver's licenses.* If this state has issued to an individual more than one driver's license under chapter 321 of a kind described in subsection 1, paragraph *"d"*, the one that was issued most recently is the one to which subsection 1, paragraph *"d"* refers.

8. *Definition.* In this section, the *"name of the settlor or testator"* means:

a. if the settlor is a registered organization, the name that is stated to be the settlor's name on the public organic record most recently filed with or issued or enacted by the settlor's jurisdiction of organization which purports to state, amend, or restate the settlor's name; or

b. in other cases, the name of the settlor or testator indicated in the trust's organic record.

2000 Acts, ch 1149, §74, 185, 187; 2012 Acts, ch 1052, §13 – 15, 37

Referred to in §554.9502, 554.9506, 554.9507

554.9504 Indication of collateral.

A financing statement sufficiently indicates the collateral that it covers if the financing statement provides:

1. a description of the collateral pursuant to section 554.9108; or

2. an indication that the financing statement covers all assets or all personal property.

2000 Acts, ch 1149, §75, 185, 187

554.9505 Filing and compliance with other statutes and treaties for consignments, leases, other bailments, and other transactions.

1. *Use of terms other than debtor and secured party.* A consignor, lessor, or other bailor of goods, a licensor, or a buyer of a payment intangible or promissory note may file a financing statement, or may comply with a statute or treaty described in section 554.9311, subsection 1, using the terms "consignor", "consignee", "lessor", "lessee", "bailor", "bailee", "licensor", "licensee", "owner", "registered owner", "buyer", "seller", or words of similar import, instead of the terms "secured party" and "debtor".

2. *Effect of financing statement under subsection 1.* This part applies to the filing of a financing statement under subsection 1 and, as appropriate, to compliance that is equivalent to filing a financing statement under section 554.9311, subsection 2, but the filing or compliance is not of itself a factor in determining whether the collateral secures an obligation. If it is determined for another reason that the collateral secures an obligation, a security interest held by the consignor, lessor, bailor, licensor, owner, or buyer which attaches to the collateral is perfected by the filing or compliance.

2000 Acts, ch 1149, §76, 185, 187

554.9506 Effect of errors or omissions.

1. *Minor errors and omissions.* A financing statement substantially satisfying the requirements of this part is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading.

2. *Financing statement seriously misleading.* Except as otherwise provided in subsection 3, a financing statement that fails sufficiently to provide the name of the debtor in accordance with section 554.9503, subsection 1, is seriously misleading.

3. *Financing statement not seriously misleading.* If a search of the records of the filing office under the debtor's correct name, using the filing office's standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with section 554.9503, subsection 1, the name provided does not make the financing statement seriously misleading.

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4. *Debtor's correct name.* For purposes of section 554.9508, subsection 2, the *"debtor's correct name"* in subsection 3 means the correct name of the new debtor.

2000 Acts, ch 1149, §77, 185, 187
Referred to in §554.9507, 554.9508

554.9507 Effect of certain events on effectiveness of financing statement.

1. *Disposition.* A filed financing statement remains effective with respect to collateral that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest or agricultural lien continues, even if the secured party knows of or consents to the disposition.

2. *Information becoming seriously misleading.* Except as otherwise provided in subsection 3 and section 554.9508, a financing statement is not rendered ineffective if, after the financing statement is filed, the information provided in the financing statement becomes seriously misleading under section 554.9506.

3. *Change in debtor's name.* If the name that a filed financing statement provides for a debtor becomes insufficient as the name of the debtor under section 554.9503, subsection 1, so that the financing statement becomes seriously misleading under section 554.9506:

a. the financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the filed financing statement becomes seriously misleading; and

b. the financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the filed financing statement becomes seriously misleading, unless an amendment to the financing statement which renders the financing statement not seriously misleading is filed within four months after the financing statement became seriously misleading.

2000 Acts, ch 1149, §78, 185, 187; 2012 Acts, ch 1052, §16, 37
Referred to in §554.9508

554.9508 Effectiveness of financing statement if new debtor becomes bound by security agreement.

1. *Financing statement naming original debtor.* Except as otherwise provided in this section, a filed financing statement naming an original debtor is effective to perfect a security interest in collateral in which a new debtor has or acquires rights to the extent that the financing statement would have been effective had the original debtor acquired rights in the collateral.

2. *Financing statement becoming seriously misleading.* If the difference between the name of the original debtor and that of the new debtor causes a filed financing statement that is effective under subsection 1 to be seriously misleading under section 554.9506:

a. the financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under section 554.9203, subsection 4; and

b. the financing statement is not effective to perfect a security interest in collateral acquired by the new debtor more than four months after the new debtor becomes bound under section 554.9203, subsection 4, unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

3. *When section not applicable.* This section does not apply to collateral as to which a filed financing statement remains effective against the new debtor under section 554.9507, subsection 1.

2000 Acts, ch 1149, §79, 187
Referred to in §554.9326, 554.9506, 554.9507

554.9509 Persons entitled to file a record.

1. *Person entitled to file record.* A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

a. the debtor authorizes the filing in a signed record or pursuant to subsection 2 or 3; or

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b. the person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien.

2. *Security agreement as authorization.* By signing or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

a. the collateral described in the security agreement; and

b. property that becomes collateral under section 554.9315, subsection 1, paragraph *"b"*, whether or not the security agreement expressly covers proceeds.

3. *Acquisition of collateral as authorization.* By acquiring collateral in which a security interest or agricultural lien continues under section 554.9315, subsection 1, paragraph *"a"*, a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under section 554.9315, subsection 1, paragraph *"b"*.

4. *Person entitled to file certain amendments.* A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

a. the secured party of record authorizes the filing; or

b. the amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by section 554.9513, subsection 1 or 3, the debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

5. *Multiple secured parties of record.* If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under subsection 4.

2000 Acts, ch 1149, §80, 187; 2024 Acts, ch 1023, §83
Referred to in §554.9510, 554.9512, 554.9518, 554.9625, 681A.19, 714.29

554.9510 Effectiveness of filed record.

1. *Filed record effective if authorized.* A filed record is effective only to the extent that it was filed by a person that may file it under section 554.9509 or by the filing office under section 554.9513A.

2. *Authorization by one secured party of record.* A record authorized by one secured party of record does not affect the financing statement with respect to another secured party of record.

3. *Continuation statement not timely filed.* A continuation statement that is not filed within the six-month period prescribed by section 554.9515, subsection 4, is ineffective.

2000 Acts, ch 1149, §81, 187; 2021 Acts, ch 183, §9
Referred to in §554.9513, 554.9515

554.9511 Secured party of record.

1. *Secured party of record.* A secured party of record with respect to a financing statement is a person whose name is provided as the name of the secured party or a representative of the secured party in an initial financing statement that has been filed. If an initial financing statement is filed under section 554.9514, subsection 1, the assignee named in the initial financing statement is the secured party of record with respect to the financing statement.

2. *Amendment naming secured party of record.* If an amendment of a financing statement which provides the name of a person as a secured party or a representative of a secured party is filed, the person named in the amendment is a secured party of record. If an amendment is filed under section 554.9514, subsection 2, the assignee named in the amendment is a secured party of record.

3. *Amendment deleting secured party of record.* A person remains a secured party of record until the filing of an amendment of the financing statement which deletes the person.

2000 Acts, ch 1149, §82, 187

554.9512 Amendment of financing statement.

1. *Amendment of information in financing statement.* Subject to section 554.9509, a

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person may add or delete collateral covered by, continue or terminate the effectiveness of, or, subject to subsection 5, otherwise amend the information provided in, a financing statement by filing an amendment that:

a. identifies, by its file number, the initial financing statement to which the amendment relates; and

b. if the amendment relates to an initial financing statement filed or recorded in a filing office described in section 554.9501, subsection 1, paragraph *"a"*, provides the date and time that the initial financing statement was filed or recorded and the information specified in section 554.9502, subsection 2.

2. *Period of effectiveness not affected.* Except as otherwise provided in section 554.9515, the filing of an amendment does not extend the period of effectiveness of the financing statement.

3. *Effectiveness of amendment adding collateral.* A financing statement that is amended by an amendment that adds collateral is effective as to the added collateral only from the date of the filing of the amendment.

4. *Effectiveness of amendment adding debtor.* A financing statement that is amended by an amendment that adds a debtor is effective as to the added debtor only from the date of the filing of the amendment.

5. *Certain amendments ineffective.* An amendment is ineffective to the extent it:

a. purports to delete all debtors and fails to provide the name of a debtor to be covered by the financing statement; or

b. purports to delete all secured parties of record and fails to provide the name of a new secured party of record.

2000 Acts, ch 1149, §83, 187
Referred to in §554.9109, 554.9516

554.9513 Termination statement.

1. *Consumer goods.* A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

a. there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

b. the debtor did not authorize the filing of the initial financing statement.

2. *Time for compliance with subsection 1.* To comply with subsection 1, a secured party shall cause the secured party of record to file the termination statement:

a. within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

b. if earlier, within twenty days after the secured party receives a signed demand from a debtor.

3. *Other collateral.* In cases not governed by subsection 1, within twenty days after a secured party receives a signed demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

a. except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

b. the financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

c. the financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

d. the debtor did not authorize the filing of the initial financing statement.

4. *Effect of filing termination statement.* Except as otherwise provided in section 554.9510, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as

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otherwise provided in section 554.9510, for purposes of section 554.9519, subsection 7, section 554.9522, subsection 1, and section 554.9523, subsection 3, the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

2000 Acts, ch 1149, §84, 187; 2024 Acts, ch 1023, §84
Referred to in §554.9315, 554.9509, 554.9625, 681A.19

554.9513A Termination of wrongfully filed financing statement — reinstatement.

1. *Trusted filer.* *"Trusted filer"* means a person that does any of the following:

a. Regularly causes records to be communicated to the filing office for filing and has provided the filing office with current contact information and information sufficient to establish the person's identity.

b. Satisfies either of the following conditions:

(1) The filing office has issued the person credentials for access to online filing services.

(2) The person has established a prepaid or direct debit account for payment of filing fees, regardless of whether the account is used in a particular transaction.

2. *Affidavit of wrongful filing.* A person identified as debtor in a filed financing statement may deliver to the filing office a notarized, sworn affidavit that identifies the financing statement by file number, indicates the affiant's mailing address, and states that the affiant believes that the filed record identifying the affiant as debtor was not authorized to be filed and was caused to be communicated to the filing office with the intent to harass or defraud the affiant. The filing office may reject an affidavit that is incomplete or that it believes was delivered to it with the intent to harass or defraud the secured party. The office of the secretary of state shall adopt a form of affidavit for use under this section.

3. *Termination statement by filing office.* Subject to subsection 11, if an affidavit is delivered to the filing office under subsection 2, the filing office shall promptly file a termination statement with respect to the financing statement identified in the affidavit. The termination statement must identify by its file number the initial financing statement to which it relates and must indicate that it was filed pursuant to this section. A termination statement filed under this subsection is not effective until ninety days after it is filed.

4. *No fee charged or refunded.* The filing office shall not charge a fee for the filing of an affidavit under subsection 2 or a termination statement under subsection 3. The filing office shall not return any fee paid for filing the financing statement identified in the affidavit, whether or not the financing statement is reinstated under subsection 7.

5. *Notice of termination statement.* On the same day that a filing office files a termination statement under subsection 3, the filing office shall send to the secured party of record for the financing statement to which the termination statement relates a notice stating that the termination statement has been filed and will become effective ninety days after filing. The notice shall be sent by certified mail, return receipt requested, to the address provided for the secured party of record in the financing statement with a copy sent by electronic mail to the electronic mail address provided by the secured party of record, if any.

6. *Administrative review — action for reinstatement.* A secured party that believes in good faith that the filed record identified in an affidavit delivered to the filing office under subsection 2 was authorized to be filed and was not caused to be communicated to the filing office with the intent to harass or defraud the affiant may:

a. Before the termination statement takes effect, request that the filing office conduct an expedited review of the filed record and any documentation provided by the secured party. The filing office may as a result of this review remove from the record the termination statement filed by it under subsection 3 before the termination statement takes effect and conduct an administrative review under subsection 11.

b. File an action against the filing office seeking reinstatement of the financing statement to which the filed record relates at any time before the expiration of six months after the date on which the termination statement filed under subsection 3 becomes effective. If the affiant is not named as a defendant in the action, the secured party shall send a copy of the petition to the affiant at the address indicated in the affidavit. The exclusive venue for the action shall

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be in the district court for the county where the filing office in which the financing statement was filed is located. The action shall be considered by the court on an expedited basis.

7. *Filing office to file notice of action for reinstatement.* Within ten days after being served with process in an action under subsection 6, the filing office shall file a notice indicating that the action has been commenced. The notice must indicate the file number of the initial financing statement to which the notice relates.

8. *Action for reinstatement successful.* If, in an action under subsection 6, the court determines that the financing statement was authorized to be filed and was not caused to be communicated to the filing office with the intent to harass or defraud the affiant, the court shall order that the financing statement be reinstated. If an order of reinstatement is issued by the court, the filing office shall promptly file a record that identifies by its file number the initial financing statement to which the record relates and indicates that the financing statement has been reinstated.

9. *Effect of reinstatement.* Upon the filing of a record reinstating a financing statement under subsection 8, the effectiveness of the financing statement is reinstated and the financing statement shall be considered never to have been terminated under this section except as against a purchaser of the collateral that gives value in reasonable reliance upon the termination. A continuation statement filed as provided in section 554.9515, subsection 4, after the effective date of a termination statement filed under subsection 3 or 11 becomes effective if the financing statement is reinstated.

10. *Liability for wrongful filing.* If, in an action under subsection 6, the court determines that the filed record identified in an affidavit delivered to the filing office under subsection 2 was caused to be communicated to the filing office with the intent to harass or defraud the affiant, the filing office and the affiant may recover from the secured party that filed the action the costs and expenses, including reasonable attorney fees and the reasonable allocated costs of internal counsel, that the filing office and the affiant incurred in the action. This recovery is in addition to any recovery to which the affiant is entitled under section 554.9625.

11. *Procedure for record filed by trusted filer.* If an affidavit delivered to a filing office under subsection 2 relates to a filed record communicated to the filing office by a trusted filer, the filing office shall promptly send to the secured party of record a notice stating that the affidavit has been delivered to the filing office and that the filing office is conducting an administrative review to determine whether the record was caused to be communicated with the intent to harass or defraud the affiant. The notice shall be sent by certified mail, return receipt requested, to the address provided for the secured party in the financing statement with a copy sent by electronic mail to the electronic mail address provided by the secured party of record, if any, and a copy shall be sent in the same manner to the affiant. The administrative review shall be conducted on an expedited basis and the filing office may require the affiant and the secured party of record to provide any additional information that the filing office deems appropriate. If the filing office concludes that the record was caused to be communicated with the intent to harass or defraud the affiant, the filing office shall promptly file a termination statement under subsection 2 that will be effective immediately and send to the secured party of record the notice required by subsection 5. The secured party may thereafter file an action for reinstatement under subsection 6 and the provisions of subsections 7 through 10 are applicable.

2021 Acts, ch 183, §10
Referred to in §554.9510

554.9514 Assignment of powers of secured party of record.

1. *Assignment reflected on initial financing statement.* Except as otherwise provided in subsection 3, an initial financing statement may reflect an assignment of all of the secured party's power to authorize an amendment to the financing statement by providing the name and mailing address of the assignee as the name and address of the secured party.

2. *Assignment of filed financing statement.* Except as otherwise provided in subsection 3, a secured party of record may assign of record all or part of its power to authorize an amendment to a financing statement by filing in the filing office an amendment of the financing statement which:

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a. identifies, by its file number, the initial financing statement to which it relates;

b. provides the name of the assignor; and

c. provides the name and mailing address of the assignee.

3. *Assignment of record of mortgage.* An assignment of record of a security interest in a fixture covered by a record of a mortgage which is effective as a financing statement filed as a fixture filing under section 554.9502, subsection 3, may be made only by an assignment of record of the mortgage in the manner provided by law of this state other than this chapter.

2000 Acts, ch 1149, §85, 187
Referred to in §554.9511, 554.9516, 554.9519

554.9515 Duration and effectiveness of financing statement — effect of lapsed financing statement.

1. *Five-year effectiveness.* Except as otherwise provided in subsections 2, 5, 6, and 7, a filed financing statement is effective for a period of five years after the date of filing.

2. *Public-finance or manufactured-home transaction.* Except as otherwise provided in subsections 5, 6, and 7, an initial financing statement filed in connection with a public-finance transaction or manufactured-home transaction is effective for a period of thirty years after the date of filing if it indicates that it is filed in connection with a public-finance transaction or manufactured-home transaction.

3. *Lapse and continuation of financing statement.* The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless before the lapse a continuation statement is filed pursuant to subsection 4. Upon lapse, a financing statement ceases to be effective and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest is perfected otherwise. If the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral for value.

4. *When continuation statement may be filed.* A continuation statement may be filed only within six months before the expiration of the five-year period specified in subsection 1 or the thirty-year period specified in subsection 2, whichever is applicable.

5. *Effect of filing continuation statement.* Except as otherwise provided in section 554.9510, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in subsection 3, unless, before the lapse, another continuation statement is filed pursuant to subsection 4. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

6. *Transmitting utility financing statement.* If a debtor is a transmitting utility and a filed initial financing statement so indicates, the financing statement is effective until a termination statement is filed.

7. *Record of mortgage as financing statement.* A record of a mortgage that is effective as a financing statement filed as a fixture filing under section 554.9502, subsection 3, remains effective as a financing statement filed as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

2000 Acts, ch 1149, §86, 187; 2012 Acts, ch 1052, §17, 37
Referred to in §554.9315, 554.9510, 554.9512, 554.9513A, 554.9516, 554.9519, 554.9522, 554.9523, 570.1, 579B.4

554.9516 What constitutes filing — effectiveness of filing.

1. *What constitutes filing.* Except as otherwise provided in subsection 2, communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

2. *Refusal to accept record — filing does not occur.* Filing does not occur with respect to a record that a filing office refuses to accept because:

a. the record is not communicated by a method or medium of communication authorized by the filing office;

b. an amount equal to or greater than the applicable filing fee is not tendered;

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c. the filing office is unable to index the record because:

(1) in the case of an initial financing statement, the record does not provide a name for the debtor;

(2) in the case of an amendment or information statement, the record:

(a) does not identify the initial financing statement as required by section 554.9512 or 554.9518, as applicable; or

(b) identifies an initial financing statement whose effectiveness has lapsed under section 554.9515;

(3) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's surname; or

(4) in the case of a record filed or recorded in the filing office described in section 554.9501, subsection 1, paragraph *"a"*, the record does not provide a sufficient description of the real property to which it relates;

d. in the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;

e. in the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:

(1) provide a mailing address for the debtor; or

(2) indicate whether the name provided as the name of the debtor is the name of an individual or an organization;

f. in the case of an assignment reflected in an initial financing statement under section 554.9514, subsection 1, or an amendment filed under section 554.9514, subsection 2, the record does not provide a name and mailing address for the assignee; or

g. in the case of a continuation statement, the record is not filed within the six-month period prescribed by section 554.9515, subsection 4.

3. *Rules applicable to subsection 2.* For purposes of subsection 2:

a. a record does not provide information if the filing office is unable to read or decipher the information; and

b. a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by section 554.9512, 554.9514, or 554.9518, is an initial financing statement.

4. *Refusal to accept record — record effective as filed record.* A record that is communicated to the filing office with tender of the filing fee, but which the filing office refuses to accept for a reason other than one set forth in subsection 2, is effective as a filed record except as against a purchaser of the collateral which gives value in reasonable reliance upon the absence of the record from the files.

2000 Acts, ch 1149, §87, 187; 2012 Acts, ch 1052, §18 – 20, 37

Referred to in §554.9109, 554.9338, 554.9520, 554.9521, 570A.4, 571.3, 579A.2, 579B.4, 581.3

554.9517 Effect of indexing errors.

The failure of the filing office to index a record correctly does not affect the effectiveness of the filed record.

2000 Acts, ch 1149, §88, 187

554.9518 Claim concerning inaccurate or wrongfully filed record.

1. *Statement with respect to record indexed under person's name.* A person may file in the filing office an information statement with respect to a record indexed there under the person's name if the person believes that the record is inaccurate or was wrongfully filed.

2. *Contents of statement under subsection 1.* An information statement under subsection 1 must:

a. identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;

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b. indicate that it is an information statement; and

c. provide the basis for the person's belief that the record is inaccurate and indicate the manner in which the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

3. *Statement by secured party of record.* A person may file in the filing office an information statement with respect to a record filed there if the person is a secured party of record with respect to the financing statement to which the record relates and believes that the person that filed the record was not entitled to do so under section 554.9509, subsection 4.

4. *Contents of statement under subsection 3.* An information statement under subsection 3 must:

a. identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;

b. indicate that it is an information statement; and

c. provide the basis for the person's belief that the person that filed the record was not entitled to do so under section 554.9509, subsection 4.

5. *Record not affected by information statement.* The filing of an information statement does not affect the effectiveness of an initial financing statement or other filed record.

2000 Acts, ch 1149, §89, 187; 2012 Acts, ch 1052, §21, 37
Referred to in §554.9516

SUBPART B

DUTIES AND OPERATION OF FILING OFFICE

554.9519 Numbering, maintaining, and indexing records — communicating information provided in records.

1. *Filing office duties.* For each record filed in a filing office, the filing office shall:

a. assign a unique number to the filed record;

b. create a record that bears the number assigned to the filed record and the date and time of filing;

c. maintain the filed record for public inspection; and

d. index the filed record in accordance with subsections 3, 4, and 5.

2. *File number.* A file number assigned after January 1, 2002, must include a digit that:

a. is mathematically derived from or related to the other digits of the file number; and

b. aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error.

3. *Indexing — general.* Except as otherwise provided in subsections 4 and 5, the filing office shall:

a. index an initial financing statement according to the name of the debtor and index all filed records relating to the initial financing statement in a manner that associates with one another an initial financing statement and all filed records relating to the initial financing statement; and

b. index a record that provides a name of a debtor which was not previously provided in the financing statement to which the record relates also according to the name that was not previously provided.

4. *Indexing — real-property-related financing statement.* If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, it must be filed for record and the filing office shall index it:

a. under the names of the debtor and of each owner of record shown on the financing statement as if they were the mortgagors under a mortgage of the real property described; and

b. to the extent that the law of this state provides for indexing of records of mortgages under the name of the mortgagee, under the name of the secured party as if the secured

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party were the mortgagee thereunder, or, if indexing is by description, as if the financing statement were a record of a mortgage of the real property described.

5. *Indexing — real-property-related assignment.* If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, the filing office shall index an assignment filed under section 554.9514, subsection 1, or an amendment filed under section 554.9514, subsection 2:

a. under the name of the assignor as grantor; and

b. to the extent that the law of this state provides for indexing a record of the assignment of a mortgage under the name of the assignee, under the name of the assignee.

6. *Retrieval and association capability.* The filing office shall maintain a capability:

a. to retrieve a record by the name of the debtor and:

(1) if the filing office is described in section 554.9501, subsection 1, paragraph *"a"*, by the file number assigned to the initial financing statement to which the record relates and the date and time that the record was filed or recorded; or

(2) if the filing office is described in section 554.9501, subsection 1, paragraph *"b"*, by the file number assigned to the initial financing statement to which the record relates; and

b. to associate and retrieve with one another an initial financing statement and each filed record relating to the initial financing statement.

7. *Removal of debtor's name.* The filing office may not remove a debtor's name from the index until one year after the effectiveness of a financing statement naming the debtor lapses under section 554.9515 with respect to all secured parties of record.

8. *Timeliness of filing office performance.* The filing office shall perform the acts required by subsections 1 through 5 at the time and in the manner prescribed by filing-office rule, but not later than two business days after the filing office receives the record in question.

2000 Acts, ch 1149, §90, 187
Referred to in §331.609, 554.9102, 554.9109, 554.9513, 554.9523

554.9520 Acceptance and refusal to accept record.

1. *Mandatory refusal to accept record.* A filing office shall refuse to accept a record for filing for a reason set forth in section 554.9516, subsection 2, and may refuse to accept a record for filing only for a reason set forth in section 554.9516, subsection 2.

2. *Communication concerning refusal.* If a filing office refuses to accept a record for filing, it shall communicate to the person that presented the record the fact of and reason for the refusal and the date and time the record would have been filed had the filing office accepted it. The communication must be made at the time and in the manner prescribed by filing-office rule but in no event more than two business days after the filing office receives the record.

3. *When filed financing statement effective.* A filed financing statement satisfying section 554.9502, subsections 1 and 2, is effective, even if the filing office is required to refuse to accept it for filing under subsection 1. However, section 554.9338 applies to a filed financing statement providing information described in section 554.9516, subsection 2, paragraph *"e"*, which is incorrect at the time the financing statement is filed.

4. *Separate application to multiple debtors.* If a record communicated to a filing office provides information that relates to more than one debtor, this part applies as to each debtor separately.

2000 Acts, ch 1149, §91, 187

554.9521 Uniform form of written financing statement and amendment.

1. *Initial financing statement form.* A filing office that accepts written records may not refuse to accept a written initial financing statement in a form and format approved by the secretary of state by rule adopted pursuant to chapter 17A except for a reason set forth in section 554.9516, subsection 2. The forms shall be consistent with those set forth in the final official text of the 1999 revisions to Article 9 of the Uniform Commercial Code promulgated by the American law institute and the national conference of commissioners on uniform state laws.

2. *Amendment form.* A filing office that accepts written records may not refuse to accept

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a written amendment in a form and format approved by the secretary of state by rule adopted pursuant to chapter 17A except for a reason set forth in section 554.9516, subsection 2. The forms shall be consistent with those set forth in the final official text of the 1999 revisions to Article 9 of the Uniform Commercial Code promulgated by the American law institute and the national conference of commissioners on uniform state laws.

2000 Acts, ch 1149, §92, 187; 2002 Acts, ch 1119, §89

554.9522 Maintenance and destruction of records.

1. *Post-lapse maintenance and retrieval of information.* The filing office shall maintain a record of the information provided in a filed financing statement for at least one year after the effectiveness of the financing statement has lapsed under section 554.9515 with respect to all secured parties of record. The record must be retrievable by using the name of the debtor and:

a. if the record was filed or recorded in the filing office described in section 554.9501, subsection 1, paragraph *"a"*, by using the file number assigned to the initial financing statement to which the record relates and the date and time that the record was filed or recorded; or

b. if the record was filed in the filing office described in section 554.9501, subsection 1, paragraph *"b"*, by using the file number assigned to the initial financing statement to which the record relates.

2. *Destruction of written records.* Except to the extent that a statute governing disposition of public records provides otherwise, the filing office immediately may destroy any written record evidencing a financing statement. However, if the filing office destroys a written record, it shall maintain another record of the financing statement which complies with subsection 1.

2000 Acts, ch 1149, §93, 187
Referred to in §554.9513, 554.9523

554.9523 Information from filing office — sale or license of records.

1. *Acknowledgment of filing written record.* If a person that files a written record requests an acknowledgment of the filing, the filing office shall send to the person an image of the record showing the number assigned to the record pursuant to section 554.9519, subsection 1, paragraph *"a"*, and the date and time of the filing of the record. However, if the person furnishes a copy of the record to the filing office, the filing office may instead:

a. note upon the copy the number assigned to the record pursuant to section 554.9519, subsection 1, paragraph *"a"*, and the date and time of the filing of the record; and

b. send the copy to the person.

2. *Acknowledgment of filing other record.* If a person files a record other than a written record, the filing office shall communicate to the person an acknowledgment that provides:

a. the information in the record;

b. the number assigned to the record pursuant to section 554.9519, subsection 1, paragraph *"a"*; and

c. the date and time of the filing of the record.

3. *Communication of requested information.* The filing office shall communicate or otherwise make available in a record the following information to any person that requests it:

a. whether there is on file on a date and time specified by the filing office, but not a date earlier than three business days before the filing office receives the request, any financing statement that:

(1) designates a particular debtor or, if the request so states, designates a particular debtor at the address specified in the request;

(2) has not lapsed under section 554.9515 with respect to all secured parties of record; and

(3) if the request so states, has lapsed under section 554.9515 and a record of which is maintained by the filing office under section 554.9522, subsection 1;

b. the date and time of filing of each financing statement; and

c. the information provided in each financing statement.

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4. *Medium for communicating information.* In complying with its duty under subsection 3, the filing office may communicate information in any medium. However, if requested, the filing office shall communicate information by issuing a record that can be admitted into evidence in the courts of this state without extrinsic evidence of its authenticity.

5. *Timeliness of filing office performance.* The filing office shall perform the acts required by subsections 1 through 4 at the time and in the manner prescribed by filing-office rule, but not later than two business days after the filing office receives the request.

6. *Public availability of records.* At least weekly, the filing office shall offer to sell or license to the public on a nonexclusive basis, in bulk, copies of all records filed in it under this part, in every medium from time to time available to the filing office, as provided in chapter 22.

2000 Acts, ch 1149, §94, 187
Referred to in §554.9513

554.9524 Delay by filing office.

Delay by the filing office beyond a time limit prescribed by this part is excused if:

1. the delay is caused by interruption of communication or computer facilities, war, emergency conditions, failure of equipment, or other circumstances beyond control of the filing office; and

2. the filing office exercises reasonable diligence under the circumstances.

2000 Acts, ch 1149, §95, 187

554.9525 Fees.

1. *Initial financing statement or other record — general rule.* Except as otherwise provided in subsections 3 and 4, fees for services rendered by the filing office under this part must be set by rules adopted by the secretary of state's office for services for that office. The rule must set the fees for filing and indexing a record under this part on the following basis:

a. if a record presented for filing is communicated to the filing office in writing and consists of more than two pages, the fee for filing and indexing the record must be at least twice the amount of the fee for a record communicated in writing that consists of one or two pages; and

b. if the record is communicated by another medium authorized by the secretary of state's office, the fee must be no more than half the amount of the fee for a record communicated in writing that consists of one or two pages.

2. *Number of names.* The number of names required to be indexed does not affect the amount of the fee in subsection 1.

3. *Response to information request.* A rule adopted pursuant to subsection 1 must set the fee for responding to a request for information from the filing office, including for communicating whether there is on file any financing statement naming a particular debtor. However, if the filing office is in the county, the board of supervisors for the county may adopt an ordinance or resolution setting the fee for responding to a request for the information. A fee for responding to a request communicated in writing must be not less than twice the amount of the fee for responding to a request communicated by another medium authorized by the office of secretary of state or the board of supervisors for the filing office where its filing office is located.

4. *Record of mortgage.* This section does not require a fee with respect to a record of a mortgage which is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under section 554.9502, subsection 3. However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

2000 Acts, ch 1149, §96, 187; 2001 Acts, ch 176, §75; 2002 Acts, ch 1119, §90, 91

554.9526 Filing-office rules.

1. *Adoption of filing-office rules.* The office of secretary of state shall adopt and publish rules to implement this Article. The filing-office rules must be:

a. consistent with this Article; and

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b. adopted and published in accordance with chapter 17A.

2. *Harmonization of rules.* To keep the filing-office rules and practices of the filing office in harmony with the rules and practices of filing offices in other jurisdictions that enact substantially this part, and to keep the technology used by the filing office compatible with the technology used by filing offices in other jurisdictions that enact substantially this part, the office of secretary of state, so far as is consistent with the purposes, policies, and provisions of this Article, in adopting, amending, and repealing filing-office rules, shall:

a. consult with filing offices in other jurisdictions that enact substantially this part; and

b. consult the most recent version of the Model Rules promulgated by the international association of corporate administrators or any successor organization; and

c. take into consideration the rules and practices of, and the technology used by, filing offices in other jurisdictions that enact substantially this part.

2000 Acts, ch 1149, §97, 187
Referred to in §554.9102

554.9527 Duty to report.

The office of secretary of state shall report annually on or before December 31 to the governor on the operation of the filing office. The report must contain a statement of the extent to which:

1. the filing-office rules are not in harmony with the rules of filing offices in other jurisdictions that enact substantially this part and the reasons for these variations; and

2. the filing-office rules are not in harmony with the most recent version of the Model Rules promulgated by the international association of corporate administrators, or any successor organization, and the reasons for these variations.

2000 Acts, ch 1149, §98, 187

PART 6

DEFAULT

Referred to in §203.12A, 203C.12A, 321.47, 461A.6, 537.5103, 570A.6, 571.5, 579A.3, 579B.5, 581.4

SUBPART A

DEFAULT AND ENFORCEMENT OF SECURITY INTEREST

554.9601 Rights after default — judicial enforcement — consignor or buyer of accounts, chattel paper, payment intangibles, or promissory notes.

1. *Rights of secured party after default.* After default, a secured party has the rights provided in this part and, except as otherwise provided in section 554.9602, those provided by agreement of the parties. A secured party:

a. may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

b. if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

2. *Rights and duties of secured party in possession or control.* A secured party in possession of collateral or control of collateral under section 554.7106, 554.9104, 554.9105, 554.9105A, 554.9106, 554.9107, or 554.9107A has the rights and duties provided in section 554.9207.

3. *Rights cumulative — simultaneous exercise.* The rights under subsections 1 and 2 are cumulative and may be exercised simultaneously.

4. *Rights of debtor and obligor.* Except as otherwise provided in subsection 7 and section 554.9605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

5. *Lien of levy after judgment.* If a secured party has reduced its claim to judgment, the

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lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

a. the date of perfection of the security interest or agricultural lien in the collateral;

b. the date of filing a financing statement covering the collateral; or

c. any date specified in a statute under which the agricultural lien was created.

6. *Execution sale.* A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this Article.

7. *Consignor or buyer of certain rights to payment.* Except as otherwise provided in section 554.9607, subsection 3, this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

2000 Acts, ch 1149, §99, 187; 2007 Acts, ch 30, §45, 46, 76; 2022 Acts, ch 1117, §35

554.9602 Waiver and variance of rights and duties.

Except as otherwise provided in section 554.9624, to the extent that they give rights to a debtor or obligor and impose duties on a secured party, the debtor or obligor may not waive or vary the rules stated in the following listed sections:

1. section 554.9207, subsection 2, paragraph *"d"*, subparagraph (3), which deals with use and operation of the collateral by the secured party;

2. section 554.9210, which deals with requests for an accounting and requests concerning a list of collateral and statement of account;

3. section 554.9607, subsection 3, which deals with collection and enforcement as to collateral;

4. section 554.9608, subsection 1, and section 554.9615, subsection 3, to the extent that they deal with application or payment of noncash proceeds of collection, enforcement, or disposition;

5. section 554.9608, subsection 1, and section 554.9615, subsection 4, to the extent that they require accounting for or payment of surplus proceeds of collateral;

6. section 554.9609 to the extent that it imposes upon a secured party that takes possession of collateral without judicial process the duty to do so without breach of the peace;

7. section 554.9610, subsection 2, and sections 554.9611, 554.9613, and 554.9614, which deal with disposition of collateral;

8. section 554.9615, subsection 6, which deals with calculation of a deficiency or surplus when a disposition is made to the secured party, a person related to the secured party, or a secondary obligor;

9. section 554.9616, which deals with explanation of the calculation of a surplus or deficiency;

10. sections 554.9620, 554.9621, and 554.9622, which deal with acceptance of collateral in satisfaction of obligation;

11. section 554.9623, which deals with redemption of collateral;

12. section 554.9624, which deals with permissible waivers; and

13. sections 554.9625 and 554.9626, which deal with the secured party's liability for failure to comply with this Article.

2000 Acts, ch 1149, §100, 187; 2002 Acts, ch 1119, §92

Referred to in §554.9601, 554.9603

554.9603 Agreement on standards concerning rights and duties.

1. *Agreed standards.* The parties may determine by agreement the standards measuring the fulfillment of the rights of a debtor or obligor and the duties of a secured party under a rule stated in section 554.9602 if the standards are not manifestly unreasonable.

2. *Agreed standards inapplicable to breach of peace.* Subsection 1 does not apply to the duty under section 554.9609 to refrain from breaching the peace.

2000 Acts, ch 1149, §101, 187

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554.9604 Procedure if security agreement covers real property or fixtures.

1. *Enforcement — personal and real property.* If a security agreement covers both personal and real property, a secured party may proceed:

a. under this part as to the personal property without prejudicing any rights with respect to the real property; or

b. as to both the personal property and the real property in accordance with the rights with respect to the real property, in which case the other provisions of this part do not apply.

2. *Enforcement — fixtures.* Subject to subsection 3, if a security agreement covers goods that are or become fixtures, a secured party may proceed:

a. under this part; or

b. in accordance with the rights with respect to real property, in which case the other provisions of this part do not apply.

3. *Removal of fixtures.* Subject to the other provisions of this part, if a secured party holding a security interest in fixtures has priority over all owners and encumbrancers of the real property, the secured party, after default, may remove the collateral from the real property.

4. *Injury caused by removal.* A secured party that removes collateral shall promptly reimburse any encumbrancer or owner of the real property, other than the debtor, for the cost of repair of any physical injury caused by the removal. The secured party need not reimburse the encumbrancer or owner for any diminution in value of the real property caused by the absence of the goods removed or by any necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

2000 Acts, ch 1149, §102, 187
Referred to in §554.9109

554.9605 Unknown debtor or secondary obligor.

1. *In general: no duty owed by a secured party.* Except as provided in subsection 2, a secured party does not owe a duty based on its status as secured party:

a. to a person that is a debtor or obligor, unless the secured party knows:

(1) that the person is a debtor or obligor;

(2) the identity of the person; and

(3) how to communicate with the person; or

b. to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(1) that the person is a debtor; and

(2) the identity of the person.

2. *Exception: secured party owes a duty to debtor or obligor.* A secured party owes a duty based on its status as a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible, or at the time the security interest attaches to the collateral, whichever is later:

a. the person is a debtor or obligor; and

b. the secured party knows that the information in subsection 1, paragraph *"a"*, subparagraph (1), (2), or (3) relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.

2000 Acts, ch 1149, §103, 187; 2022 Acts, ch 1117, §36; 2024 Acts, ch 1023, §85
Referred to in §554.9601

554.9606 Time of default for agricultural lien.

For purposes of this part, a default occurs in connection with an agricultural lien at the time the secured party becomes entitled to enforce the lien in accordance with the statute under which it was created.

2000 Acts, ch 1149, §104, 187

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554.9607 Collection and enforcement by secured party.

1. *Collection and enforcement generally.* If so agreed, and in any event after default, a secured party:

a. may notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;

b. may take any proceeds to which the secured party is entitled under section 554.9315;

c. may enforce the obligations of an account debtor or other person obligated on collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;

d. if it holds a security interest in a deposit account perfected by control under section 554.9104, subsection 1, paragraph *"a"*, may apply the balance of the deposit account to the obligation secured by the deposit account; and

e. if it holds a security interest in a deposit account perfected by control under section 554.9104, subsection 1, paragraph *"b"* or *"c"*, may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

2. *Nonjudicial enforcement of mortgage.* If necessary to enable a secured party to exercise under subsection 1, paragraph *"c"*, the right of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in which a record of the mortgage is recorded:

a. a copy of the security agreement that creates or provides for a security interest in the obligation secured by the mortgage; and

b. the secured party's sworn affidavit in recordable form stating that:

(1) a default has occurred with respect to the obligation secured by the mortgage; and

(2) the secured party is entitled to enforce the mortgage nonjudicially.

3. *Commercially reasonable collection and enforcement.* A secured party shall proceed in a commercially reasonable manner if the secured party:

a. undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and

b. is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.

4. *Expenses of collection and enforcement.* A secured party may deduct from the collections made pursuant to subsection 3 reasonable expenses of collection and enforcement, including reasonable attorney's fees and legal expenses incurred by the secured party.

5. *Duties to secured party not affected.* This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

2000 Acts, ch 1149, §105, 187; 2012 Acts, ch 1052, §22, 37

Referred to in §554.9601, 554.9602, 554.9608, 554.9623

554.9608 Application of proceeds of collection or enforcement — liability for deficiency and right to surplus.

1. *Application of proceeds, surplus, and deficiency if obligation secured.* If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

a. a secured party shall apply or pay over for application the cash proceeds of collection or enforcement under section 554.9607 in the following order to:

(1) the reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) the satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(3) the satisfaction of obligations secured by any subordinate security interest in or other lien on the collateral subject to the security interest or agricultural lien under which the

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collection or enforcement is made if the secured party receives a signed demand for proceeds before distribution of the proceeds is completed.

b. if requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party need not comply with the holder's demand under paragraph "*a*", subparagraph (3).

c. a secured party need not apply or pay over for application noncash proceeds of collection and enforcement under section 554.9607 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

d. a secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

2. *No surplus or deficiency in sales of certain rights to payment.* If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

2000 Acts, ch 1149, §106, 187; 2024 Acts, ch 1023, §86
Referred to in §554.9602

554.9609 Secured party's right to take possession after default.

1. *Possession — rendering equipment unusable — disposition on debtor's premises.* After default, a secured party:

a. may take possession of the collateral; and

b. without removal, may render equipment unusable and dispose of collateral on a debtor's premises under section 554.9610.

2. *Judicial and nonjudicial process.* A secured party may proceed under subsection 1:

a. pursuant to judicial process; or

b. without judicial process, if it proceeds without breach of the peace.

3. *Assembly of collateral.* If so agreed, and in any event after default, a secured party may require the debtor to assemble the collateral and make it available to the secured party at a place to be designated by the secured party which is reasonably convenient to both parties.

2000 Acts, ch 1149, §107, 187
Referred to in §554.9102, 554.9602, 554.9603

554.9610 Disposition of collateral after default.

1. *Disposition after default.* After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following any commercially reasonable preparation or processing.

2. *Commercially reasonable disposition.* Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

3. *Purchase by secured party.* A secured party may purchase collateral:

a. at a public disposition; or

b. at a private disposition only if the collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations.

4. *Warranties on disposition.* A contract for sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like which by operation of law accompany a voluntary disposition of property of the kind subject to the contract.

5. *Disclaimer of warranties.* A secured party may disclaim or modify warranties under subsection 4:

a. in a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition; or

b. by communicating to the purchaser a record evidencing the contract for disposition and including an express disclaimer or modification of the warranties.

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6. *Record sufficient to disclaim warranties.* A record is sufficient to disclaim warranties under subsection 5 if it indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

2000 Acts, ch 1149, §108, 187
Referred to in §554.9406, 554.9408, 554.9602, 554.9609, 554.9611, 554.9615, 554.9616, 554.9618, 554.9620, 554.9623

554.9611 Notification before disposition of collateral.

1. *Notification date.* In this section, "*notification date*" means the earlier of the dates on which:

a. a secured party sends to the debtor and any secondary obligor a signed notification of disposition; or

b. the debtor and any secondary obligor waive the right to notification.

2. *Notification of disposition required.* Except as otherwise provided in subsection 4, a secured party that disposes of collateral under section 554.9610 shall send to the persons specified in subsection 3 a reasonable signed notification of disposition.

3. *Persons to be notified.* To comply with subsection 2, the secured party shall send a signed notification of disposition to:

a. the debtor;

b. any secondary obligor; and

c. if the collateral is other than consumer goods:

(1) any other person from which the secured party has received, before the notification date, a signed notification of a claim of an interest in the collateral;

(2) any other secured party or lienholder that, ten days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(a) identified the collateral;

(b) was indexed under the debtor's name as of that date; and

(c) was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(3) any other secured party that, ten days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in section 554.9311, subsection 1.

4. *Subsection 2 inapplicable — perishable collateral — recognized market.* Subsection 2 does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

5. *Compliance with subsection 3, paragraph "c", subparagraph (2).* A secured party complies with the requirement for notification prescribed by subsection 3, paragraph "*c*", subparagraph (2), if:

a. not later than twenty days or earlier than thirty days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in subsection 3, paragraph "*c*", subparagraph (2); and

b. before the notification date, the secured party:

(1) did not receive a response to the request for information; or

(2) received a response to the request for information and sent a signed notification of disposition to each secured party or other lienholder named in that response whose financing statement covered the collateral.

2000 Acts, ch 1149, §109, 187; 2024 Acts, ch 1023, §87 – 89
Referred to in §554.9602, 554.9624

554.9612 Timeliness of notification before disposition of collateral.

1. *Reasonable time is question of fact.* Except as otherwise provided in subsection 2, whether a notification is sent within a reasonable time is a question of fact.

2. *Ten-day period sufficient in nonconsumer transaction.* In a transaction other than a consumer transaction, a notification of disposition sent after default and ten days or more

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before the earliest time of disposition set forth in the notification is sent within a reasonable time before the disposition.

2000 Acts, ch 1149, §110, 187

554.9613 Contents and form of notification before disposition of collateral — general.

1. *Contents and form of notification.* Except in a consumer-goods transaction, the following rules apply:

a. The contents of a notification of disposition are sufficient if the notification:

(1) describes the debtor and the secured party;

(2) describes the collateral that is the subject of the intended disposition;

(3) states the method of intended disposition;

(4) states that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

(5) states the time and place of a public disposition or the time after which any other disposition is to be made.

b. Whether the contents of a notification that lacks any of the information specified in paragraph *"a"* are nevertheless sufficient is a question of fact.

c. The contents of a notification providing substantially the information specified in paragraph *"a"* are sufficient, even if the notification includes:

(1) information not specified by that paragraph; or

(2) minor errors that are not seriously misleading.

d. A particular phrasing of the notification is not required.

e. The following form of notification and the form appearing in section 554.9614, subsection 1, paragraph *"c"*, when completed in accordance with the instructions in subsection 2 and section 554.9614, subsection 2, each provides sufficient information:

NOTIFICATION OF DISPOSITION
OF COLLATERAL

To: (Name of debtor, obligor, or other person to which the notification is sent)

From: (Name, address, and telephone number of secured party)

{1} Name of any debtor that is not an addressee: (Name of each debtor)

{2} We will sell (describe collateral) (to the highest qualified bidder) at public sale. A sale could include a lease or license. The sale will be held as follows:

(Date)

(Time)

(Place)

{3} We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

{4} You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell or, as applicable, lease or license.

{5} If you request an accounting you must pay a charge of $(amount).

{6} You may request an accounting by calling us at (telephone number).

[End of Form]

2. *Instructions for form of notification.* The following instructions apply to the form of notification in subsection 1, paragraph *"e"*:

a. The instructions in this subsection refer to the numbers in braces before items in the form of notification in subsection 1, paragraph *"e"*. Do not include the numbers or braces in the notification. The numbers and braces are used only for the purpose of these instructions.

b. Include and complete item {1} only if there is a debtor that is not an addressee of the notification and list the name or names.

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c. Include and complete either item {2}, if the notification relates to a public disposition of the collateral, or item {3}, if the notification relates to a private disposition of the collateral. If item {2} is included, include the words "to the highest qualified bidder" only if applicable.

d. Include and complete items {4} and {6}.

e. Include and complete item {5} only if the sender will charge the recipient for an accounting.

2000 Acts, ch 1149, §111, 187; 2024 Acts, ch 1023, §90
Referred to in §554.9602, 554.9614

554.9614 Contents and form of notification before disposition of collateral — consumer-goods transaction.

1. *Contents and form of notification.* In a consumer-goods transaction, the following rules apply:

a. A notification of disposition must provide the following information:

(1) the information specified in section 554.9613, subsection 1, paragraph *"a"*;

(2) a description of any liability for a deficiency of the person to which the notification is sent;

(3) a telephone number from which the amount that must be paid to the secured party to redeem the collateral under section 554.9623 is available; and

(4) a telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

b. A particular phrasing of the notification is not required.

c. The following form of notification, when completed in accordance with the instructions in paragraph *"b"*, provides sufficient information:

NOTICE OF OUR PLAN TO SELL PROPERTY

(Name and address of any obligor who is also a debtor)

Subject: (Identify transaction)

We have your (describe collateral), because you broke promises in our agreement.

{1} We will sell (describe collateral) at public sale. A sale could include a lease or license. The sale will be held as follows:

(Date)

(Time)

(Place)

You may attend the sale and bring bidders if you want.

{2} We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

{3} The money that we get from the sale, after paying our costs, will reduce the amount you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us the difference. If we get more money than you owe, you will get the extra money, unless we must pay it to someone else.

{4} You can get the property back at any time before we sell it by paying us the full amount you owe, not just the past due payments, including our expenses. To learn the exact amount you must pay, call us at (telephone number).

{5} If you want us to explain to you in (writing) (writing or in (description of electronic record)) (description of electronic record) how we have figured the amount that you owe us, {6} call us at (telephone number) (or) (write us at (secured party's address)) (or contact us by (description of electronic communication method)) {7} and request (a written explanation) (a written explanation or an

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explanation in (description of electronic record)) (an explanation in (description of electronic record)).

{8} We will charge you $(amount) for the explanation if we sent you another written explanation of the amount you owe us within the last six months.

{9} If you need more information about the sale (call us at (telephone number)) (or) (write us at (secured party's address)) (or contact us by (description of electronic communication method)).

{10} We are sending this notice to the following other people who have an interest in (describe collateral) or who owe money under your agreement:

(Names of all other debtors and obligors, if any)

[End of Form]

2. *Instructions for form of notification.* The following instructions apply to the form of notification in subsection 1, paragraph "*c*":

a. The instructions in this subsection refer to the numbers in braces before items in the form of notification in subsection 1, paragraph "*c*". Do not include the numbers or braces in the notification. The numbers and braces are used only for the purpose of these instructions.

b. Include and complete either item {1}, if the notification relates to a public disposition of the collateral, or item {2}, if the notification relates to a private disposition of the collateral.

c. Include and complete items {3}, {4}, {5}, {6}, and {7}.

d. In item {5}, include and complete any one of the three alternative methods for the explanation — writing, writing or electronic record, or electronic record.

e. In item {6}, include the telephone number. In addition, the sender may include and complete either or both of the two additional alternative methods of communication — writing or electronic communication — for the recipient of the notification to communicate with the sender. Neither of the two additional methods of communication is required to be included.

f. In item {7}, include and complete the method or methods for the explanation — writing, writing or electronic record, or electronic record — included in item {5}.

g. Include and complete item {8} only if a written explanation is included in item {5} as a method for communicating the explanation and the sender will charge the recipient for another written explanation.

h. In item {9}, include either the telephone number or the address or both the telephone number and the address. In addition, the sender may include and complete the additional method of communication — electronic communication — for the recipient of the notification to communicate with the sender. The additional method of electronic communication is not required to be included.

i. If item {10} does not apply, insert "None" after "agreement:".

2000 Acts, ch 1149, §112, 187; 2024 Acts, ch 1023, §91

Referred to in §554.9602, 554.9613

554.9615 Application of proceeds of disposition — liability for deficiency and right to surplus.

1. *Application of proceeds.* A secured party shall apply or pay over for application the cash proceeds of disposition under section 554.9610 in the following order to:

a. the reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

b. the satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

c. the satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

(1) the secured party receives from the holder of the subordinate security interest or other lien a signed demand for proceeds before distribution of the proceeds is completed; and

(2) in a case in which a consignor has an interest in the collateral, the subordinate security interest or other lien is senior to the interest of the consignor; and

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d. a secured party that is a consignor of the collateral if the secured party receives from the consignor a signed demand for proceeds before distribution of the proceeds is completed.

2. *Proof of subordinate interest.* If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured party need not comply with the holder's demand under subsection 1, paragraph "*c*".

3. *Application of noncash proceeds.* A secured party need not apply or pay over for application noncash proceeds of disposition under section 554.9610 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

4. *Surplus or deficiency if obligation secured.* If the security interest under which a disposition is made secures payment or performance of an obligation, after making the payments and applications required by subsection 1 and permitted by subsection 3:

a. unless subsection 1, paragraph "*d*", requires the secured party to apply or pay over cash proceeds to a consignor, the secured party shall account to and pay a debtor for any surplus; and

b. the obligor is liable for any deficiency.

5. *No surplus or deficiency in sales of certain rights to payment.* If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes:

a. the debtor is not entitled to any surplus; and

b. the obligor is not liable for any deficiency.

6. *Calculation of surplus or deficiency in disposition to person related to secured party.* The surplus or deficiency following a disposition is calculated based on the amount of proceeds that would have been realized in a disposition complying with this part to a transferee other than the secured party, a person related to the secured party, or a secondary obligor if:

a. the transferee in the disposition is the secured party, a person related to the secured party, or a secondary obligor; and

b. the amount of proceeds of the disposition is significantly below the range of proceeds that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.

7. *Cash proceeds received by junior secured party.* A secured party that receives cash proceeds of a disposition in good faith and without knowledge that the receipt violates the rights of the holder of a security interest or other lien that is not subordinate to the security interest or agricultural lien under which the disposition is made:

a. takes the cash proceeds free of the security interest or other lien;

b. is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and

c. is not obligated to account to or pay the holder of the security interest or other lien for any surplus.

2000 Acts, ch 1149, §113, 187; 2024 Acts, ch 1023, §92, 93
Referred to in §554.9602, 554.9616, 554.9623, 554.9626

554.9616 Explanation of calculation of surplus or deficiency.

1. *Definitions.* In this section:

a. "*Explanation*" means a record that:

(1) states the amount of the surplus or deficiency;

(2) provides an explanation in accordance with subsection 3 of how the secured party calculated the surplus or deficiency;

(3) states, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and

(4) provides a telephone number or mailing address from which additional information concerning the transaction is available.

b. "*Request*" means a record:

(1) signed by a debtor or consumer obligor;

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(2) requesting that the recipient provide an explanation; and
(3) sent after disposition of the collateral under section 554.9610.

2. *Explanation of calculation.* In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under section 554.9615, the secured party shall:

a. send an explanation to the debtor or consumer obligor, as applicable, after the disposition and:

(1) before or when the secured party accounts to the debtor and pays any surplus or first makes demand in a record on the consumer obligor after the disposition for payment of the deficiency; and

(2) within fourteen days after receipt of a request; or

b. in the case of a consumer obligor who is liable for a deficiency, within fourteen days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

3. *Required information.* To comply with subsection 1, paragraph *"a"*, subparagraph (2), an explanation must provide the following information in the following order:

a. the aggregate amount of obligations secured by the security interest under which the disposition was made, and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date:

(1) if the secured party takes or receives possession of the collateral after default, not more than thirty-five days before the secured party takes or receives possession; or

(2) if the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than thirty-five days before the disposition;

b. the amount of proceeds of the disposition;

c. the aggregate amount of the obligations after deducting the amount of proceeds;

d. the amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition, processing, and disposing of the collateral, and attorney's fees secured by the collateral which are known to the secured party and relate to the current disposition;

e. the amount, in the aggregate or by type, and types of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and which are not reflected in the amount in paragraph *"a"*; and

f. the amount of the surplus or deficiency.

4. *Substantial compliance.* A particular phrasing of the explanation is not required. An explanation complying substantially with the requirements of subsection 1 is sufficient, even if it includes minor errors that are not seriously misleading.

5. *Charges for responses.* A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in which the secured party did not send to the debtor or consumer obligor an explanation pursuant to subsection 2, paragraph *"a"*. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

2000 Acts, ch 1149, §114, 187; 2024 Acts, ch 1023, §94 – 97
Referred to in §554.9602, 554.9625, 554.9628

554.9617 Rights of transferee of collateral.

1. *Effects of disposition.* A secured party's disposition of collateral after default:

a. transfers to a transferee for value all of the debtor's rights in the collateral;

b. discharges the security interest under which the disposition is made; and

c. discharges any subordinate security interest or other subordinate lien.

2. *Rights of good-faith transferee.* A transferee that acts in good faith takes free of the rights and interests described in subsection 1, even if the secured party fails to comply with this Article or the requirements of any judicial proceeding.

3. *Rights of other transferee.* If a transferee does not take free of the rights and interests described in subsection 1, the transferee takes the collateral subject to:

a. the debtor's rights in the collateral;

b. the security interest or agricultural lien under which the disposition is made; and

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c. any other security interest or other lien.
2000 Acts, ch 1149, §115, 187

554.9618 Rights and duties of certain secondary obligors.
1. *Rights and duties of secondary obligor.* A secondary obligor acquires the rights and becomes obligated to perform the duties of the secured party after the secondary obligor:
a. receives an assignment of a secured obligation from the secured party;
b. receives a transfer of collateral from the secured party and agrees to accept the rights and assume the duties of the secured party; or
c. is subrogated to the rights of a secured party with respect to collateral.
2. *Effect of assignment, transfer, or subrogation.* An assignment, transfer, or subrogation described in subsection 1:
a. is not a disposition of collateral under section 554.9610; and
b. relieves the secured party of further duties under this Article.
2000 Acts, ch 1149, §116, 187

554.9619 Transfer of record or legal title.
1. *Transfer statement.* In this section, *"transfer statement"* means a record signed by a secured party stating:
a. that the debtor has defaulted in connection with an obligation secured by specified collateral;
b. that the secured party has exercised its post-default remedies with respect to the collateral;
c. that, by reason of the exercise, a transferee has acquired the rights of the debtor in the collateral; and
d. the name and mailing address of the secured party, debtor, and transferee.
2. *Effect of transfer statement.* A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate-of-title system covering the collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:
a. accept the transfer statement;
b. promptly amend its records to reflect the transfer; and
c. if applicable, issue a new appropriate certificate of title in the name of the transferee.
3. *Transfer not a disposition — no relief of secured party's duties.* A transfer of the record or legal title to collateral to a secured party under subsection 2 or otherwise is not of itself a disposition of collateral under this Article and does not of itself relieve the secured party of its duties under this Article.
2000 Acts, ch 1149, §117, 187; 2024 Acts, ch 1023, §98
Transfer of title or interest in vehicles, §321.45 – 321.52A

554.9620 Acceptance of collateral in full or partial satisfaction of obligation — compulsory disposition of collateral.
1. *Conditions to acceptance in satisfaction.* Except as otherwise provided in subsection 7, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:
a. the debtor consents to the acceptance under subsection 3;
b. the secured party does not receive, within the time set forth in subsection 4, a notification of objection to the proposal signed by:
(1) a person to which the secured party was required to send a proposal under section 554.9621; or
(2) any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;
c. if the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

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d. subsection 5 does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to section 554.9624.

2. *Purported acceptance ineffective.* A purported or apparent acceptance of collateral under this section is ineffective unless:

a. the secured party consents to the acceptance in a signed record or sends a proposal to the debtor; and

b. the conditions of subsection 1 are met.

3. *Debtor's consent.* For purposes of this section:

a. a debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record signed after default; and

b. a debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record signed after default or the secured party:

(1) sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(2) in the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(3) does not receive a notification of objection signed by the debtor within twenty days after the proposal is sent.

4. *Effectiveness of notification.* To be effective under subsection 1, paragraph "*b*", a notification of objection must be received by the secured party:

a. in the case of a person to which the proposal was sent pursuant to section 554.9621, within twenty days after notification was sent to that person; and

b. in other cases:

(1) within twenty days after the last notification was sent pursuant to section 554.9621; or

(2) if a notification was not sent, before the debtor consents to the acceptance under subsection 3.

5. *Mandatory disposition of consumer goods.* A secured party that has taken possession of collateral shall dispose of the collateral pursuant to section 554.9610 within the time specified in subsection 6 if:

a. sixty percent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or

b. sixty percent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

6. *Compliance with mandatory disposition requirement.* To comply with subsection 5, the secured party shall dispose of the collateral:

a. within ninety days after taking possession; or

b. within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and signed after default.

7. *No partial satisfaction in consumer transaction.* In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

2000 Acts, ch 1149, §118, 187; 2024 Acts, ch 1023, §99 – 102

Referred to in §554.9102, 554.9406, 554.9408, 554.9602, 554.9624

554.9621 Notification of proposal to accept collateral.

1. *Persons to which proposal to be sent.* A secured party that desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

a. any person from which the secured party has received, before the debtor consented to the acceptance, a signed notification of a claim of an interest in the collateral;

b. any other secured party or lienholder that, ten days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(1) identified the collateral;

(2) was indexed under the debtor's name as of that date; and

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(3) was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and

c. any other secured party that, ten days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in section 554.9311, subsection 1.

2. *Proposal to be sent to secondary obligor in partial satisfaction.* A secured party that desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in subsection 1.

2000 Acts, ch 1149, §119, 187; 2024 Acts, ch 1023, §103
Referred to in §554.9102, 554.9602, 554.9620

554.9622 Effect of acceptance of collateral.

1. *Effect of acceptance.* A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures:

a. discharges the obligation to the extent consented to by the debtor;

b. transfers to the secured party all of a debtor's rights in the collateral;

c. discharges the security interest or agricultural lien that is the subject of the debtor's consent and any subordinate security interest or other subordinate lien; and

d. terminates any other subordinate interest.

2. *Discharge of subordinate interest notwithstanding noncompliance.* A subordinate interest is discharged or terminated under subsection 1, even if the secured party fails to comply with this Article.

2000 Acts, ch 1149, §120, 187
Referred to in §554.9102, 554.9602, 554.9623

554.9623 Right to redeem collateral.

1. *Persons that may redeem.* A debtor, any secondary obligor, or any other secured party or lienholder may redeem collateral.

2. *Requirements for redemption.* To redeem collateral, a person shall tender:

a. fulfillment of all obligations secured by the collateral; and

b. the reasonable expenses and attorney's fees described in section 554.9615, subsection 1, paragraph *"a"*.

3. *When redemption may occur.* A redemption may occur at any time before a secured party:

a. has collected collateral under section 554.9607;

b. has disposed of collateral or entered into a contract for its disposition under section 554.9610; or

c. has accepted collateral in full or partial satisfaction of the obligation it secures under section 554.9622.

2000 Acts, ch 1149, §121, 187
Referred to in §554.9602, 554.9614, 554.9624

554.9624 Waiver.

1. *Waiver of disposition notification.* A debtor or secondary obligor may waive the right to notification of disposition of collateral under section 554.9611 only by an agreement to that effect entered into and signed after default.

2. *Waiver of mandatory disposition.* A debtor may waive the right to require disposition of collateral under section 554.9620, subsection 5, only by an agreement to that effect entered into and signed after default.

3. *Waiver of redemption right.* Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under section 554.9623 only by an agreement to that effect entered into and signed after default.

2000 Acts, ch 1149, §122, 187; 2024 Acts, ch 1023, §104
Referred to in §554.9602, 554.9620

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SUBPART B

NONCOMPLIANCE WITH ARTICLE

554.9625 Remedies for secured party's failure to comply with Article.

1. *Judicial orders concerning noncompliance.* If it is established that a secured party is not proceeding in accordance with this Article, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions.

2. *Damages for noncompliance.* Subject to subsections 3, 4, and 6, a person is liable for damages in the amount of any loss caused by a failure to comply with this Article. Loss caused by a failure to comply may include loss resulting from the debtor's inability to obtain, or increased costs of, alternative financing.

3. *Persons entitled to recover damages — statutory damages if collateral is consumer goods.* Except as otherwise provided in section 554.9628:

a. a person that, at the time of the failure, was a debtor, was an obligor, or held a security interest in or other lien on the collateral may recover damages under subsection 2 for its loss; and

b. if the collateral is consumer goods, a person that was a debtor or a secondary obligor at the time a secured party failed to comply with this part may recover for that failure in any event an amount not less than the credit service charge plus ten percent of the principal amount of the obligation or the time-price differential plus ten percent of the cash price.

4. *Recovery when deficiency eliminated or reduced.* A debtor whose deficiency is eliminated under section 554.9626 may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under section 554.9626 may not otherwise recover under subsection 2 for noncompliance with the provisions of this part relating to collection, enforcement, disposition, or acceptance.

5. *Statutory damages — noncompliance with specified provisions.* In addition to any damages recoverable under subsection 2, the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover five hundred dollars in each case from a person that:

a. fails to comply with section 554.9208;

b. fails to comply with section 554.9209;

c. files a record that the person is not entitled to file under section 554.9509, subsection 1;

d. fails to cause the secured party of record to file or send a termination statement as required by section 554.9513, subsection 1 or 3;

e. fails to comply with section 554.9616, subsection 2, paragraph *"a"*, and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or

f. fails to comply with section 554.9616, subsection 2, paragraph *"b"*.

6. *Statutory damages — noncompliance with section 554.9210.* A debtor or consumer obligor may recover damages under subsection 2 and, in addition, five hundred dollars in each case from a person that, without reasonable cause, fails to comply with a request under section 554.9210. A recipient of a request under section 554.9210 which never claimed an interest in the collateral or obligations that are the subject of a request under that section has a reasonable excuse for failure to comply with the request within the meaning of this subsection.

7. *Limitation of security interest — noncompliance with section 554.9210.* If a secured party fails to comply with a request regarding a list of collateral or a statement of account under section 554.9210, the secured party may claim a security interest only as shown in the list or statement included in the request as against a person that is reasonably misled by the failure.

2000 Acts, ch 1149, §123, 187; 2012 Acts, ch 1052, §23, 37
Referred to in §554.9513A, 554.9602, 554.9628

554.9626 Action in which deficiency or surplus is in issue.

1. *Applicable rules if amount of deficiency or surplus in issue.* In an action arising from

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a transaction, other than a consumer transaction, in which the amount of a deficiency or surplus is in issue, the following rules apply:

a. a secured party need not prove compliance with the provisions of this part relating to collection, enforcement, disposition, or acceptance unless the debtor or a secondary obligor places the secured party's compliance in issue.

b. if the secured party's compliance is placed in issue, the secured party has the burden of establishing that the collection, enforcement, disposition, or acceptance was conducted in accordance with this part.

c. except as otherwise provided in section 554.9628, if a secured party fails to prove that the collection, enforcement, disposition, or acceptance was conducted in accordance with the provisions of this part relating to collection, enforcement, disposition, or acceptance, the liability of a debtor or a secondary obligor for a deficiency is limited to an amount by which the sum of the secured obligation, expenses, and attorney's fees exceeds the greater of:

(1) the proceeds of the collection, enforcement, disposition, or acceptance; or

(2) the amount of proceeds that would have been realized had the noncomplying secured party proceeded in accordance with the provisions of this part relating to collection, enforcement, disposition, or acceptance.

d. for purposes of paragraph "*c*", subparagraph (2), the amount of proceeds that would have been realized is equal to the sum of the secured obligation, expenses, and attorney's fees unless the secured party proves that the amount is less than that sum.

e. if a deficiency or surplus is calculated under section 554.9615, subsection 6, the debtor or obligor has the burden of establishing that the amount of proceeds of the disposition is significantly below the range of prices that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.

2. *Nonconsumer transactions — no inference.* The limitation of the rules in subsection 1 to transactions other than consumer transactions is intended to leave to the court the determination of the proper rules in consumer transactions. The court may not infer from that limitation the nature of the proper rule in consumer transactions and may continue to apply established approaches.

2000 Acts, ch 1149, §124, 187
Referred to in §554.9602, 554.9625

554.9627 Determination of whether conduct was commercially reasonable.

1. *Greater amount obtainable under other circumstances — no preclusion of commercial reasonableness.* The fact that a greater amount could have been obtained by a collection, enforcement, disposition, or acceptance at a different time or in a different method from that selected by the secured party is not of itself sufficient to preclude the secured party from establishing that the collection, enforcement, disposition, or acceptance was made in a commercially reasonable manner.

2. *Dispositions that are commercially reasonable.* A disposition of collateral is made in a commercially reasonable manner if the disposition is made:

a. in the usual manner on any recognized market;

b. at the price current in any recognized market at the time of the disposition; or

c. otherwise in conformity with reasonable commercial practices among dealers in the type of property that was the subject of the disposition.

3. *Approval by court or on behalf of creditors.* A collection, enforcement, disposition, or acceptance is commercially reasonable if it has been approved:

a. in a judicial proceeding;

b. by a bona fide creditors' committee;

c. by a representative of creditors; or

d. by an assignee for the benefit of creditors.

4. *Approval under subsection 3 not necessary — absence of approval has no effect.* Approval under subsection 3 need not be obtained, and lack of approval does

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not mean that the collection, enforcement, disposition, or acceptance is not commercially reasonable.

2000 Acts, ch 1149, §125, 187

554.9628 Nonliability and limitation on liability of secured party — liability of secondary obligor.

1. *Limitation of liability of secured party for noncompliance with article.* Subject to subsection 6, unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

a. the secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this Article; and

b. the secured party's failure to comply with this Article does not affect the liability of the person for a deficiency.

2. *Limitation of liability based on status as secured party.* Subject to subsection 6, a secured party is not liable because of its status as secured party:

a. to a person that is a debtor or obligor, unless the secured party knows:

(1) that the person is a debtor or obligor;

(2) the identity of the person; and

(3) how to communicate with the person; or

b. to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(1) that the person is a debtor; and

(2) the identity of the person.

3. *Limitation of liability if reasonable belief that transaction not a consumer-goods transaction or consumer transaction.* A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

a. a debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or

b. an obligor's representation concerning the purpose for which a secured obligation was incurred.

4. *Limitation of liability for statutory damages.* A secured party is not liable to any person under section 554.9625, subsection 3, paragraph *"b"*, for its failure to comply with section 554.9616.

5. *Limitation of multiple liability for statutory damages.* A secured party is not liable under section 554.9625, subsection 3, paragraph *"b"*, more than once with respect to any one secured obligation.

6. *Exception: limitation of liability under subsections 1 and 2 does not apply.* Subsections 1 and 2 do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

a. the person is a debtor or obligor; and

b. the secured party knows that the information in subsection 2, paragraph *"a"*, subparagraph (1), (2), or (3), relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.

2000 Acts, ch 1149, §126, 187; 2022 Acts, ch 1117, §37, 38; 2024 Acts, ch 1023, §105, 106

Referred to in §554.9625, 554.9626

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PART 7

2001 TRANSITION

554.9701 through 554.9710 Repealed by 2012 Acts, ch 1052, §34, 37.

PART 8

2013 TRANSITION

554.9801 through 554.9809 Repealed by 2012 Acts, ch 1052, §35, 37.

ARTICLE 10

EFFECTIVE DATE AND REPEALER

Referred to in §554.11102

554.10101 Effective date.

1. Except as otherwise provided in Article 11 of this chapter, this chapter shall take effect and be in force on and after July 4, 1966. It applies to transactions entered into and events occurring after that date.

2. Transactions validly entered into before the effective date specified in this section and the rights, duties and interests flowing from them remain valid thereafter and may be terminated, completed, consummated or enforced as required or permitted by any statute or other law amended or repealed by this chapter as though such repeal or amendment had not occurred.

[C24, 27, 31, 35, 39, §**10006;** C46, 50, 54, 58, 62, §554.78; C66, 71, 73, 75, 77, 79, 81, §554.10101]

2018 Acts, ch 1041, §127

Referred to in §554.11102

554.10102 Reserved.

554.10103 General repealer.

Except as provided in section 554.7103, all Acts and parts of Acts inconsistent with this chapter are hereby repealed.

[C66, 71, 73, 75, 77, 79, 81, §554.10103]

2009 Acts, ch 133, §171; 2015 Acts, ch 29, §101

Referred to in §554.11102

554.10104 Laws not repealed. Repealed by 2007 Acts, ch 30, §44 – 46. See §554.7103.

554.10105 Secretary of state exempted from personal liability.

1. The secretary of state and the secretary's employees or agents are hereby exempted from all personal liability as a result of errors or omissions in the performance of any duty required by the Uniform Commercial Code, as provided in this chapter, except in cases of willful negligence.

2. In the event of such error or omission the state of Iowa shall be liable in respect to such claims in the same manner, and to the same extent as a private individual under like circumstances.

3. Immunity of the state from suit and liability in such case is waived to the extent provided in chapter 669 and said chapter shall govern the extent of liability and the practice and procedure necessary to establish any liability of the state.

[C66, 71, 73, 75, 77, 79, 81, §554.10105]

2004 Acts, ch 1086, §91; 2018 Acts, ch 1041, §127; 2019 Acts, ch 24, §82

Referred to in §554.11102

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ARTICLE 11

EFFECTIVE DATE OF 1974 AMENDMENTS

Referred to in §554.10101

554.11101 Effective date.

Division 2 of 1974 Iowa Acts, ch. 1249, §9 to 72, the Iowa amendments to the Uniform Commercial Code pertaining primarily to security interests, and related amendments, shall become effective at 12:01 a.m. on January 1, 1975.

[C75, 77, 79, 81, §554.11101]

2009 Acts, ch 41, §163; 2014 Acts, ch 1026, §143

554.11102 Preservation of old transition provision.

The provisions of Article 10 of this chapter, sections 554.10101, 554.10103, and 554.10105, shall continue to apply to this chapter as amended and for this purpose this chapter prior to amendment and this chapter as amended shall be considered one continuous statute.

[C75, 77, 79, 81, §554.11102]

2009 Acts, ch 41, §164

554.11103 Transition to this chapter as amended — general rule.

Transactions validly entered into after July 4, 1966, and before January 1, 1975, which were subject to the provisions of this chapter prior to amendment and which would be subject to this chapter as amended if they had been entered into on or after January 1, 1975, and the rights, duties and interests flowing from such transactions remain valid after January 1, 1975, and may be terminated, completed, consummated or enforced as required or permitted by this chapter as amended. Security interests arising out of such transactions which are perfected on January 1, 1975, shall remain perfected until they lapse or are terminated as provided in this chapter as amended, and may be continued as permitted by this chapter as amended.

[C75, 77, 79, 81, §554.11103]

2003 Acts, ch 108, §104

554.11104 Transition provision on change of requirement of filing.

A security interest for the perfection of which filing or the taking of possession was required under this chapter prior to amendment and which attached prior to January 1, 1975, but was not perfected shall be deemed perfected on January 1, 1975, if this chapter as amended permits perfection without filing or the taking of possession, or authorizes filing in the office or offices where a prior ineffective filing was made.

[C75, 77, 79, 81, §554.11104]

554.11105 Transition provision on change of place of filing. Repealed by 2000 Acts, ch 1149, §186, 187.

554.11106 Reserved.

554.11107 Transition provisions as to priorities.

Except as otherwise provided in this Article, this chapter prior to amendment shall apply to any questions of priority if the positions of the parties were fixed prior to January 1, 1975. In other cases questions of priority shall be determined by this chapter as amended.

[C75, 77, 79, 81, §554.11107]

554.11108 Presumption that rule of law continues unchanged.

Unless a change in law has clearly been made, the provisions of this chapter as amended shall be deemed declaratory of the meaning of this chapter prior to amendment.

[C75, 77, 79, 81, §554.11108]

2000 Acts, ch 1149, §155, 187

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554.11109 Effect of official comments.

To the extent that they are consistent with the Iowa statutory text, the 1972 Official Comments to the 1972 Official Text of the Uniform Commercial Code are evidence of legislative intent as to the meaning of this chapter as amended by 1974 Iowa Acts, ch.1249. However, prior drafts of the Official Text and Comments may not be used to ascertain legislative intent.

[C75, 77, 79, 81, §554.11109]

2016 Acts, ch 1073, §160

ARTICLE 12

FUNDS TRANSFERS

Referred to in §554.3102, 554.4104, 554.5116, 554.14107

Provisions codified in this Article may be found in Article 4A of the proposed uniform commercial code legislation recommended by the National Conference of Commissioners on Uniform State Laws

PART 1

SUBJECT MATTER AND DEFINITIONS

554.12101 Short title.

This Article shall be known and may be cited as Uniform Commercial Code — Funds Transfers.

92 Acts, ch 1146, §1

554.12102 Subject matter.

Except as otherwise provided in section 554.12108, this Article applies to funds transfers defined in section 554.12104.

92 Acts, ch 1146, §2

554.12103 Payment order — definitions.

1. In this Article:

a. *"Payment order"* means an instruction of a sender to a receiving bank, transmitted orally or in a record, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:

(1) The instruction does not state a condition to payment to the beneficiary other than time of payment,

(2) The receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender, and

(3) The instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system for transmittal to the receiving bank.

b. *"Beneficiary"* means the person to be paid by the beneficiary's bank.

c. *"Beneficiary's bank"* means the bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account.

d. *"Receiving bank"* means the bank to which the sender's instruction is addressed.

e. *"Sender"* means the person giving the instruction to the receiving bank.

2. If an instruction complying with subsection 1, paragraph *"a"*, is to make more than one payment to a beneficiary, the instruction is a separate payment order with respect to each payment.

3. A payment order is issued when it is sent to the receiving bank.

92 Acts, ch 1146, §3; 2024 Acts, ch 1023, §107

Referred to in §554.12105

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554.12104 Funds transfer — definitions.

In this Article unless the context otherwise requires:

1. *"Funds transfer"* means the series of transactions, beginning with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. The term includes any payment order issued by the originator's bank or an intermediary bank intended to carry out the originator's payment order. A funds transfer is completed by acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's payment order.

2. *"Intermediary bank"* means a receiving bank other than the originator's bank or the beneficiary's bank.

3. *"Originator"* means the sender of the first payment order in a funds transfer.

4. *"Originator's bank"* means the receiving bank to which the payment order of the originator is issued if the originator is not a bank, or the originator if the originator is a bank.

92 Acts, ch 1146, §4
Referred to in §554.12102, 554.12105

554.12105 Other definitions.

1. In this Article unless the context otherwise requires:

a. "Authorized account" means a deposit account of a customer in a bank designated by the customer as a source of payment of payment orders issued by the customer to the bank. If a customer does not so designate an account, any account of the customer is an authorized account if payment of a payment order from that account is not inconsistent with a restriction on the use of that account.

b. "Bank" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company. A branch or separate office of a bank is a separate bank for purposes of this Article.

c. "Customer" means a person, including a bank, having an account with a bank or from whom a bank has agreed to receive payment orders.

d. "Funds-transfer business day" of a receiving bank means the part of a day during which the receiving bank is open for the receipt, processing, and transmittal of payment orders, and cancellations and amendments of payment orders.

e. "Funds-transfer system" means a wire transfer network, automated clearing house, or other communication system of a clearing house or other association of banks through which a payment order by a bank may be transmitted to the bank to which the order is addressed.

f. Reserved.

g. "Prove" with respect to a fact means to meet the burden of establishing the fact as defined in section 554.1201, subsection 2, paragraph *"h"*.

2. Other definitions applying to this Article and the sections in which they appear are:

a. "Acceptance" ..... Section 554.12209
b. "Beneficiary" ..... Section 554.12103
c. "Beneficiary's bank" ..... Section 554.12103
d. "Executed" ..... Section 554.12301
e. "Execution date" ..... Section 554.12301
f. "Funds transfer" ..... Section 554.12104
g. "Funds-transfer system rule" ..... Section 554.12501
h. "Governing law" ..... Section 554.12507
i. "Intermediary bank" ..... Section 554.12104
j. "Originator" ..... Section 554.12104
k. "Originator's bank" ..... Section 554.12104
l. "Payment by beneficiary's bank to beneficiary" ..... Section 554.12405
m. "Payment by originator to beneficiary" ..... Section 554.12406
n. "Payment by sender to receiving bank" ..... Section 554.12403
o. "Payment date" ..... Section 554.12401

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p. "Payment order" ..... Section 554.12103
q. "Receiving bank" ..... Section 554.12103
r. "Security procedure" ..... Section 554.12201
s. "Sender"..... Section 554.12103
3. The following definitions in Article 4 apply to this Article:
a. "Clearing house"..... Section 554.4104
b. "Item"..... Section 554.4104
c. "Suspends payments" ..... Section 554.4104
4. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

92 Acts, ch 1146, §5; 2000 Acts, ch 1058, §49; 2007 Acts, ch 41, §31, 32; 2012 Acts, ch 1023, §157

554.12106 Time payment order is received.

1. The time of receipt of a payment order or communication canceling or amending a payment order is determined by the rules applicable to receipt of a notice stated in section 554.1202. A receiving bank may establish a cut-off time or times on a funds-transfer business day for the receipt and processing of payment orders, and communications canceling or amending payment orders. Different cut-off times may apply to payment orders, cancellations, or amendments, or to different categories of payment orders, cancellations, or amendments. A cut-off time may apply to senders generally, or different cut-off times may apply to different senders or categories of payment orders. If a payment order or communication canceling or amending a payment order is received after the close of a funds-transfer business day or after the appropriate cut-off time on a funds-transfer business day, the receiving bank may treat the payment order or communication as received at the opening of the next funds-transfer business day.

2. Unless otherwise provided, if this Article refers to an execution date or payment date or states a day on which a receiving bank is required to take action, and the date or day does not fall on a funds-transfer business day, the next day that is a funds-transfer business day is treated as the date or day stated.

92 Acts, ch 1146, §6; 2007 Acts, ch 41, §33

554.12107 Federal reserve regulations and operating circulars.

Regulations of the board of governors of the federal reserve system and operating circulars of the federal reserve banks as of July 1, 1991, supersede any inconsistent provision of this Article to the extent of the inconsistency.

92 Acts, ch 1146, §7; 2022 Acts, ch 1032, §96

554.12108 Relationship to Electronic Fund Transfer Act.

1. Except as provided in subsection 2, this Article does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act of 1978, 15 U.S.C. §1693 et seq.

2. This Article applies to a funds transfer that is a remittance transfer as defined in the Electronic Fund Transfer Act, 15 U.S.C. §1693o-1, unless the remittance transfer is an electronic fund transfer as defined in the Electronic Fund Transfer Act, 15 U.S.C. §1693a.

3. In a funds transfer to which this Article applies, in the event of an inconsistency between an applicable provision of this Article and an applicable provision of the Electronic Fund Transfer Act, the provision of the Electronic Fund Transfer Act governs to the extent of the inconsistency.

92 Acts, ch 1146, §8; 2013 Acts, ch 73, §1, 2
Referred to in §554.12102

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PART 2

ISSUE AND ACCEPTANCE OF PAYMENT ORDER

554.12201 Security procedure.

"Security procedure" means a procedure established by agreement between a customer and a receiving bank for the purpose of verifying that a payment order or communication amending or canceling a payment order is that of the customer, or detecting error in the transmission or the content of the payment order or communication. A security procedure may impose an obligation on the receiving bank or the customer and may require the use of algorithms or other codes, identifying words, numbers, symbols, sounds, biometrics, encryption, callback procedures, or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer or requiring a payment order to be sent from a known electronic mail address, internet protocol address, or telephone number is not by itself a security procedure.

92 Acts, ch 1146, §9; 2024 Acts, ch 1023, §108

Referred to in §554.12105

554.12202 Authorized and verified payment orders.

1. A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under the law of agency.

2. If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if the security procedure is a commercially reasonable method of providing security against unauthorized payment orders, and the bank proves that it accepted the payment order in good faith and in compliance with the bank's obligations under the security procedure and any agreement or instruction of the customer, evidenced by a record, restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates an agreement with the customer, evidenced by a record, or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted.

3. Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type, and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered to the customer, and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if the security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer, and the customer expressly agreed in a record to be bound by any payment order, whether or not authorized, issued in the customer's name and accepted by the bank in compliance with the bank's obligations under the security procedure chosen by the customer.

4. The term *"sender"* in this Article includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under subsection 1, or it is effective as the order of the customer under subsection 2.

5. This section applies to amendments and cancellations of payment orders in the same manner it applies to payment orders.

6. Except as provided in this section and section 554.12203, rights and obligations arising under this section or section 554.12203 may not be varied by agreement.

92 Acts, ch 1146, §10; 2024 Acts, ch 1023, §109

Referred to in §554.12203, 554.12204

554.12203 Unenforceability of certain verified payment orders.

1. If an accepted payment order is not, under section 554.12202, subsection 1, an

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authorized order of a customer identified as sender, but is effective as an order of the customer pursuant to section 554.12202, subsection 2, the following rules apply:

a. By express agreement, evidenced by a record the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order.

b. The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person entrusted at any time with the authority to act for the customer with respect to payment orders or the security procedure, or who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. Information includes any access device, computer software, or similar items.

2. This section applies to amendments of payment orders in the same manner it applies to payment orders.

92 Acts, ch 1146, §11; 2024 Acts, ch 1023, §110
Referred to in §554.12202, 554.12204

554.12204 Refund of payment and duty of customer to report with respect to unauthorized payment order.

1. If a receiving bank accepts a payment order issued in the name of its customer as sender which is not authorized and not effective as the order of the customer under section 554.12202, or which is not enforceable, in whole or in part, against the customer under section 554.12203, the bank shall refund any payment related to the payment order received from the customer to the extent the bank is not entitled to enforce payment and shall pay interest on the refundable amount calculated from the date the bank received payment to the date of the refund. However, the customer is not entitled to interest from the bank on the amount to be refunded if the customer fails to exercise ordinary care to determine that the order was not authorized by the customer and to notify the bank of the relevant facts within a reasonable time not exceeding ninety days after the date the customer received notification from the bank that the order was accepted or that the customer's account was debited with respect to the order. The bank is not entitled to any recovery from the customer as a result of a failure by the customer to give notification as stated in this section.

2. Reasonable time under subsection 1 may be fixed by agreement as provided in section 554.1302, subsection 2, but the obligation of a receiving bank to refund payment as stated in subsection 1 may not otherwise be varied by agreement.

92 Acts, ch 1146, §12; 2007 Acts, ch 41, §34
Referred to in §554.12402

554.12205 Erroneous payment orders.

1. If an accepted payment order was transmitted pursuant to a security procedure for the detection of error and the payment order (i) erroneously instructed payment to a beneficiary not intended by the sender, (ii) erroneously instructed payment in an amount greater than the amount intended by the sender, or (iii) was an erroneously transmitted duplicate of a payment order previously sent by the sender, the following rules apply:

a. If the sender proves that the sender or a person acting on behalf of the sender pursuant to section 554.12206 complied with the security procedure and that the error would have been detected if the receiving bank had also complied, the sender is not obligated to pay the order to the extent stated in subsections 2 and 3.

b. If the funds transfer is completed on the basis of an erroneous payment order described in (i) or (iii) of subsection 1, the sender is not obligated to pay the order and the receiving bank is entitled to recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution.

c. If the funds transfer is completed on the basis of a payment order described in (ii) of subsection 1, the sender is not obligated to pay the order to the extent the amount received by the beneficiary is greater than the amount intended by the sender. In that case, the receiving

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bank is entitled to recover from the beneficiary the excess amount received to the extent allowed by the law governing mistake and restitution.

2. If the sender of an erroneous payment order described in subsection 1 is not obligated to pay all or part of the order, and the sender receives notification from the receiving bank that the order was accepted by the bank or that the sender's account was debited with respect to the order, the sender has a duty to exercise ordinary care, on the basis of information available to the sender, to discover the error with respect to the order and to advise the bank of the relevant facts within a reasonable time, not exceeding ninety days, after the bank's notification was received by the sender. If the bank proves that the sender failed to perform this duty, the sender is liable to the bank for the loss the bank proves it incurred as a result of the failure, not to exceed the amount of the sender's order.

3. This section applies to amendments to payment orders in the same manner it applies to payment orders.

92 Acts, ch 1146, §13
Referred to in §554.12402

554.12206 Transmission of payment order through funds-transfer or other communication system.

1. If a payment order addressed to a receiving bank is transmitted to a funds-transfer system or other third-party communication system for transmittal to the bank, the system is deemed to be an agent of the sender for the purpose of transmitting the payment order to the bank. If there is a discrepancy between the terms of the payment order transmitted to the system by the sender and the terms of the payment order transmitted by the system to the bank, the terms of the payment order of the sender are deemed to be those transmitted by the system. This section does not apply to a funds-transfer system of the federal reserve banks.

2. This section applies to cancellations and amendments of payment orders in the same manner it applies to payment orders.

92 Acts, ch 1146, §14; 2020 Acts, ch 1062, §94
Referred to in §554.12205

554.12207 Misdescription of beneficiary.

1. Subject to subsection 2, if, in a payment order received by the beneficiary's bank, the name, bank account number, or other identification of the beneficiary refers to a nonexistent or unidentifiable person or account, no person has rights as a beneficiary of the order and acceptance of the order cannot occur.

2. If a payment order received by the beneficiary's bank identifies the beneficiary both by name and by an identifying or bank account number and the name and number identify different persons, the following rules apply:

a. Except as otherwise provided in subsection 3, if the beneficiary's bank does not know that the name and number refer to different persons, it may rely on the number as the proper identification of the beneficiary of the order. The beneficiary's bank need not determine whether the name and number refer to the same person.

b. If the beneficiary's bank pays the person identified by name or knows that the name and number identify different persons, no person has rights as beneficiary except the person paid by the beneficiary's bank if that person was entitled to receive payment from the originator of the funds transfer. If no person has rights as beneficiary, acceptance of the order cannot occur.

3. If a payment order described in subsection 2 is accepted, the originator's payment order described the beneficiary inconsistently by name and number, and the beneficiary's bank pays the person identified by number as permitted by subsection 2, paragraph *"a"*, the following rules apply:

a. If the originator is a bank, the originator shall pay the originator's order.

b. If the originator is not a bank and proves that the person identified by number was not entitled to receive payment from the originator, the originator is not obliged to pay its order unless the originator's bank proves that the originator, before acceptance of the originator's order, had notice that payment of a payment order issued by the originator might be made

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by the beneficiary's bank on the basis of an identifying or bank account number even if it identifies a person different from the named beneficiary. Proof of notice may be made by any admissible evidence. The originator's bank satisfies the burden of proof if it proves that the originator, before the payment was accepted, signed a record stating the information to which the notice relates.

4. In a case governed by subsection 2, paragraph *"a"*, if the beneficiary's bank rightfully pays the person identified by number and that person was not entitled to receive payment from the originator, the amount paid may be recovered from that person to the extent allowed by the law governing mistake and restitution as follows:

a. If the originator is obligated to pay its payment order as stated in subsection 3, the originator has the right to recover.

b. If the originator is not a bank and is not obligated to pay its payment order, the originator's bank has the right to recover.

92 Acts, ch 1146, §15; 2024 Acts, ch 1023, §111
Referred to in §554.12402

554.12208 Misdescription of intermediary bank or beneficiary's bank.

1. This subsection applies to a payment order identifying an intermediary bank or the beneficiary's bank only by an identifying number.

a. The receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank and need not determine whether the number identifies a bank.

b. The sender shall compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of the receiving bank's reliance on the number in executing or attempting to execute the order.

2. This subsection applies to a payment order identifying an intermediary bank or the beneficiary's bank both by name and an identifying number if the name and number identify different persons.

a. If the sender is a bank, the receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank if the receiving bank, when it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person or whether the number refers to a bank. The sender shall compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of the receiving bank's reliance on the number in executing or attempting to execute the order.

b. If the sender is not a bank and the receiving bank proves that the sender, before the payment order was accepted, had notice that the receiving bank might rely on the number as the proper identification of the intermediary or beneficiary's bank even if it identifies a person different from the bank identified by name, the rights and obligations of the sender and the receiving bank are governed by paragraph *"a"*, as though the sender were a bank. Proof of notice may be made by any admissible evidence. The receiving bank satisfies the burden of proof if it proves that the sender, before the payment order was accepted, signed a record stating the information to which the notice relates.

c. Regardless of whether the sender is a bank, the receiving bank may rely on the name as the proper identification of the intermediary or beneficiary's bank if the receiving bank, at the time the receiving bank executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person.

d. If the receiving bank knows that the name and number identify different persons, reliance on either the name or the number in executing the sender's payment order is a breach of the obligation stated in section 554.12302, subsection 1, paragraph *"a"*.

92 Acts, ch 1146, §16; 2024 Acts, ch 1023, §112

554.12209 Acceptance of payment order.

1. Subject to subsection 4, a receiving bank other than the beneficiary's bank accepts a payment order when it executes the order.

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2. Subject to subsections 3 and 4, a beneficiary's bank accepts a payment order at the earliest of the following times:

a. When the bank pays the beneficiary as stated in section 554.12405, subsection 1 or 2, or notifies the beneficiary of receipt of the order or that the account of the beneficiary has been credited with respect to the order, unless the notice indicates that the bank is rejecting the order or that funds with respect to the order may not be withdrawn or used until receipt of payment from the sender of the order;

b. When the bank receives payment of the entire amount of the sender's order pursuant to section 554.12403, subsection 1, paragraph *"a"* or *"b"*; or

c. The opening of the next funds-transfer business day of the bank following the payment date of the order if, at that time, the amount of the sender's order is fully covered by a withdrawable credit balance in an authorized account of the sender or the bank has otherwise received full payment from the sender, unless the order was rejected before that time or is rejected within one hour after that time, or one hour after the opening of the next business day of the sender following the payment date if the time is later. If notice of rejection is received by the sender after the payment date and the authorized account of the sender does not bear interest, the bank shall pay interest to the sender on the amount of the order for the number of days elapsing after the payment date to the day the sender receives notice or learns that the order was not accepted, counting the day that notice is received as an elapsed day. If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest payable is reduced accordingly.

3. Acceptance of a payment order cannot occur before the order is received by the receiving bank. Acceptance does not occur under subsection 2, paragraph *"b"* or *"c"*, if the beneficiary of the payment order does not have an account with the receiving bank, the account has been closed, or the receiving bank is not permitted by law to receive credits for the beneficiary's account.

4. A payment order issued to the originator's bank cannot be accepted until the payment date if the bank is the beneficiary's bank, or the execution date if the bank is not the beneficiary's bank. If the originator's bank executes the originator's payment order before the execution date or pays the beneficiary of the originator's payment order before the payment date and the payment order is subsequently canceled pursuant to section 554.12211, subsection 2, the bank may recover from the beneficiary any payment received to the extent allowed by the law governing mistake and restitution.

92 Acts, ch 1146, §17
Referred to in §554.12105, 554.12212, 554.12302

554.12210 Rejection of payment order.

1. A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally or in a record. A notice of rejection need not use any particular words and is sufficient if the notice indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable under the circumstances. If notice of rejection is given by a means that is not reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, any means complying with the agreement is reasonable and any means not complying is not reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

2. This subsection applies if a receiving bank other than the beneficiary's bank fails to execute a payment order despite the existence on the execution date of a withdrawable credit balance in an authorized account of the sender sufficient to cover the order. If the sender does not receive notice of rejection of the order on the execution date and the authorized account of the sender does not bear interest, the bank shall pay interest to the sender on the amount of the order for the number of days elapsing after the execution date to the earlier of the day the order is canceled pursuant to section 554.12211, subsection 4, or the day the sender receives notice or learns that the order was not executed, counting the final day of the period as an

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elapsed day. If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest is reduced accordingly.

3. If a receiving bank suspends payments, all unaccepted payment orders issued to the receiving bank are deemed rejected at the time the bank suspends payments.

4. Acceptance of a payment order precludes a later rejection of the order. Rejection of a payment order precludes a later acceptance of the order.

92 Acts, ch 1146, §18; 2024 Acts, ch 1023, §113

554.12211 Cancellation and amendment of payment order.

1. A communication of the sender of a payment order canceling or amending the order may be transmitted to the receiving bank orally or in a record. If a security procedure is in effect between the sender and the receiving bank, the communication is not effective to cancel or amend the order unless the communication is verified pursuant to the security procedure or the bank agrees to the cancellation or amendment.

2. Subject to subsection 1, a communication by the sender canceling or amending a payment order is effective to cancel or amend the order if notice of the communication is received at a time and in a manner affording the receiving bank a reasonable opportunity to act on the communication before the bank accepts the payment order.

3. After a payment order has been accepted, cancellation or amendment of the order is not effective unless the receiving bank agrees or a funds-transfer system rule allows cancellation or amendment without agreement of the bank.

a. With respect to a payment order accepted by a receiving bank other than the beneficiary's bank, cancellation or amendment is not effective unless a conforming cancellation or amendment of the payment order issued by the receiving bank is also made.

b. With respect to a payment order accepted by the beneficiary's bank, cancellation or amendment is not effective unless the order was issued in execution of an unauthorized payment order, or because of a mistake by a sender in the funds transfer which resulted in the issuance of a payment order that is a duplicate of a payment order previously issued by the sender, that orders payment to a beneficiary not entitled to receive payment from the originator, or that orders payment in an amount greater than the amount the beneficiary was entitled to receive from the originator. If the payment order is canceled or amended, the beneficiary's bank is entitled to recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution.

4. An unaccepted payment order is canceled by operation of law at the close of the fifth funds-transfer business day of the receiving bank after the execution date or payment date of the order.

5. A canceled payment order cannot be accepted. If an accepted payment order is canceled, the acceptance is nullified and no person has any right or obligation based on the acceptance. Amendment of a payment order is deemed to be cancellation of the original order at the time of amendment and issuance of a new payment order in the amended form at the same time.

6. Unless otherwise provided in an agreement of the parties or in a funds-transfer system rule, if the receiving bank, after accepting a payment order, agrees to cancellation or amendment of the order by the sender or is bound by a funds-transfer system rule allowing cancellation or amendment without the bank's agreement, the sender, whether or not cancellation or amendment is effective, is liable to the bank for any loss and expenses, including reasonable attorney's fees, incurred by the bank as a result of the cancellation or amendment or attempted cancellation or amendment.

7. A payment order is not revoked by the death or legal incapacity of the sender unless the receiving bank knows of the death or of an adjudication of incapacity by a court of competent jurisdiction and has reasonable opportunity to act before acceptance of the order.

8. A funds-transfer system rule is not effective to the extent it conflicts with subsection 3, paragraph *"b"*.

92 Acts, ch 1146, §19; 2024 Acts, ch 1023, §114

Referred to in §554.12209, 554.12210, 554.12404, 554.12406

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554.12212 Liability and duty of receiving bank regarding unaccepted payment order.

If a receiving bank fails to accept a payment order that it is obligated by express agreement to accept, the bank is liable for breach of the agreement to the extent provided in the agreement or in this Article, but does not otherwise have any duty to accept a payment order or, before acceptance, to take any action, or refrain from taking action, with respect to the order except as provided in this Article or by express agreement. Liability based on acceptance arises only when acceptance occurs as stated in section 554.12209, and liability is limited to that provided in this Article. A receiving bank is not the agent of the sender or beneficiary of the payment order it accepts, or of any other party to the funds transfer, and the bank owes no duty to any party to the funds transfer except as provided in this Article or by express agreement.

92 Acts, ch 1146, §20

PART 3

EXECUTION OF SENDER'S PAYMENT ORDER BY RECEIVING BANK

554.12301 Execution and execution date.

1. A payment order is executed by the receiving bank when the receiving bank issues a payment order intended to carry out the payment order received by the bank. A payment order received by the beneficiary's bank can be accepted but cannot be executed.

2. *"Execution date"* of a payment order means the day on which the receiving bank may properly issue a payment order in execution of the sender's order. The execution date may be determined by instruction of the sender but cannot be earlier than the day the order is received and, unless otherwise determined, is the day the order is received. If the sender's instruction states a payment date, the execution date is the payment date or an earlier date on which execution is reasonably necessary to allow payment to the beneficiary on the payment date.

92 Acts, ch 1146, §21
Referred to in §554.12105

554.12302 Obligations of receiving bank in execution of payment order.

1. Except as provided in subsections 2 through 4, if the receiving bank accepts a payment order pursuant to section 554.12209, subsection 1, the bank has the following obligations in executing the order:

a. The receiving bank is obligated to issue, on the execution date, a payment order complying with the sender's order and to follow the sender's instructions concerning any intermediary bank or funds-transfer system to be used in carrying out the funds transfer, or the means by which payment orders are to be transmitted in the funds transfer. If the originator's bank issues a payment order to an intermediary bank, the originator's bank shall instruct the intermediary bank according to the instruction of the originator. An intermediary bank in the funds transfer is similarly bound by an instruction given to it by the sender of the payment order it accepts.

b. If the sender's instruction states that the funds transfer is to be carried out telephonically or by wire transfer or otherwise indicates that the funds transfer is to be carried out by the most expeditious means, the receiving bank is obligated to transmit its payment order by the most expeditious available means, and to instruct any intermediary bank accordingly. If a sender's instruction states a payment date, the receiving bank shall transmit the receiving bank's payment order at a time and by means reasonably necessary to allow payment to the beneficiary on the payment date or as soon thereafter as is feasible.

2. Unless otherwise instructed, a receiving bank executing a payment order may use any funds-transfer system if use of that system is reasonable under the circumstances, and issue a payment order to the beneficiary's bank or to an intermediary bank through which a payment order conforming to the sender's order can expeditiously be issued to the beneficiary's bank if the receiving bank exercises ordinary care in the selection of the

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intermediary bank. A receiving bank is not required to follow an instruction of the sender designating a funds-transfer system to be used in carrying out the funds transfer if the receiving bank, in good faith, determines that it is not feasible to follow the instruction or that following the instruction would unduly delay completion of the funds transfer.

3. Unless subsection 1, paragraph *"b"*, applies or the receiving bank is otherwise instructed, the receiving bank may execute a payment order by transmitting the receiving bank's payment order by first class mail or by any means reasonable under the circumstances. If the receiving bank is instructed to execute the sender's order by transmitting the receiving bank's payment order by a particular means, the receiving bank may issue the payment order by the means stated or by any means as expeditious as the means stated.

4. Unless instructed by the sender, the receiving bank may not obtain payment of its charges for services and expenses in connection with the execution of the sender's order by issuing a payment order in an amount equal to the amount of the sender's order less the amount of the charges, and may not instruct a subsequent receiving bank to obtain payment of its charges in the same manner.

92 Acts, ch 1146, §22
Referred to in §554.12208, 554.12305, 554.12402

554.12303 Erroneous execution of payment order.

1. A receiving bank that executes the payment order of the sender by issuing a payment order in an amount greater than the amount of the sender's order, or that issues a payment order in execution of the sender's order and then issues a duplicate order, is entitled to payment of the amount of the sender's order under section 554.12402, subsection 3, if the provisions of that subsection are otherwise satisfied. The bank is entitled to recover from the beneficiary of the erroneous order the excess payment received to the extent allowed by the law governing mistake and restitution.

2. A receiving bank that executes the payment order of the sender by issuing a payment order in an amount less than the amount of the sender's order is entitled to payment of the amount of the sender's order under section 554.12402, subsection 3, if the provisions of that subsection are otherwise satisfied and the bank corrects the error by issuing an additional payment order for the benefit of the beneficiary of the sender's order. If the error is not corrected, the issuer of the erroneous order is entitled to receive or retain payment from the sender of the order only to the extent of the amount of the erroneous order. This subsection does not apply if the receiving bank executes the sender's payment order by issuing a payment order in an amount less than the amount of the sender's order for the purpose of obtaining payment of the receiving bank's charges for services and expenses pursuant to instruction of the sender.

3. If a receiving bank executes the payment order of the sender by issuing a payment order to a beneficiary different from the beneficiary of the sender's order and the funds transfer is completed on the basis of that error, the sender of the payment order that was erroneously executed and all previous senders in the funds transfer are not obligated to pay the payment orders they issued. The issuer of the erroneous order is entitled to recover from the beneficiary of the payment order issued the payment received to the extent allowed by the law governing mistake and restitution.

92 Acts, ch 1146, §23
Referred to in §554.12304, 554.12402

554.12304 Duty of sender to report erroneously executed payment order.

If the sender of a payment order that is erroneously executed as stated in section 554.12303 receives notification from the receiving bank that the order was executed or that the sender's account was debited with respect to the order, the sender has a duty to exercise ordinary care to determine, on the basis of information available to the sender, that the order was erroneously executed and to notify the bank of the relevant facts within a reasonable time not exceeding ninety days after the notification from the bank is received by the sender. If the sender fails to perform that duty, the bank is not obligated to pay interest on any amount refundable to the sender under section 554.12402, subsection 4, for the period before the

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bank learns of the execution error. The bank is not entitled to any recovery from the sender as a result of the failure by the sender to perform the duty stated in this section.

92 Acts, ch 1146, §24
Referred to in §554.12402

554.12305 Liability for late or improper execution or failure to execute payment order.

1. If a funds transfer is completed, but execution of a payment order by the receiving bank in breach of section 554.12302 results in delay in payment to the beneficiary, the bank is obligated to pay interest to either the originator or the beneficiary of the funds transfer for the period of delay caused by the improper execution. Except as provided in subsection 3, additional damages are not recoverable.

2. If execution of a payment order by a receiving bank in breach of section 554.12302 results in noncompletion of the funds transfer, failure to use an intermediary bank designated by the originator, or issuance of a payment order that does not comply with the terms of the payment order of the originator, the bank is liable to the originator for the originator's expenses in the funds transfer and for incidental expenses and interest losses, to the extent not covered by subsection 1, resulting from the improper execution. Except as provided in subsection 3, additional damages are not recoverable.

3. In addition to the amounts payable under subsections 1 and 2, damages, including consequential damages, are recoverable to the extent provided in an express agreement of the receiving bank, evidenced by a record.

4. If a receiving bank fails to execute a payment order that the receiving bank was obligated by express agreement to execute, the receiving bank is liable to the sender for the sender's expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express agreement of the receiving bank, evidenced by a record, but are not otherwise recoverable.

5. Reasonable attorney's fees are recoverable if demand for compensation under subsection 1 or 2 is made and refused before an action is brought on the claim. If a claim is made for breach of an agreement under subsection 4 and the agreement does not provide for damages, reasonable attorney's fees are recoverable if demand for compensation under subsection 4 is made and refused before an action is brought on the claim.

6. Except as stated in this section, the liability of a receiving bank under subsections 1 and 2 may not be varied by agreement.

92 Acts, ch 1146, §25; 2024 Acts, ch 1023, §115

PART 4

PAYMENT

554.12401 Payment date.

"Payment date" of a payment order means the day on which the amount of the order is payable to the beneficiary by the beneficiary's bank. The payment date may be determined by instruction of the sender but cannot be earlier than the day the order is received by the beneficiary's bank and, unless otherwise determined, is the day the order is received by the beneficiary's bank.

92 Acts, ch 1146, §26
Referred to in §554.12105

554.12402 Obligation of sender to pay receiving bank.

1. This section is subject to sections 554.12205 and 554.12207.

2. With respect to a payment order issued to the beneficiary's bank, acceptance of the order by the bank obligates the sender to pay the bank the amount of the order, but payment is not due until the payment date of the order.

3. This subsection is subject to subsection 5 and to section 554.12303. With respect to a payment order issued to a receiving bank other than the beneficiary's bank, acceptance of the

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order by the receiving bank obligates the sender to pay the bank the amount of the sender's order. Payment by the sender is not due until the execution date of the sender's order. The obligation of the sender to pay the sender's payment order is excused if the funds transfer is not completed by acceptance by the beneficiary's bank of the payment order instructing payment to the beneficiary of the sender's payment order.

4. If the sender of a payment order pays the order and was not obligated to pay all or part of the amount paid, the bank receiving payment shall refund payment to the extent the sender was not obligated to pay. Except as provided in sections 554.12204 and 554.12304, interest is payable on the refundable amount from the date of payment.

5. If a funds transfer is not completed as stated in subsection 3 and an intermediary bank is obligated to refund payment as stated in subsection 4 but is unable to do so because the intermediary bank is not permitted by applicable law or because the bank suspends payments, a sender in the funds transfer that executed a payment order in compliance with an instruction, as stated in section 554.12302, subsection 1, paragraph *"a"*, to route the funds transfer through the intermediary bank is entitled to receive or retain payment from the sender of the payment order that it accepted. The first sender in the funds transfer that issued an instruction requiring routing through that intermediary bank is subrogated to the right of the bank that paid the intermediary bank to refund as stated in subsection 4.

6. The right of the sender of a payment order to be excused from the obligation to pay the order as stated in subsection 3 or to receive refund under subsection 4 may not be varied by agreement.

92 Acts, ch 1146, §27
Referred to in §554.12303, 554.12304, 554.12403, 554.12405

554.12403 Payment by sender to receiving bank.

1. Payment of the sender's obligation under section 554.12402 to pay the receiving bank occurs as follows:

a. If the sender is a bank, payment occurs when the receiving bank receives final settlement of the obligation through a federal reserve bank or through a funds-transfer system.

b. If the sender is a bank and the sender credited an account of the receiving bank with the sender, or caused an account of the receiving bank in another bank to be credited, payment occurs when the credit is withdrawn or, if not withdrawn, at midnight of the day on which the credit is withdrawable and the receiving bank knows of that fact.

c. If the receiving bank debits an account of the sender with the receiving bank, payment occurs when the debit is made to the extent the debit is covered by a withdrawable credit balance in the account.

2. *a.* If the sender and receiving bank are members of a funds-transfer system that nets obligations multilaterally among participants, the receiving bank receives final settlement when settlement is complete in accordance with the rules of the system.

b. The obligation of the sender to pay the amount of a payment order transmitted through the funds-transfer system may be satisfied, to the extent permitted by the rules of the system, by setting off and applying against the sender's obligation the right of the sender to receive payment from the receiving bank of the amount of any other payment order transmitted to the sender by the receiving bank through the funds-transfer system.

c. The aggregate balance of obligations owed by each sender to each receiving bank in the funds-transfer system may be satisfied, to the extent permitted by the rules of the system, by setting off and applying against that balance the aggregate balance of obligations owed to the sender by other members of the system. The aggregate balance is determined after the right of setoff stated in paragraph *"b"* has been exercised.

3. If two banks transmit payment orders to each other under an agreement that settlement of the obligations of each bank to the other under section 554.12402 will be made at the end of the day or other period, the total amount owed with respect to all orders transmitted by one bank shall be set off against the total amount owed with respect to all orders transmitted by the other bank. To the extent of the setoff, each bank has made payment to the other.

4. In a case not covered by subsection 1, the time when payment of the sender's obligation

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occurs under section 554.12402, subsection 2 or 3, is governed by applicable principles of law that determine when an obligation is satisfied.

92 Acts, ch 1146, §28; 2010 Acts, ch 1061, §73
Referred to in §554.12105, 554.12209

554.12404 Obligation of beneficiary's bank to pay and give notice to beneficiary.

1. Subject to sections 554.12211, subsection 5, and 554.12405, subsections 4 and 5, if a beneficiary's bank accepts a payment order, the beneficiary bank shall pay the amount of the order to the beneficiary of the order. Payment is due on the payment date of the order, but if acceptance occurs on the payment date after the close of the funds-transfer business day of the beneficiary's bank, payment is due on the next funds-transfer business day. If the beneficiary's bank refuses to pay upon demand by the beneficiary and receipt of notice of particular circumstances that will give rise to consequential damages as a result of nonpayment, the beneficiary may recover damages resulting from the refusal to pay to the extent the beneficiary's bank had notice of the damages, unless the beneficiary's bank proves that it did not pay because of a reasonable doubt concerning the right of the beneficiary to payment.

2. If a payment order accepted by the beneficiary's bank instructs payment to an account of the beneficiary, the bank shall notify the beneficiary of receipt of the order before midnight of the next funds-transfer business day following the payment date. If the payment order does not instruct payment to an account of the beneficiary, the beneficiary's bank is required to notify the beneficiary only if notice is required by the order. Notice may be given by first class mail or any other means reasonable in the circumstances. If the beneficiary's bank fails to give the required notice, the bank shall pay interest to the beneficiary on the amount of the payment order from the day notice should have been given until the day the beneficiary learned of receipt of the payment order by the beneficiary's bank. No other damages are recoverable. Reasonable attorney's fees are also recoverable if demand for interest is made and refused before an action is brought on the claim.

3. The right of a beneficiary to receive payment and damages as stated in subsection 1 may not be varied by agreement or a funds-transfer system rule. The right of a beneficiary to be notified as stated in subsection 2 may be varied by agreement of the beneficiary or by a funds-transfer system rule if the beneficiary is notified of the rule before initiation of the funds transfer.

92 Acts, ch 1146, §29
Referred to in §554.12405, 554.12406, 554.12501

554.12405 Payment by beneficiary's bank to beneficiary.

1. If the beneficiary's bank credits an account of the beneficiary of a payment order, payment of the beneficiary's bank's obligation under section 554.12404, subsection 1, occurs when and to the extent the beneficiary is notified of the right to withdraw the credit, the bank lawfully applies the credit to a debt of the beneficiary, or funds with respect to the order are otherwise made available to the beneficiary by the beneficiary's bank.

2. If the beneficiary's bank does not credit an account of the beneficiary of a payment order, the time when payment of the beneficiary's bank's obligation under section 554.12404, subsection 1, occurs is governed by principles of law that determine when an obligation is satisfied.

3. Except as stated in subsections 4 and 5, if the beneficiary's bank pays the beneficiary of a payment order under a condition to payment or agreement of the beneficiary giving the beneficiary's bank the right to recover payment from the beneficiary if the bank does not receive payment of the order, the condition to payment or agreement is not enforceable.

4. A funds-transfer system rule may provide that payments made to beneficiaries of funds transfers made through the system are provisional until receipt of payment by the beneficiary's bank of the payment order the beneficiary's bank accepted. A beneficiary's bank that makes a payment that is provisional under the rule is entitled to refund from the beneficiary if the rule requires that both the beneficiary and the originator be given notice of the provisional nature of the payment before the funds transfer is initiated, the beneficiary,

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the beneficiary's bank and the originator's bank agreed to be bound by the rule, and the beneficiary's bank did not receive payment of the payment order that the beneficiary's bank accepted. If the beneficiary is obligated to refund payment to the beneficiary's bank, acceptance of the payment order by the beneficiary's bank is nullified and no payment by the originator of the funds transfer to the beneficiary occurs under section 554.12406.

5. This subsection applies to a funds transfer that includes a payment order transmitted over a funds-transfer system that nets obligations multilaterally among participants, and has in effect a loss-sharing agreement among participants for the purpose of providing funds necessary to complete settlement of the obligations of one or more participants that do not meet their settlement obligations. If the beneficiary's bank in the funds transfer accepts a payment order and the system fails to complete settlement pursuant to the system's rules with respect to any payment order in the funds transfer, the acceptance by the beneficiary's bank is nullified and no person has any right or obligation based on the acceptance, the beneficiary's bank is entitled to recover payment from the beneficiary, payment by the originator to the beneficiary does not occur under section 554.12406, and subject to section 554.12402, subsection 5, each sender in the funds transfer is excused from its obligation to pay its payment order under section 554.12402, subsection 3, because the funds transfer has not been completed.

92 Acts, ch 1146, §30
Referred to in §554.12105, 554.12209, 554.12404, 554.12406, 554.12501

554.12406 Payment by originator to beneficiary — discharge of underlying obligation.

1. Subject to section 554.12211, subsection 5, and section 554.12405, subsections 4 and 5, the originator of a funds transfer pays the beneficiary of the originator's payment order at the time a payment order for the benefit of the beneficiary is accepted by the beneficiary's bank in the funds transfer and in an amount equal to the amount of the order accepted by the beneficiary's bank, but not more than the amount of the originator's order.

2. If payment under subsection 1 is made to satisfy an obligation, the obligation is discharged to the same extent discharge would result from payment to the beneficiary of the same amount in money, unless the payment under subsection 1 was made by a means prohibited by the contract of the beneficiary with respect to the obligation, the beneficiary, within a reasonable time after receiving notice of receipt of the order by the beneficiary's bank, notified the originator of the beneficiary's refusal of the payment, funds with respect to the order were not withdrawn by the beneficiary or applied to a debt of the beneficiary, or the beneficiary would suffer a loss that could reasonably have been avoided if payment had been made by a means complying with the contract. If payment by the originator does not result in discharge under this section, the originator is subrogated to the rights of the beneficiary to receive payment from the beneficiary's bank under section 554.12404, subsection 1.

3. For the purpose of determining whether discharge of an obligation occurs under subsection 2, if the beneficiary's bank accepts a payment order in an amount equal to the amount of the originator's payment order less charges of one or more receiving banks in the funds transfer, payment to the beneficiary is deemed to be in the amount of the originator's order unless upon demand by the beneficiary the originator does not pay the beneficiary the amount of the deducted charges.

4. Rights of the originator or of the beneficiary of a funds transfer under this section may be varied only by agreement of the originator and the beneficiary.

92 Acts, ch 1146, §31
Referred to in §554.4213, 554.12105, 554.12405

PART 5

MISCELLANEOUS PROVISIONS

554.12501 Variation by agreement and effect of funds-transfer system rule.

1. Except as otherwise provided in this Article, the rights and obligations of a party to a funds transfer may be varied by agreement of the affected party.

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2. *"Funds-transfer system rule"* means a rule of an association of banks governing transmission of payment orders by means of a funds-transfer system of the association or rights and obligations with respect to those orders, or to the extent the rule governs rights and obligations between banks that are parties to a funds transfer in which a federal reserve bank, acting as an intermediary bank, sends a payment order to the beneficiary's bank. Except as otherwise provided in this Article, a funds-transfer system rule governing rights and obligations between participating banks using the system may be effective even if the rule conflicts with this Article and indirectly affects another party to the funds transfer who does not consent to the rule. A funds-transfer system rule may also govern the rights and obligations of parties other than participating banks using the system to the extent stated in section 554.12404, subsection 3, section 554.12405, subsection 4, and section 554.12507, subsection 3.

92 Acts, ch 1146, §32
Referred to in §554.12105

554.12502 Creditor process served on receiving bank — setoff by beneficiary's bank.

1. As used in this section, *"creditor process"* means levy, attachment, garnishment, notice of lien, sequestration, or similar process issued by or on behalf of a creditor or other claimant with respect to an account.

2. This subsection applies to the creditor process with respect to an authorized account of the sender of a payment order if the creditor process is served on the receiving bank. For the purpose of determining the rights of the parties with respect to the creditor process, if the receiving bank accepts the payment order, the balance in the authorized account is deemed to be reduced by the amount of the payment order to the extent the bank did not otherwise receive payment of the order, unless the creditor process is served at a time and in a manner affording the bank a reasonable opportunity to act on it before the bank accepts the payment order.

3. If a beneficiary's bank has received a payment order for payment to the beneficiary's account in the bank, the following rules apply:

a. The beneficiary's bank may credit the beneficiary's account. The amount credited may be set off against an obligation owed by the beneficiary to the bank or may be applied to satisfy a creditor process served on the bank with respect to the account.

b. The beneficiary's bank may credit the beneficiary's account and allow withdrawal of the amount credited unless a creditor process with respect to the account is served at a time and in a manner affording the beneficiary's bank a reasonable opportunity to act to prevent withdrawal.

c. If a creditor process with respect to the beneficiary's account has been served and the beneficiary's bank has had a reasonable opportunity to act on it, the beneficiary's bank may not reject the payment order except for a reason unrelated to the service of process.

4. Creditor process with respect to a payment by the originator to the beneficiary pursuant to a funds transfer may be served only on the beneficiary's bank with respect to the debt owed by that bank to the beneficiary. Any other bank served with the creditor process is not required to act with respect to the process.

92 Acts, ch 1146, §33

554.12503 Injunction or restraining order with respect to funds transfer.

For proper cause and in compliance with applicable law, a court may restrain a person from issuing a payment order to initiate a funds transfer, an originator's bank from executing the payment order of the originator, or the beneficiary's bank from releasing funds to the beneficiary or the beneficiary from withdrawing the funds. A court may not otherwise restrain a person from issuing a payment order, paying or receiving payment of a payment order, or otherwise acting with respect to a funds transfer.

92 Acts, ch 1146, §34

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554.12504 Order in which items and payment orders may be charged to account — order of withdrawals from account.

1. If a receiving bank has received more than one payment order of the sender or one or more payment orders and other items that are payable from the sender's account, the bank may charge the sender's account with respect to the various orders and items in any sequence.

2. In determining whether a credit to an account has been withdrawn by the holder of the account or applied to a debt of the holder of the account, credits first made to the account are first withdrawn or applied.

92 Acts, ch 1146, §35

554.12505 Preclusion of objection to debit of customer's account.

If a receiving bank has received payment from the receiving bank's customer with respect to a payment order issued in the name of the customer as sender and accepted by the receiving bank, and the customer received notification reasonably identifying the order, the customer is precluded from asserting that the receiving bank is not entitled to retain the payment unless the customer notifies the receiving bank of the customer's objection to the payment within one year after the notification was received by the customer.

92 Acts, ch 1146, §36

554.12506 Rate of interest.

1. If, under this Article, a receiving bank is to pay interest with respect to a payment order issued to the bank, the amount payable may be determined by agreement of the sender and receiving bank, or by a funds-transfer system rule if the payment order is transmitted through a funds-transfer system.

2. If the amount of interest is not determined by an agreement or rule as stated in subsection 1, the amount is calculated by multiplying the applicable federal funds rate by the amount on which interest is payable, and then multiplying the product by the number of days for which interest is payable. The applicable federal funds rate is the average of the federal funds rates published by the federal reserve bank of New York for each of the days for which interest is payable divided by three hundred sixty. The federal funds rate for any day on which a published rate is not available is the same as the published rate for the next preceding day for which there is a published rate. If a receiving bank that accepted a payment order is required to refund payment to the sender of the order because the funds transfer was not completed, but the failure to complete was not due to any fault by the receiving bank, the interest payable is reduced by a percentage equal to the reserve requirement on deposits of the receiving bank.

92 Acts, ch 1146, §37

554.12507 Choice of law.

1. The following rules apply unless the affected parties otherwise agree or subsection 3 applies:

a. The rights and obligations between the sender of a payment order and the receiving bank are governed by the law of the jurisdiction in which the receiving bank is located.

b. The rights and obligations between the beneficiary's bank and the beneficiary are governed by the law of the jurisdiction in which the beneficiary's bank is located.

c. The issue of when payment is made pursuant to a funds transfer by the originator to the beneficiary is governed by the law of the jurisdiction in which the beneficiary's bank is located.

2. If the parties described in each paragraph of subsection 1 have made an agreement selecting the law of a particular jurisdiction to govern rights and obligations between each other, the law of that jurisdiction governs those rights and obligations, whether or not the payment order or the funds transfer bears a reasonable relation to that jurisdiction.

3. *a.* A funds-transfer system rule may select the law of a particular jurisdiction to govern:

(1) the rights and obligations between participating banks with respect to payment orders transmitted or processed through the system, or

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(2) the rights and obligations of some or all parties to a funds transfer any part of which is carried out by means of the system.

b. A choice of law made pursuant to paragraph *"a"*, subparagraph (1), is binding on participating banks. A choice of law made pursuant to paragraph *"a"*, subparagraph (2), is binding on the originator, other sender, or a receiving bank having notice that the funds-transfer system might be used in the funds transfer and of the choice of law by the system when the originator, other sender, or receiving bank issued or accepted a payment order. The beneficiary of a funds transfer is bound by the choice of law if, when the funds transfer is initiated, the beneficiary has notice that the funds-transfer system might be used in the funds transfer and of the choice of law by the system. The law of a jurisdiction selected pursuant to this subsection may govern, whether or not that law bears a reasonable relation to the matter in issue.

4. In the event of inconsistency between an agreement under subsection 2 and a choice-of-law rule under subsection 3, the agreement under subsection 2 prevails.

5. If a funds transfer is made by use of more than one funds-transfer system and there is inconsistency between choice-of-law rules of the systems, the matter in issue is governed by the law of the selected jurisdiction that has the most significant relationship to the matter in issue.

92 Acts, ch 1146, §38; 2013 Acts, ch 30, §153
Referred to in §554.1301, 554.12105, 554.12501

ARTICLE 13

LEASES

Referred to in §554.1201, 554.7509, 554.9110, 554.9203, 554.9322, 554D.104

Provisions codified in this Article may be found in Article 2A of the proposed uniform commercial code legislation recommended by the National Conference of Commissioners on Uniform State Laws

PART 1

GENERAL PROVISIONS

554.13101 Short title.

This Article shall be known and may be cited as the Uniform Commercial Code — Leases.

94 Acts, ch 1052, §5

554.13102 Scope.

1. This Article applies to any transaction, regardless of form, that creates a lease and, in the case of a hybrid lease, it applies to the extent provided in subsection 2.

2. In a hybrid lease:

a. if the lease-of-goods aspects do not predominate:

(1) only the provisions of this Article which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;

(2) section 554.13209 applies if the lease is a finance lease; and

(3) section 554.13407 applies to the promises of the lessee in a finance lease to the extent the promises are consideration for the right to possession and use of the leased goods; and

b. if the lease-of-goods aspects predominate, this Article applies to the transaction, but does not preclude application in appropriate circumstances of other law to aspects of the lease which do not relate to the lease of goods.

94 Acts, ch 1052, §6; 2024 Acts, ch 1023, §116

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554.13103 Definitions and index of definitions.

1. In this Article unless the context otherwise requires:

a. "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale to the person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. *"Buying"* may be for cash or by exchange of other property or on secured or unsecured credit and includes acquiring goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

b. "Cancellation" occurs when either party puts an end to the lease contract for default by the other party.

c. "Commercial unit" means such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

d. "Conforming" goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

e. "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed the dollar amount designated in section 537.1301, subsection 14.

f. "Fault" means wrongful act, omission, breach, or default.

g. "Finance lease" means a lease with respect to which:

(1) the lessor does not select, manufacture, or supply the goods;

(2) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and

(3) one of the following occurs:

(a) the lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(b) the lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(c) the lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

(d) if the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person; that the lessee is entitled under this Article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; and that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

h. "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures (section 554.13309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

i. "Hybrid lease" means a single transaction involving a lease of goods and:

(1) the provision of services;

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(2) a sale of other goods; or

(3) a sale, lease, or license of property other than goods.

j. "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

k. "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

l. "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this Article. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

m. "Lease contract" means the total legal obligation that results from the lease agreement as affected by this Article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

n. "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

o. "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

p. "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to the person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. *"Leasing"* may be for cash or by exchange of other property or on secured or unsecured credit and includes acquiring goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

q. "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

r. "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

s. "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

t. "Lot" means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

u. "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

v. "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

w. "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

x. "Sublease" means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

y. "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease.

z. "Supply contract" means a contract under which a lessor buys or leases goods to be leased.

aa. "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

2. Other definitions applying to this Article and the sections in which they appear are:

a. "Accessions" .....Section 554.13310, subsection 1

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b. "Construction mortgage" .....Section 554.13309, subsection 1, paragraph "*d*"
c. "Encumbrance" .....Section 554.13309, subsection 1, paragraph "*e*"
d. "Fixtures" .....Section 554.13309, subsection 1, paragraph "*a*"
e. "Fixture filing".....Section 554.13309, subsection 1, paragraph "*b*"
f. "Purchase money lease" .....Section 554.13309, subsection 1, paragraph "*c*"

3. The following definitions in other Articles apply to this Article:

a. "Account".....Section 554.9102, subsection 1, paragraph "*b*"
b. "Between merchants" .....Section 554.2104, subsection 3
c. "Buyer" .....Section 554.2103, subsection 1, paragraph "*a*"
d. "Chattel paper" .....Section 554.9102, subsection 1, paragraph "*m*"
e. "Consumer goods" .....Section 554.9102, subsection 1, paragraph "*y*"
f. "Document" .....Section 554.9102, subsection 1, paragraph "*ah*"
g. "Entrusting".....Section 554.2403, subsection 3
h. "General intangible" .....Section 554.9102, subsection 1, paragraph "*au*"
i. "Good faith" .....Section 554.1201
j. "Instrument".....Section 554.9102, subsection 1, paragraph "*az*"
k. "Merchant" .....Section 554.2104, subsection 1
l. "Mortgage" .....Section 554.9102, subsection 1, paragraph "*bi*"
m. "Pursuant to commitment" .....Section 554.9102, subsection 1, paragraph "*bw*"
n. "Receipt".....Section 554.2103, subsection 1, paragraph "*c*"
o. "Sale" .....Section 554.2106, subsection 1
p. "Sale on approval" .....Section 554.2326

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q. "Sale or return" .....Section 554.2326
r. "Seller" .....Section 554.2103, subsection 1, paragraph "*d*"

4. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

94 Acts, ch 1052, §7; 2000 Acts, ch 1149, §156, 187; 2007 Acts, ch 30, §45, 46, 77; 2008 Acts, ch 1032, §81; 2012 Acts, ch 1023, §157; 2013 Acts, ch 30, §154; 2024 Acts, ch 1023, §117
Referred to in §554.7102, 554.9102

554.13104 Leases subject to other law.

1. A lease, although subject to this Article, is also subject to any applicable:

a. certificate of title or registration statute of this state (including as provided in chapters 321 and 462A);

b. certificate of title statute of another jurisdiction (section 554.13105); or

c. consumer protection statute of this state, or final consumer protection decision of a court of this state existing on July 1, 1994.

2. In case of conflict between this Article, other than sections 554.13105, 554.13304, subsection 3, and 554.13305, subsection 3, and a statute or decision referred to in subsection 1, the statute or decision controls.

3. Failure to comply with an applicable law has only the effect specified therein.

94 Acts, ch 1052, §8

554.13105 Territorial application of Article to goods covered by certificate of title.

Subject to the provisions of sections 554.13304, subsection 3, and 554.13305, subsection 3, with respect to goods covered by a certificate of title issued under a statute of this state or of another jurisdiction, compliance and the effect of compliance or noncompliance with a certificate of title statute are governed by the law (including the conflict of laws rules) of the jurisdiction issuing the certificate until the earlier of surrender of the certificate, or four months after the goods are removed from that jurisdiction and thereafter until a new certificate of title is issued by another jurisdiction.

94 Acts, ch 1052, §9; 2013 Acts, ch 30, §261
Referred to in §554.1301, 554.13104

554.13106 Limitation on power of parties to consumer lease to choose applicable law and judicial forum.

1. If the law chosen by the parties to a consumer lease is that of a jurisdiction other than a jurisdiction in which the lessee resides at the time the lease agreement becomes enforceable or within thirty days thereafter or in which the goods are to be used, the choice is not enforceable.

2. If the judicial forum chosen by the parties to a consumer lease is a forum that would not otherwise have jurisdiction over the lessee, the choice is not enforceable.

94 Acts, ch 1052, §10
Referred to in §554.1301

554.13107 Waiver or renunciation of claim or right after default.

Any claim or right arising out of an alleged default or breach of warranty may be discharged in whole or in part without consideration by a waiver or renunciation in a signed record delivered by the aggrieved party.

94 Acts, ch 1052, §11; 2024 Acts, ch 1023, §118

554.13108 Unconscionability.

1. If the court as a matter of law finds a lease contract or any clause of a lease contract to have been unconscionable at the time it was made the court may refuse to enforce the lease contract, or it may enforce the remainder of the lease contract without the unconscionable clause, or it may so limit the application of any unconscionable clause as to avoid any unconscionable result.

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2. With respect to a consumer lease, if the court as a matter of law finds that a lease contract or any clause of a lease contract has been induced by unconscionable conduct or that unconscionable conduct has occurred in the collection of a claim arising from a lease contract, the court may grant appropriate relief.

3. Before making a finding of unconscionability under subsection 1 or 2, the court, on its own motion or that of a party, shall afford the parties a reasonable opportunity to present evidence as to the setting, purpose, and effect of the lease contract or clause thereof, or of the conduct.

4. In an action in which the lessee claims unconscionability with respect to a consumer lease:

a. If the court finds unconscionability under subsection 1 or 2, the court shall award reasonable attorney's fees to the lessee.

b. If the court does not find unconscionability and the lessee claiming unconscionability has brought or maintained an action that the lessee knew to be groundless, the court shall award reasonable attorney's fees to the party against whom the claim is made.

c. In determining attorney's fees, the amount of the recovery on behalf of the claimant under subsections 1 and 2 is not controlling.

94 Acts, ch 1052, §12

554.13109 Option to accelerate at will.

1. A term providing that one party or the party's successor in interest may accelerate payment or performance or require collateral or additional collateral "at will" or "when the party deems the party insecure" or in words of similar import must be construed to mean that the party has power to do so only if the party in good faith believes that the prospect of payment or performance is impaired.

2. With respect to a consumer lease, the burden of establishing good faith under subsection 1 is on the party who exercised the power; otherwise the burden of establishing lack of good faith is on the party against whom the power has been exercised.

94 Acts, ch 1052, §13

PART 2

FORMATION AND CONSTRUCTION OF LEASE CONTRACT

554.13201 Statute of frauds.

1. A lease contract is not enforceable by way of action or defense unless:

a. the total payments to be made under the lease contract, excluding payments for options to renew or buy, are less than one thousand dollars; or

b. there is a record, signed by the party against whom enforcement is sought or by that party's authorized agent, sufficient to indicate that a lease contract has been made between the parties and to describe the goods leased and the lease term.

2. Any description of leased goods or of the lease term is sufficient and satisfies subsection 1, paragraph "*b*", whether or not it is specific, if it reasonably identifies what is described.

3. A record is not insufficient because it omits or incorrectly states a term agreed upon, but the lease contract is not enforceable under subsection 1, paragraph "*b*", beyond the lease term and the quantity of goods shown in the record.

4. A lease contract that does not satisfy the requirements of subsection 1, but which is valid in other respects, is enforceable:

a. if the goods are to be specially manufactured or obtained for the lessee and are not suitable for lease or sale to others in the ordinary course of the lessor's business, and the lessor, before notice of repudiation is received and under circumstances that reasonably indicate that the goods are for the lessee, has made either a substantial beginning of their manufacture or commitments for their procurement;

b. if the party against whom enforcement is sought admits in that party's pleading,

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testimony or otherwise in court that a lease contract was made, but the lease contract is not enforceable under this provision beyond the quantity of goods admitted; or

c. with respect to goods that have been received and accepted by the lessee.

5. The lease term under a lease contract referred to in subsection 4 is:

a. if there is a record signed by the party against whom enforcement is sought or by that party's authorized agent specifying the lease term, the term so specified;

b. if the party against whom enforcement is sought admits in that party's pleading, testimony, or otherwise in court a lease term, the term so admitted; or

c. a reasonable lease term.

94 Acts, ch 1052, §14; 2024 Acts, ch 1023, §119

554.13202 Final written expression — parol or extrinsic evidence.

Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a record intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented:

1. by course of dealing or usage of trade or by course of performance; and

2. by evidence of consistent additional terms unless the court finds the record to have been intended also as a complete and exclusive statement of the terms of the agreement.

94 Acts, ch 1052, §15; 2024 Acts, ch 1023, §120

Referred to in §554.13214

554.13203 Seals inoperative.

The affixing of a seal to a record evidencing a lease contract or an offer to enter into a lease contract does not render the record a sealed instrument and the law with respect to sealed instruments does not apply to the lease contract or offer.

94 Acts, ch 1052, §16; 2024 Acts, ch 1023, §121

554.13204 Formation in general.

1. A lease contract may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of a lease contract.

2. An agreement sufficient to constitute a lease contract may be found although the moment of its making is undetermined.

3. Although one or more terms are left open, a lease contract does not fail for indefiniteness if the parties have intended to make a lease contract and there is a reasonably certain basis for giving an appropriate remedy.

94 Acts, ch 1052, §17

554.13205 Firm offers.

An offer by a merchant to lease goods to or from another person in a signed record that by its terms gives assurance it will be held open is not revocable, for lack of consideration, during the time stated or, if no time is stated, for a reasonable time, but in no event may the period of irrevocability exceed three months. Any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

94 Acts, ch 1052, §18; 2024 Acts, ch 1023, §122

554.13206 Offer and acceptance in formation of lease contract.

1. Unless otherwise unambiguously indicated by the language or circumstances, an offer to make a lease contract must be construed as inviting acceptance in any manner and by any medium reasonable in the circumstances.

2. If the beginning of a requested performance is a reasonable mode of acceptance, an offeror who is not notified of acceptance within a reasonable time may treat the offer as having lapsed before acceptance.

94 Acts, ch 1052, §19

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554.13207 Course of performance or practical construction. Repealed by 2007 Acts, ch 41, §61. See §554.1303.

554.13208 Modification, rescission, and waiver.

1. An agreement modifying a lease contract needs no consideration to be binding.
2. A signed lease agreement that excludes modification or rescission except by a signed record shall not be otherwise modified or rescinded, but, except as between merchants, such a requirement on a form supplied by a merchant must be separately signed by the other party.
3. Although an attempt at modification or rescission does not satisfy the requirements of subsection 2, it may operate as a waiver.
4. A party who has made a waiver affecting an executory portion of a lease contract may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver.

94 Acts, ch 1052, §21; 2024 Acts, ch 1023, §123

554.13209 Lessee under finance lease as beneficiary of supply contract.

1. The benefit of a supplier's promises to the lessor under the supply contract and of all warranties, whether express or implied, including those of any third party provided in connection with or as part of the supply contract, extends to the lessee to the extent of the lessee's leasehold interest under a finance lease related to the supply contract, but is subject to the terms of the warranty and of the supply contract and all defenses or claims arising therefrom.
2. The extension of the benefit of a supplier's promises and of warranties to the lessee under subsection 1 does not:

a. modify the rights and obligations of the parties to the supply contract, whether arising therefrom or otherwise, or

b. impose any duty or liability under the supply contract on the lessee.

3. Any modification or rescission of the supply contract by the supplier and the lessor is effective between the supplier and the lessee unless, before the modification or rescission, the supplier has received notice that the lessee has entered into a finance lease related to the supply contract. If the modification or rescission is effective between the supplier and the lessee, the lessor is deemed to have assumed, in addition to the obligations of the lessor to the lessee under the lease contract, promises of the supplier to the lessor and warranties that were so modified or rescinded as they existed and were available to the lessee before modification or rescission.
4. In addition to the extension of the benefit of the supplier's promises and of warranties to the lessee under subsection 1, the lessee retains all rights that the lessee may have against the supplier which arise from an agreement between the lessee and the supplier or under other law.

94 Acts, ch 1052, §22; 2013 Acts, ch 30, §155
Referred to in §554.13102

554.13210 Express warranties.

1. Express warranties by the lessor are created as follows:

a. Any affirmation of fact or promise made by the lessor to the lessee which relates to the goods and becomes part of the basis of the bargain creates an express warranty that the goods will conform to the affirmation or promise.

b. Any description of the goods which is made part of the basis of the bargain creates an express warranty that the goods will conform to the description.

c. Any sample or model that is made part of the basis of the bargain creates an express warranty that the whole of the goods will conform to the sample or model.

2. It is not necessary to the creation of an express warranty that the lessor use formal words, such as "warrant" or "guarantee", or that the lessor have a specific intention to make

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a warranty, but an affirmation merely of the value of the goods or a statement purporting to be merely the lessor's opinion or commendation of the goods does not create a warranty.

94 Acts, ch 1052, §23

554.13211 Warranties against interference and against infringement — lessee's obligation against infringement.

1. There is in a lease contract a warranty that for the lease term no person holds a claim to or interest in the goods that arose from an act or omission of the lessor, other than a claim by way of infringement or the like, which will interfere with the lessee's enjoyment of its leasehold interest.

2. Except in a finance lease, there is in a lease contract by a lessor who is a merchant regularly dealing in goods of the kind a warranty that the goods are delivered free of the rightful claim of any person by way of infringement or the like.

3. A lessee who furnishes specifications to a lessor or a supplier shall hold the lessor and the supplier harmless against any claim by way of infringement or the like that arises out of compliance with the specifications.

94 Acts, ch 1052, §24

Referred to in §554.13214, 554.13516

554.13212 Implied warranty of merchantability.

1. Except in a finance lease, a warranty that the goods will be merchantable is implied in a lease contract if the lessor is a merchant with respect to goods of that kind.

2. Goods to be merchantable must be at least such as

a. pass without objection in the trade under the description in the lease agreement;

b. in the case of fungible goods, are of fair average quality within the description;

c. are fit for the ordinary purposes for which goods of that type are used;

d. run, within the variation permitted by the lease agreement, of even kind, quality, and quantity within each unit and among all units involved;

e. are adequately contained, packaged, and labeled as the lease agreement may require; and

f. conform to any promises or affirmations of fact made on the container or label.

3. Other implied warranties may arise from course of dealing or usage of trade.

94 Acts, ch 1052, §25

554.13213 Implied warranty of fitness for particular purpose.

Except in a finance lease, if the lessor at the time the lease contract is made has reason to know of any particular purpose for which the goods are required and that the lessee is relying on the lessor's skill or judgment to select or furnish suitable goods, there is in the lease contract an implied warranty that the goods will be fit for that purpose.

94 Acts, ch 1052, §26

554.13214 Exclusion or modification of warranties.

1. Words or conduct relevant to the creation of an express warranty and words or conduct tending to negate or limit a warranty must be construed wherever reasonable as consistent with each other; but, subject to the provisions of section 554.13202 on parol or extrinsic evidence, negation or limitation is inoperative to the extent that the construction is unreasonable.

2. Subject to subsection 3, to exclude or modify the implied warranty of merchantability or any part of it the language must mention "merchantability", be by a writing, and be conspicuous. Subject to subsection 3, to exclude or modify any implied warranty of fitness the exclusion must be by a writing and be conspicuous. Language to exclude all implied warranties of fitness is sufficient if it is in writing, is conspicuous and states, for example, "There is no warranty that the goods will be fit for a particular purpose".

3. Notwithstanding subsection 2, but subject to subsection 4,

a. unless the circumstances indicate otherwise, all implied warranties are excluded by expressions like "as is", or "with all faults", or by other language that in common

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understanding calls the lessee's attention to the exclusion of warranties and makes plain that there is no implied warranty, if in writing and conspicuous;

b. if the lessee before entering into the lease contract has examined the goods or the sample or model as fully as desired or has refused to examine the goods, there is no implied warranty with regard to defects that an examination ought in the circumstances to have revealed; and

c. an implied warranty may also be excluded or modified by course of dealing, course of performance, or usage of trade.

4. To exclude or modify a warranty against interference or against infringement (section 554.13211) or any part of it, the language must be specific, be by a writing, and be conspicuous, unless the circumstances, including course of performance, course of dealing, or usage of trade, give the lessee reason to know that the goods are being leased subject to a claim or interest of any person.

94 Acts, ch 1052, §27

554.13215 Cumulation and conflict of warranties express or implied.

Warranties, whether express or implied, must be construed as consistent with each other and as cumulative, but if that construction is unreasonable, the intention of the parties determines which warranty is dominant. In ascertaining that intention the following rules apply:

1. Exact or technical specifications displace an inconsistent sample or model or general language of description.

2. A sample from an existing bulk displaces inconsistent general language of description.

3. Express warranties displace inconsistent implied warranties other than an implied warranty of fitness for a particular purpose.

94 Acts, ch 1052, §28

554.13216 Third-party beneficiaries of express and implied warranties.

A warranty to or for the benefit of a lessee under this Article, whether express or implied, extends to any person who may reasonably be expected to use, consume, or be affected by the goods and who is injured by breach of the warranty. The operation of this section may not be excluded, modified, or limited with respect to injury to the person of an individual to whom the warranty extends, but an exclusion, modification, or limitation of the warranty, including any with respect to rights and remedies, effective against the lessee is also effective against the beneficiary designated under this section.

94 Acts, ch 1052, §29

554.13217 Identification.

Identification of goods as goods to which a lease contract refers may be made at any time and in any manner explicitly agreed to by the parties. In the absence of explicit agreement, identification occurs:

1. when the lease contract is made if the lease contract is for a lease of goods that are existing and identified;

2. when the goods are shipped, marked, or otherwise designated by the lessor as goods to which the lease contract refers, if the lease contract is for a lease of goods that are not existing and identified; or

3. when the young are conceived, if the lease contract is for a lease of unborn young of animals.

94 Acts, ch 1052, §30

Referred to in §554.13522

554.13218 Insurance and proceeds.

1. A lessee obtains an insurable interest when existing goods are identified to the lease contract even though the goods identified are nonconforming and the lessee has an option to reject them.

2. If a lessee has an insurable interest only by reason of the lessor's identification of the

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goods, the lessor, until default or insolvency or notification to the lessee that identification is final, may substitute other goods for those identified.

3. Notwithstanding a lessee's insurable interest under subsections 1 and 2, the lessor retains an insurable interest until an option to buy has been exercised by the lessee and risk of loss has passed to the lessee.

4. Nothing in this section impairs any insurable interest recognized under any other statute or rule of law.

5. The parties by agreement may determine that one or more parties have an obligation to obtain and pay for insurance covering the goods and by agreement may determine the beneficiary of the proceeds of the insurance.

94 Acts, ch 1052, §31

554.13219 Risk of loss.

1. Except in the case of a finance lease, risk of loss is retained by the lessor and does not pass to the lessee. In the case of a finance lease, risk of loss passes to the lessee.

2. Subject to the provisions of this Article on the effect of default on risk of loss (section 554.13220), if risk of loss is to pass to the lessee and the time of passage is not stated, the following rules apply:

a. If the lease contract requires or authorizes the goods to be shipped by carrier

(1) and it does not require delivery at a particular destination, the risk of loss passes to the lessee when the goods are duly delivered to the carrier; but

(2) if it does require delivery at a particular destination and the goods are there duly tendered while in the possession of the carrier, the risk of loss passes to the lessee when the goods are there duly so tendered as to enable the lessee to take delivery.

b. If the goods are held by a bailee to be delivered without being moved, the risk of loss passes to the lessee on acknowledgment by the bailee of the lessee's right to possession of the goods.

c. In any case not within paragraph *"a"* or *"b"*, the risk of loss passes to the lessee on the lessee's receipt of the goods if the lessor, or, in the case of a finance lease, the supplier, is a merchant; otherwise the risk passes to the lessee on tender of delivery.

94 Acts, ch 1052, §32
Referred to in §554.13221, 554.13529

554.13220 Effect of default on risk of loss.

1. Where risk of loss is to pass to the lessee and the time of passage is not stated:

a. If a tender or delivery of goods so fails to conform to the lease contract as to give a right of rejection, the risk of their loss remains with the lessor, or, in the case of a finance lease, the supplier, until cure or acceptance.

b. If the lessee rightfully revokes acceptance, the lessee, to the extent of any deficiency in the lessee's effective insurance coverage, may treat the risk of loss as having remained with the lessor from the beginning.

2. Whether or not risk of loss is to pass to the lessee, if the lessee as to conforming goods already identified to a lease contract repudiates or is otherwise in default under the lease contract, the lessor, or, in the case of a finance lease, the supplier, to the extent of any deficiency in the lessor's or supplier's effective insurance coverage may treat the risk of loss as resting on the lessee for a commercially reasonable time.

94 Acts, ch 1052, §33
Referred to in §554.13219

554.13221 Casualty to identified goods.

If a lease contract requires goods identified when the lease contract is made, and the goods suffer casualty without fault of the lessee, the lessor or the supplier before delivery, or the goods suffer casualty before risk of loss passes to the lessee pursuant to the lease agreement or section 554.13219, then:

1. if the loss is total, the lease contract is avoided; and

2. if the loss is partial or the goods have so deteriorated as to no longer conform to the lease contract, the lessee may nevertheless demand inspection and at the lessee's option either treat

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the lease contract as avoided or, except in a finance lease that is not a consumer lease, accept the goods with due allowance from the rent payable for the balance of the lease term for the deterioration or the deficiency in quantity but without further right against the lessor.

94 Acts, ch 1052, §34

PART 3

EFFECT OF LEASE CONTRACT

554.13301 Enforceability of lease contract.

Except as otherwise provided in this Article, a lease contract is effective and enforceable according to its terms between the parties, against purchasers of the goods and against creditors of the parties.

94 Acts, ch 1052, §35

554.13302 Title to and possession of goods.

Except as otherwise provided in this Article, each provision of this Article applies whether the lessor or a third party has title to the goods, and whether the lessor, the lessee, or a third party has possession of the goods, notwithstanding any statute or rule of law that possession or the absence of possession is fraudulent.

94 Acts, ch 1052, §36

554.13303 Alienability of party's interest under lease contract or of lessor's residual interest in goods — delegation of performance — transfer of rights.

1. As used in this section, *"creation of a security interest"* includes the sale of a lease contract that is subject to Article 9, Secured Transactions, by reason of section 554.9109, subsection 1, paragraph *"c"*.

2. Except as provided in subsection 3 and section 554.9407, a provision in a lease agreement which prohibits the voluntary or involuntary transfer, including a transfer by sale, sublease, creation or enforcement of a security interest, or attachment, levy, or other judicial process, of an interest of a party under the lease contract or of the lessor's residual interest in the goods, or makes such a transfer an event of default, gives rise to the rights and remedies provided in subsection 4, but a transfer that is prohibited or is an event of default under the lease agreement is otherwise effective.

3. A provision in a lease agreement which prohibits a transfer of a right to damages for default with respect to the whole lease contract or of a right to payment arising out of the transferor's due performance of the transferor's entire obligation, or makes such a transfer an event of default, is not enforceable, and such a transfer is not a transfer that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract within the purview of subsection 4.

4. Subject to subsection 3 and section 554.9407:

a. if a transfer is made which is made an event of default under a lease agreement, the party to the lease contract not making the transfer, unless that party waives the default or otherwise agrees, has the rights and remedies described in section 554.13501, subsection 2;

b. if paragraph *"a"* is not applicable and if a transfer is made that is prohibited under a lease agreement or materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract, unless the party not making the transfer agrees at any time to the transfer in the lease contract or otherwise, then, except as limited by contract, the transferor is liable to the party not making the transfer for damages caused by the transfer to the extent that the damages could not reasonably be prevented by the party not making the transfer and a court having jurisdiction may grant other appropriate relief, including cancellation of the lease contract or an injunction against the transfer.

5. A transfer of "the lease" or of "all my rights under the lease", or a transfer in similar

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general terms, is a transfer of rights and, unless the language or the circumstances, as in a transfer for security, indicate the contrary, the transfer is a delegation of duties by the transferor to the transferee. Acceptance by the transferee constitutes a promise by the transferee to perform those duties. The promise is enforceable by either the transferor or the other party to the lease contract.

6. Unless otherwise agreed by the lessor and the lessee, a delegation of performance does not relieve the transferor as against the other party of any duty to perform or of any liability for default.

7. In a consumer lease, to prohibit the transfer of an interest of a party under the lease contract or to make a transfer an event of default, the language must be specific, by a writing, and conspicuous.

94 Acts, ch 1052, §37; 2000 Acts, ch 1149, §157, 187; 2013 Acts, ch 30, §261
Referred to in §554.9406, 554.9407, 554.13304, 554.13305

554.13304 Subsequent lease of goods by lessor.

1. Subject to section 554.13303, a subsequent lessee from a lessor of goods under an existing lease contract obtains, to the extent of the leasehold interest transferred, the leasehold interest in the goods that the lessor had or had power to transfer, and except as provided in subsection 2 and section 554.13527, subsection 4, takes subject to the existing lease contract. A lessor with voidable title has power to transfer a good leasehold interest to a good faith subsequent lessee for value, but only to the extent set forth in the preceding sentence. If goods have been delivered under a transaction of purchase, the lessor has that power even though:

a. the lessor's transferor was deceived as to the identity of the lessor;

b. the delivery was in exchange for a check which is later dishonored;

c. it was agreed that the transaction was to be a "cash sale"; or

d. the delivery was procured through fraud punishable as larcenous under the criminal law.

2. A subsequent lessee in the ordinary course of business from a lessor who is a merchant dealing in goods of that kind to whom the goods were entrusted by the existing lessee of that lessor before the interest of the subsequent lessee became enforceable against that lessor obtains, to the extent of the leasehold interest transferred, all of that lessor's and the existing lessee's rights to the goods, and takes free of the existing lease contract.

3. A subsequent lessee from the lessor of goods that are subject to an existing lease contract and are covered by a certificate of title issued under a statute of this state or of another jurisdiction takes no greater rights than those provided both by this section and by the certificate of title statute.

94 Acts, ch 1052, §38
Referred to in §554.7209, 554.7503, 554.13104, 554.13105

554.13305 Sale or sublease of goods by lessee.

1. Subject to the provisions of section 554.13303, a buyer or sublessee from the lessee of goods under an existing lease contract obtains, to the extent of the interest transferred, the leasehold interest in the goods that the lessee had or had power to transfer, and except as provided in subsection 2 and section 554.13511, subsection 4, takes subject to the existing lease contract. A lessee with a voidable leasehold interest has power to transfer a good leasehold interest to a good faith buyer for value or a good faith sublessee for value, but only to the extent set forth in the preceding sentence. When goods have been delivered under a transaction of lease the lessee has that power even though:

a. the lessor was deceived as to the identity of the lessee;

b. the delivery was in exchange for a check which is later dishonored; or

c. the delivery was procured through fraud punishable as larcenous under the criminal law.

2. A buyer in the ordinary course of business or a sublessee in the ordinary course of business from a lessee who is a merchant dealing in goods of that kind to whom the goods

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were entrusted by the lessor obtains, to the extent of the interest transferred, all of the lessor's and lessee's rights to the goods, and takes free of the existing lease contract.

3. A buyer or sublessee from the lessee of goods that are subject to an existing lease contract and are covered by a certificate of title issued under a statute of this state or of another jurisdiction takes no greater rights than those provided both by this section and by the certificate of title statute.

94 Acts, ch 1052, §39
Referred to in §554.7209, 554.7503, 554.13104, 554.13105

554.13306 Priority of certain liens arising by operation of law.

If a person in the ordinary course of the person's business furnishes services or materials with respect to goods subject to a lease contract, a lien upon those goods in the possession of that person given by statute or rule of law for those materials or services takes priority over any interest of the lessor or lessee under the lease contract or this Article unless the lien is created by statute and the statute provides otherwise or unless the lien is created by rule of law and the rule of law provides otherwise.

94 Acts, ch 1052, §40
Referred to in §554.13307

554.13307 Priority of liens arising by attachment or levy on, security interests in, and other claims to goods.

1. Except as otherwise provided in section 554.13306, a creditor of a lessee takes subject to the lease contract.

2. Except as otherwise provided in subsection 3 and in sections 554.13306 and 554.13308, a creditor of a lessor takes subject to the lease contract unless the creditor holds a lien that attached to the goods before the lease contract became enforceable.

3. Except as otherwise provided in sections 554.9317, 554.9321, and 554.9323, a lessee takes a leasehold interest subject to a security interest held by a creditor of the lessor.

94 Acts, ch 1052, §41; 2000 Acts, ch 1149, §158, 187

554.13308 Special rights of creditors.

1. A creditor of a lessor in possession of goods subject to a lease contract may treat the lease contract as void if as against the creditor retention of possession by the lessor is fraudulent under any statute or rule of law, but retention of possession in good faith and current course of trade by the lessor for a commercially reasonable time after the lease contract becomes enforceable is not fraudulent.

2. Nothing in this Article impairs the rights of creditors of a lessor if the lease contract becomes enforceable, not in current course of trade but in satisfaction of or as security for a preexisting claim for money, security, or the like, and is made under circumstances which under any statute or rule of law apart from this Article would constitute the transaction a fraudulent transfer or voidable preference.

3. A creditor of a seller may treat a sale or an identification of goods to a contract for sale as void if as against the creditor retention of possession by the seller is fraudulent under any statute or rule of law, but retention of possession of the goods pursuant to a lease contract entered into by the seller as lessee and the buyer as lessor in connection with the sale or identification of the goods is not fraudulent if the buyer bought for value and in good faith.

94 Acts, ch 1052, §42; 2013 Acts, ch 30, §261
Referred to in §554.7504, 554.13307

554.13309 Lessor's and lessee's rights when goods become fixtures.

1. In this section:

a. goods are *"fixtures"* when they become so related to particular real estate that an interest in them arises under real estate law;

b. a *"fixture filing"* is the filing, in the office where a record of a mortgage on the real estate would be filed or recorded, of a financing statement covering goods that are or are to become fixtures and conforming to the requirements of section 554.9502, subsections 1 and 2;

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c. a lease is a *"purchase money lease"* unless the lessee has possession or use of the goods or the right to possession or use of the goods before the lease agreement is enforceable;

d. a mortgage is a *"construction mortgage"* to the extent it secures an obligation incurred for the construction of an improvement on land including the acquisition cost of the land, if the recorded writing so indicates; and

e. *"encumbrance"* includes real estate mortgages and other liens on real estate and all other rights in real estate that are not ownership interests.

2. Under this Article a lease may be of goods that are fixtures or may continue in goods that become fixtures, but no lease exists under this Article of ordinary building materials incorporated into an improvement on land.

3. This Article does not prevent creation of a lease of fixtures pursuant to real estate law.

4. The perfected interest of a lessor of fixtures has priority over a conflicting interest of an encumbrancer or owner of the real estate if:

a. the lease is a purchase money lease, the conflicting interest of the encumbrancer or owner arises before the goods become fixtures, the interest of the lessor is perfected by a fixture filing before the goods become fixtures or within ten days thereafter, and the lessee has an interest of record in the real estate or is in possession of the real estate; or

b. the interest of the lessor is perfected by a fixture filing before the interest of the encumbrancer or owner is of record, the lessor's interest has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner, and the lessee has an interest of record in the real estate or is in possession of the real estate.

5. The interest of a lessor of fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real estate if:

a. the fixtures are readily removable factory or office machines, readily removable equipment that is not primarily used or leased for use in the operation of the real estate, or readily removable replacements of domestic appliances that are goods subject to a consumer lease, and before the goods become fixtures the lease contract is enforceable; or

b. the conflicting interest is a lien on the real estate obtained by legal or equitable proceedings after the lease contract is enforceable; or

c. the encumbrancer or owner has consented in writing to the lease or has disclaimed an interest in the goods as fixtures; or

d. the lessee has a right to remove the goods as against the encumbrancer or owner. If the lessee's right to remove terminates, the priority of the interest of the lessor continues for a reasonable time.

6. Notwithstanding subsection 4, paragraph *"a"*, but otherwise subject to subsections 4 and 5, the interest of a lessor of fixtures, including the lessor's residual interest, is subordinate to the conflicting interest of an encumbrancer of the real estate under a construction mortgage recorded before the goods become fixtures if the goods become fixtures before the completion of the construction. To the extent given to refinance a construction mortgage, the conflicting interest of an encumbrancer of the real estate under a mortgage has this priority to the same extent as the encumbrancer of the real estate under the construction mortgage.

7. In cases not within subsections 1 through 6, priority between the interest of a lessor of fixtures, including the lessor's residual interest, and the conflicting interest of an encumbrancer or owner of the real estate who is not the lessee is determined by the priority rules governing conflicting interests in real estate.

8. If the interest of a lessor of fixtures, including the lessor's residual interest, has priority over all conflicting interests of all owners and encumbrancers of the real estate, the lessor or the lessee may on default, expiration, termination, or cancellation of the lease agreement but subject to the lease agreement and this Article, or if necessary to enforce other rights and remedies of the lessor or lessee under this Article, remove the goods from the real estate, free and clear of all conflicting interests of all owners and encumbrancers of the real estate, but the lessor or lessee must reimburse any encumbrancer or owner of the real estate who is not the lessee and who has not otherwise agreed for the cost of repair of any physical injury, but not for any diminution in value of the real estate caused by the absence of the goods removed or by any necessity of replacing them. A person entitled to reimbursement may

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refuse permission to remove until the party seeking removal gives adequate security for the performance of this obligation.

9. Even though the lease agreement does not create a security interest, the interest of a lessor of fixtures, including the lessor's residual interest, is perfected by filing a financing statement as a fixture filing for leased goods that are or are to become fixtures in accordance with the relevant provisions of the Article on Secured Transactions (Article 9).

94 Acts, ch 1052, §43; 2000 Acts, ch 1149, §159, 187; 2008 Acts, ch 1032, §82; 2013 Acts, ch 30, §261

Referred to in §554.13103

554.13310 Lessor's and lessee's rights when goods become accessions.

1. Goods are *"accessions"* when they are installed in or affixed to other goods.

2. The interest of a lessor or a lessee under a lease contract entered into before the goods became accessions is superior to all interests in the whole except as stated in subsection 4.

3. The interest of a lessor or a lessee under a lease contract entered into at the time or after the goods became accessions is superior to all subsequently acquired interests in the whole except as stated in subsection 4 but is subordinate to interests in the whole existing at the time the lease contract was made unless the holders of such interests in the whole have in writing consented to the lease or disclaimed an interest in the goods as part of the whole.

4. The interest of a lessor or a lessee under a lease contract described in subsection 2 or 3 is subordinate to the interest of

a. a buyer in the ordinary course of business or a lessee in the ordinary course of business of any interest in the whole acquired after the goods became accessions; or

b. a creditor with a security interest in the whole perfected before the lease contract was made to the extent that the creditor makes subsequent advances without knowledge of the lease contract.

5. When under subsections 2 or 3 and 4 a lessor or a lessee of accessions holds an interest that is superior to all interests in the whole, the lessor or the lessee may on default, expiration, termination, or cancellation of the lease contract by the other party but subject to the provisions of the lease contract and this Article, or if necessary to enforce the lessor's or lessee's other rights and remedies under this Article, remove the goods from the whole, free and clear of all interests in the whole, but the lessor or lessee must reimburse any holder of an interest in the whole who is not the lessee and who has not otherwise agreed for the cost of repair of any physical injury but not for any diminution in value of the whole caused by the absence of the goods removed or by any necessity for replacing them. A person entitled to reimbursement may refuse permission to remove until the party seeking removal gives adequate security for the performance of this obligation.

94 Acts, ch 1052, §44; 2013 Acts, ch 30, §261

Referred to in §554.13103

554.13311 Priority subject to subordination.

Nothing in this Article prevents subordination by agreement by any person entitled to priority.

94 Acts, ch 1052, §45

PART 4

PERFORMANCE OF LEASE CONTRACT — REPUDIATED, SUBSTITUTED, AND EXCUSED

554.13401 Insecurity — adequate assurance of performance.

1. A lease contract imposes an obligation on each party that the other's expectation of receiving due performance will not be impaired.

2. If reasonable grounds for insecurity arise with respect to the performance of either party, the insecure party may demand in writing adequate assurance of due performance.

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Until the insecure party receives that assurance, if commercially reasonable the insecure party may suspend any performance for which the insecure party has not already received the agreed return.

3. A repudiation of the lease contract occurs if assurance of due performance adequate under the circumstances of the particular case is not provided to the insecure party within a reasonable time, not to exceed thirty days after receipt of a demand by the other party.

4. Between merchants, the reasonableness of grounds for insecurity and the adequacy of any assurance offered must be determined according to commercial standards.

5. Acceptance of any nonconforming delivery or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

94 Acts, ch 1052, §46
Referred to in §554.13402, 554.13403

554.13402 Anticipatory repudiation.

If either party repudiates a lease contract with respect to a performance not yet due under the lease contract, the loss of which performance will substantially impair the value of the lease contract to the other, the aggrieved party may:

1. for a commercially reasonable time, await retraction of repudiation and performance by the repudiating party;

2. make demand pursuant to section 554.13401 and await assurance of future performance adequate under the circumstances of the particular case; or

3. resort to any right or remedy upon default under the lease contract or this Article, even though the aggrieved party has notified the repudiating party that the aggrieved party would await the repudiating party's performance and assurance and has urged retraction. In addition, whether or not the aggrieved party is pursuing one of the foregoing remedies, the aggrieved party may suspend performance or, if the aggrieved party is the lessor, proceed in accordance with the provisions of this Article on the lessor's right to identify goods to the lease contract notwithstanding default or to salvage unfinished goods (section 554.13524).

94 Acts, ch 1052, §47
Referred to in §554.13508

554.13403 Retraction of anticipatory repudiation.

1. Until the repudiating party's next performance is due, the repudiating party can retract the repudiation unless, since the repudiation, the aggrieved party has canceled the lease contract or materially changed the aggrieved party's position or otherwise indicated that the aggrieved party considers the repudiation final.

2. Retraction may be by any method that clearly indicates to the aggrieved party that the repudiating party intends to perform under the lease contract and includes any assurance demanded under section 554.13401.

3. Retraction reinstates a repudiating party's rights under a lease contract with due excuse and allowance to the aggrieved party for any delay occasioned by the repudiation.

94 Acts, ch 1052, §48

554.13404 Substituted performance.

1. If without fault of the lessee, the lessor and the supplier, the agreed berthing, loading, or unloading facilities fail or the agreed type of carrier becomes unavailable or the agreed manner of delivery otherwise becomes commercially impracticable, but a commercially reasonable substitute is available, the substitute performance must be tendered and accepted.

2. If the agreed means or manner of payment fails because of domestic or foreign governmental regulation:

a. the lessor may withhold or stop delivery or cause the supplier to withhold or stop delivery unless the lessee provides a means or manner of payment that is commercially a substantial equivalent; and

b. if delivery has already been taken, payment by the means or in the manner provided

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by the regulation discharges the lessee's obligation unless the regulation is discriminatory, oppressive, or predatory.

94 Acts, ch 1052, §49
Referred to in §554.13405

554.13405 Excused performance.

Subject to section 554.13404 on substituted performance, the following rules apply:

1. Delay in delivery or nondelivery in whole or in part by a lessor or a supplier who complies with subsections 2 and 3 is not a default under the lease contract if performance as agreed has been made impracticable by the occurrence of a contingency the nonoccurrence of which was a basic assumption on which the lease contract was made or by compliance in good faith with any applicable foreign or domestic governmental regulation or order, whether or not the regulation or order later proves to be invalid.

2. If the causes mentioned in subsection 1 affect only part of the lessor's or the supplier's capacity to perform, the lessor or supplier shall allocate production and deliveries among the lessor's or supplier's customers but at the lessor's or supplier's option may include regular customers not then under contract for sale or lease as well as the lessor's or supplier's own requirements for further manufacture. The lessor or supplier may so allocate in any manner that is fair and reasonable.

3. The lessor seasonably shall notify the lessee and in the case of a finance lease the supplier seasonably shall notify the lessor and the lessee, if known, that there will be delay or nondelivery and, if allocation is required under subsection 2, of the estimated quota thus made available for the lessee.

94 Acts, ch 1052, §50
Referred to in §554.13406

554.13406 Procedure on excused performance.

1. If the lessee receives notification of a material or indefinite delay or an allocation justified under section 554.13405, the lessee may by written notification to the lessor as to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 554.13510):

a. terminate the lease contract (section 554.13505, subsection 2); or

b. except in a finance lease that is not a consumer lease, modify the lease contract by accepting the available quota in substitution, with due allowance from the rent payable for the balance of the lease term for the deficiency but without further right against the lessor.

2. If, after receipt of a notification from the lessor under section 554.13405, the lessee fails so to modify the lease agreement within a reasonable time not exceeding thirty days, the lease contract lapses with respect to any deliveries affected.

94 Acts, ch 1052, §51

554.13407 Irrevocable promises — finance leases.

1. In the case of a finance lease that is not a consumer lease the lessee's promises under the lease contract become irrevocable and independent upon the lessee's acceptance of the goods.

2. A promise that has become irrevocable and independent under subsection 1:

a. is effective and enforceable between the parties, and by or against third parties including assignees of the parties, and

b. is not subject to cancellation, termination, modification, repudiation, excuse, or substitution without the consent of the party to whom the promise runs.

3. This section does not affect the validity under any other law of a covenant in any lease contract making the lessee's promises irrevocable and independent upon the lessee's acceptance of the goods.

94 Acts, ch 1052, §52
Referred to in §554.13102, 554.13508

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PART 5

DEFAULT

SUBPART A

IN GENERAL

554.13501 Default — procedure.

1. Whether the lessor or the lessee is in default under a lease contract is determined by the lease agreement and this Article.

2. If the lessor or the lessee is in default under the lease contract, the party seeking enforcement has rights and remedies as provided in this Article and, except as limited by this Article, as provided in the lease agreement.

3. If the lessor or the lessee is in default under the lease contract, the party seeking enforcement may reduce the party's claim to judgment, or otherwise enforce the lease contract by self-help or any available judicial procedure or nonjudicial procedure, including administrative proceeding, arbitration, or the like, in accordance with this Article.

4. Except as otherwise provided in section 554.1305, subsection 1, or this Article or the lease agreement, the rights and remedies referred to in subsections 2 and 3 are cumulative.

5. If the lease agreement covers both real property and goods, the party seeking enforcement may proceed under this part as to the goods, or under other applicable law as to both the real property and the goods in accordance with that party's rights and remedies in respect of the real property, in which case this part does not apply.

94 Acts, ch 1052, §53; 2007 Acts, ch 41, §35; 2017 Acts, ch 54, §70

Referred to in §554.13303

554.13502 Notice after default.

Except as otherwise provided in this Article or the lease agreement, the lessor or lessee in default under the lease contract is not entitled to notice of default or notice of enforcement from the other party to the lease agreement.

94 Acts, ch 1052, §54

554.13503 Modification or impairment of rights and remedies.

1. Except as otherwise provided in this Article, the lease agreement may include rights and remedies for default in addition to or in substitution for those provided in this Article and may limit or alter the measure of damages recoverable under this Article.

2. Resort to a remedy provided under this Article or in the lease agreement is optional unless the remedy is expressly agreed to be exclusive. If circumstances cause an exclusive or limited remedy to fail of its essential purpose, or provision for an exclusive remedy is unconscionable, remedy may be had as provided in this Article.

3. Consequential damages may be liquidated under section 554.13504, or may otherwise be limited, altered, or excluded unless the limitation, alteration, or exclusion is unconscionable. Limitation, alteration, or exclusion of consequential damages for injury to the person in the case of consumer goods is prima facie unconscionable but limitation, alteration, or exclusion of damages where the loss is commercial is not prima facie unconscionable.

4. Rights and remedies on default by the lessor or the lessee with respect to any obligation or promise collateral or ancillary to the lease contract are not impaired by this Article.

94 Acts, ch 1052, §55

Referred to in §554.13518, 554.13519, 554.13527, 554.13528

554.13504 Liquidation of damages.

1. Damages payable by either party for default, or any other act or omission, including indemnity for loss or diminution of anticipated tax benefits or loss or damage to lessor's residual interest, may be liquidated in the lease agreement but only at an amount or by a

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formula that is reasonable in light of the then anticipated harm caused by the default or other act or omission.

2. If the lease agreement provides for liquidation of damages, and such provision does not comply with subsection 1, or such provision is an exclusive or limited remedy that circumstances cause to fail of its essential purpose, remedy may be had as provided in this Article.

3. If the lessor justifiably withholds or stops delivery of goods because of the lessee's default or insolvency (section 554.13525 or 554.13526), the lessee is entitled to restitution of any amount by which the sum of the lessee's payments exceeds:

a. the amount to which the lessor is entitled by virtue of terms liquidating the lessor's damages in accordance with subsection 1; or

b. in the absence of those terms, twenty percent of the then present value of the total rent the lessee was obligated to pay for the balance of the lease term, or, in the case of a consumer lease, the lesser of such amount or five hundred dollars.

4. A lessee's right to restitution under subsection 3 is subject to offset to the extent the lessor establishes:

a. a right to recover damages under the provisions of this Article other than subsection 1; and

b. the amount or value of any benefits received by the lessee directly or indirectly by reason of the lease contract.

94 Acts, ch 1052, §56

Referred to in §554.13503, 554.13518, 554.13519, 554.13527, 554.13528

554.13505 Cancellation and termination and effect of cancellation, termination, rescission, or fraud on rights and remedies.

1. On cancellation of the lease contract, all obligations that are still executory on both sides are discharged, but any right based on prior default or performance survives, and the canceling party also retains any remedy for default of the whole lease contract or any unperformed balance.

2. On termination of the lease contract, all obligations that are still executory on both sides are discharged but any right based on prior default or performance survives.

3. Unless the contrary intention clearly appears, expressions of "cancellation", "rescission", or the like of the lease contract may not be construed as a renunciation or discharge of any claim in damages for an antecedent default.

4. Rights and remedies for material misrepresentation or fraud include all rights and remedies available under this Article for default.

5. Neither rescission nor a claim for rescission of the lease contract nor rejection or return of the goods may bar or be deemed inconsistent with a claim for damages or other right or remedy.

94 Acts, ch 1052, §57

Referred to in §554.13406, 554.13508, 554.13523

554.13506 Statute of limitations.

1. An action for default under a lease contract, including breach of warranty or indemnity, must be commenced within four years after the cause of action accrued. By the original lease contract the parties may reduce the period of limitation to not less than one year.

2. A cause of action for default accrues when the act or omission on which the default or breach of warranty is based is or should have been discovered by the aggrieved party, or when the default occurs, whichever is later. A cause of action for indemnity accrues when the act or omission on which the claim for indemnity is based is or should have been discovered by the indemnified party, whichever is later.

3. If an action commenced within the time limited by subsection 1 is so terminated as to leave available a remedy by another action for the same default or breach of warranty or indemnity, the other action may be commenced after the expiration of the time limited and within six months after the termination of the first action unless the termination resulted from voluntary discontinuance or from dismissal for failure or neglect to prosecute.

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4. This section does not alter the law on tolling of the statute of limitations nor does it apply to causes of action that have accrued before this Article becomes effective.

94 Acts, ch 1052, §58

554.13507 Proof of market rent — time and place.

1. Damages based on market rent (section 554.13519 or 554.13528) are determined according to the rent for the use of the goods concerned for a lease term identical to the remaining lease term of the original lease agreement and prevailing at the times specified in sections 554.13519 and 554.13528.

2. If evidence of rent for the use of the goods concerned for a lease term identical to the remaining lease term of the original lease agreement and prevailing at the times or places described in this Article is not readily available, the rent prevailing within any reasonable time before or after the time described or at any other place or for a different lease term which in commercial judgment or under usage of trade would serve as a reasonable substitute for the one described may be used, making any proper allowance for the difference, including the cost of transporting the goods to or from the other place.

3. Evidence of a relevant rent prevailing at a time or place or for a lease term other than the one described in this Article offered by one party is not admissible unless and until the party has given the other party notice the court finds sufficient to prevent unfair surprise.

4. If the prevailing rent or value of any goods regularly leased in any established market is in issue, reports in official publications or trade journals or in newspapers or periodicals of general circulation published as the reports of that market are admissible in evidence. The circumstances of the preparation of the report may be shown to affect its weight but not its admissibility.

94 Acts, ch 1052, §59

SUBPART B

DEFAULT BY LESSOR

554.13508 Lessee's remedies.

1. If a lessor fails to deliver the goods in conformity to the lease contract (section 554.13509) or repudiates the lease contract (section 554.13402), or a lessee rightfully rejects the goods (section 554.13509) or justifiably revokes acceptance of the goods (section 554.13517), then with respect to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 554.13510), the lessor is in default under the lease contract and the lessee may:

a. cancel the lease contract (section 554.13505, subsection 1);

b. recover so much of the rent and security as has been paid and is just under the circumstances;

c. cover and recover damages as to all goods affected whether or not they have been identified to the lease contract (sections 554.13518 and 554.13520), or recover damages for nondelivery (sections 554.13519 and 554.13520);

d. exercise any other rights or pursue any other remedies provided in the lease contract.

2. If a lessor fails to deliver the goods in conformity to the lease contract or repudiates the lease contract, the lessee may also:

a. if the goods have been identified, recover them (section 554.13522); or

b. in a proper case, obtain specific performance or replevy the goods (section 554.13521).

3. If a lessor is otherwise in default under a lease contract, the lessee may exercise the rights and pursue the remedies provided in the lease contract, which may include a right to cancel the lease, and in section 554.13519, subsection 3.

4. If a lessor has breached a warranty, whether express or implied, the lessee may recover damages (section 554.13519, subsection 4).

5. On rightful rejection or justifiable revocation of acceptance, a lessee has a security

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interest in goods in the lessee's possession or control for any rent and security that has been paid and any expenses reasonably incurred in their inspection, receipt, transportation, and care and custody and may hold those goods and dispose of them in good faith and in a commercially reasonable manner, subject to section 554.13527, subsection 5.

6. Subject to the provisions of section 554.13407, a lessee, on notifying the lessor of the lessee's intention to do so, may deduct all or any part of the damages resulting from any default under the lease contract from any part of the rent still due under the same lease contract.

94 Acts, ch 1052, §60
Referred to in §554.9102, 554.9109, 554.9110, 554.9309, 554.9325, 554.13511, 554.13512, 554.13518, 554.13527

554.13509 Lessee's rights on improper delivery — rightful rejection.

1. Subject to the provisions of section 554.13510 on default in installment lease contracts, if the goods or the tender or delivery fail in any respect to conform to the lease contract, the lessee may reject or accept the goods or accept any commercial unit or units and reject the rest of the goods.

2. Rejection of goods is ineffective unless it is within a reasonable time after tender or delivery of the goods and the lessee seasonably notifies the lessor.

94 Acts, ch 1052, §61
Referred to in §554.13508, 554.13515

554.13510 Installment lease contracts — rejection and default.

1. Under an installment lease contract a lessee may reject any delivery that is nonconforming if the nonconformity substantially impairs the value of that delivery and cannot be cured or the nonconformity is a defect in the required documents; but if the nonconformity does not fall within subsection 2 and the lessor or the supplier gives adequate assurance of its cure, the lessee must accept that delivery.

2. Whenever nonconformity or default with respect to one or more deliveries substantially impairs the value of the installment lease contract as a whole there is a default with respect to the whole. But, the aggrieved party reinstates the installment lease contract as a whole if the aggrieved party accepts a nonconforming delivery without seasonably notifying of cancellation or brings an action with respect only to past deliveries or demands performance as to future deliveries.

94 Acts, ch 1052, §62
Referred to in §554.13406, 554.13508, 554.13509, 554.13523

554.13511 Merchant lessee's duties as to rightfully rejected goods.

1. Subject to any security interest of a lessee (section 554.13508, subsection 5), if a lessor or a supplier has no agent or place of business at the market of rejection, a merchant lessee, after rejection of goods in the merchant lessee's possession or control, shall follow any reasonable instructions received from the lessor or the supplier with respect to the goods. In the absence of those instructions, a merchant lessee shall make reasonable efforts to sell, lease, or otherwise dispose of the goods for the lessor's or supplier's account if they threaten to decline in value speedily. Instructions are not reasonable if on demand indemnity for expenses is not forthcoming.

2. If a merchant lessee (subsection 1) or any other lessee (section 554.13512) disposes of goods, the lessee is entitled to reimbursement either from the lessor or the supplier or out of the proceeds for reasonable expenses of caring for and disposing of the goods and, if the expenses include no disposition commission, to such commission as is usual in the trade, or if there is none, to a reasonable sum not exceeding ten percent of the gross proceeds.

3. In complying with this section or section 554.13512, the lessee is held only to good faith. Good faith conduct hereunder is neither acceptance or conversion nor the basis of an action for damages.

4. A purchaser who purchases in good faith from a lessee pursuant to this section or

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section 554.13512 takes the goods free of any rights of the lessor and the supplier even though the lessee fails to comply with one or more of the requirements of this Article.

94 Acts, ch 1052, §63
Referred to in §554.13305, 554.13512

554.13512 Lessee's duties as to rightfully rejected goods.

1. Except as otherwise provided with respect to goods that threaten to decline in value speedily (section 554.13511) and subject to any security interest of a lessee (section 554.13508, subsection 5):

a. the lessee, after rejection of goods in the lessee's possession, shall hold them with reasonable care at the lessor's or the supplier's disposition for a reasonable time after the lessee's seasonable notification of rejection;

b. if the lessor or the supplier gives no instructions within a reasonable time after notification of rejection, the lessee may store the rejected goods for the lessor's or the supplier's account or ship them to the lessor or the supplier or dispose of them for the lessor's or the supplier's account with reimbursement in the manner provided in section 554.13511; but

c. the lessee has no further obligations with regard to goods rightfully rejected.

2. Action by the lessee pursuant to subsection 1 is not acceptance or conversion.

94 Acts, ch 1052, §64
Referred to in §554.13511

554.13513 Cure by lessor of improper tender or delivery — replacement.

1. If any tender or delivery by the lessor or the supplier is rejected because nonconforming and the time for performance has not yet expired, the lessor or the supplier may seasonably notify the lessee of the lessor's or the supplier's intention to cure and may then make a conforming delivery within the time provided in the lease contract.

2. If the lessee rejects a nonconforming tender that the lessor or the supplier had reasonable grounds to believe would be acceptable with or without money allowance, the lessor or the supplier may have a further reasonable time to substitute a conforming tender if the lessor or supplier seasonably notifies the lessee.

94 Acts, ch 1052, §65
Referred to in §554.13514

554.13514 Waiver of lessee's objections.

1. In rejecting goods, a lessee's failure to state a particular defect that is ascertainable by reasonable inspection precludes the lessee from relying on the defect to justify rejection or to establish default:

a. if, stated seasonably, the lessor or the supplier could have cured it (section 554.13513); or

b. between merchants if the lessor or the supplier after rejection has made a request in writing for a full and final written statement of all defects on which the lessee proposes to rely.

2. A lessee's failure to reserve rights when paying rent or other consideration against documents precludes recovery of the payment for defects apparent in the documents.

94 Acts, ch 1052, §66; 2007 Acts, ch 30, §45, 46, 78

554.13515 Acceptance of goods.

1. Acceptance of goods occurs after the lessee has had a reasonable opportunity to inspect the goods and

a. the lessee signifies or acts with respect to the goods in a manner that signifies to the lessor or the supplier that the goods are conforming or that the lessee will take or retain them in spite of their nonconformity; or

b. the lessee fails to make an effective rejection of the goods (section 554.13509, subsection 2).

2. Acceptance of a part of any commercial unit is acceptance of that entire unit.

94 Acts, ch 1052, §67

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554.13516 Effect of acceptance of goods — notice of default — burden of establishing default after acceptance — notice of claim or litigation to person answerable over.

1. A lessee must pay rent for any goods accepted in accordance with the lease contract, with due allowance for goods rightfully rejected or not delivered.

2. A lessee's acceptance of goods precludes rejection of the goods accepted. In the case of a finance lease, if made with knowledge of a nonconformity, acceptance cannot be revoked because of it. In any other case, if made with knowledge of a nonconformity, acceptance cannot be revoked because of it unless the acceptance was on the reasonable assumption that the nonconformity would be seasonably cured. Acceptance does not of itself impair any other remedy provided by this Article or the lease agreement for nonconformity.

3. If a tender has been accepted:

a. within a reasonable time after the lessee discovers or should have discovered any default, the lessee shall notify the lessor and the supplier, if any, or be barred from any remedy against the party not notified;

b. except in the case of a consumer lease, within a reasonable time after the lessee receives notice of litigation for infringement or the like (section 554.13211) the lessee shall notify the lessor or be barred from any remedy over for liability established by the litigation; and

c. the burden is on the lessee to establish any default.

4. If a lessee is sued for breach of a warranty or other obligation for which a lessor or a supplier is answerable over the following apply:

a. The lessee may give the lessor or the supplier, or both, written notice of the litigation. If the notice states that the person notified may come in and defend and that if the person notified does not do so that person will be bound in any action against that person by the lessee by any determination of fact common to the two litigations, then unless the person notified after seasonable receipt of the notice does come in and defend that person is so bound.

b. The lessor or the supplier may demand in writing that the lessee turn over control of the litigation including settlement if the claim is one for infringement or the like (section 554.13211) or else be barred from any remedy over. If the demand states that the lessor or the supplier agrees to bear all expense and to satisfy any adverse judgment, then unless the lessee after seasonable receipt of the demand does turn over control the lessee is so barred.

5. Subsections 3 and 4 apply to any obligation of a lessee to hold the lessor or the supplier harmless against infringement or the like (section 554.13211).

94 Acts, ch 1052, §68
Referred to in §554.13519

554.13517 Revocation of acceptance of goods.

1. A lessee may revoke acceptance of a lot or commercial unit whose nonconformity substantially impairs its value to the lessee if the lessee has accepted it:

a. except in the case of a finance lease, on the reasonable assumption that its nonconformity would be cured and it has not been seasonably cured; or

b. without discovery of the nonconformity if the lessee's acceptance was reasonably induced either by the lessor's assurances or, except in the case of a finance lease, by the difficulty of discovery before acceptance.

2. Except in the case of a finance lease that is not a consumer lease, a lessee may revoke acceptance of a lot or commercial unit if the lessor defaults under the lease contract and the default substantially impairs the value of that lot or commercial unit to the lessee.

3. If the lease agreement so provides, the lessee may revoke acceptance of a lot or commercial unit because of other defaults by the lessor.

4. Revocation of acceptance must occur within a reasonable time after the lessee discovers or should have discovered the ground for it and before any substantial change in condition of the goods which is not caused by the nonconformity. Revocation is not effective until the lessee notifies the lessor.

5. A lessee who so revokes has the same rights and duties with regard to the goods involved as if the lessee had rejected them.

94 Acts, ch 1052, §69
Referred to in §554.13508

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554.13518 Cover — substitute goods.

1. After a default by a lessor under the lease contract of the type described in section 554.13508, subsection 1, or, if agreed, after other default by the lessor, the lessee may cover by making any purchase or lease of or contract to purchase or lease goods in substitution for those due from the lessor.

2. Except as otherwise provided with respect to damages liquidated in the lease agreement (section 554.13504) or otherwise determined pursuant to agreement of the parties (sections 554.1302 and 554.13503), if a lessee's cover is by a lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessee may recover from the lessor as damages the present value, as of the date of the commencement of the term of the new lease agreement, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement minus the present value as of the same date of the total rent for the then remaining lease term of the original lease agreement, and any incidental or consequential damages, less expenses saved in consequence of the lessor's default.

3. If a lessee's cover is by lease agreement that for any reason does not qualify for treatment under subsection 2, or is by purchase or otherwise, the lessee may recover from the lessor as if the lessee had elected not to cover and section 554.13519 governs.

94 Acts, ch 1052, §70; 2007 Acts, ch 41, §36; 2013 Acts, ch 30, §261
Referred to in §554.13508, 554.13519

554.13519 Lessee's damages for nondelivery, repudiation, default, and breach of warranty in regard to accepted goods.

1. Except as otherwise provided with respect to damages liquidated in the lease agreement (section 554.13504) or otherwise determined pursuant to agreement of the parties (sections 554.1302 and 554.13503), if a lessee elects not to cover or a lessee elects to cover and the cover is by lease agreement that for any reason does not qualify for treatment under section 554.13518, subsection 2, or is by purchase or otherwise, the measure of damages for nondelivery or repudiation by the lessor or for rejection or revocation of acceptance by the lessee is the present value, as of the date of the default, of the then market rent minus the present value as of the same date of the original rent, computed for the remaining lease term of the original lease agreement, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

2. Market rent is to be determined as of the place for tender or, in cases of rejection after arrival or revocation of acceptance, as of the place of arrival.

3. Except as otherwise agreed, if the lessee has accepted goods and given notification (section 554.13516, subsection 3), the measure of damages for nonconforming tender or delivery or other default by a lessor is the loss resulting in the ordinary course of events from the lessor's default as determined in any manner that is reasonable together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

4. Except as otherwise agreed, the measure of damages for breach of warranty is the present value at the time and place of acceptance of the difference between the value of the use of the goods accepted and the value if they had been as warranted for the lease term, unless special circumstances show proximate damages of a different amount, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default or breach of warranty.

94 Acts, ch 1052, §71; 2007 Acts, ch 41, §37
Referred to in §554.13507, 554.13508, 554.13518

554.13520 Lessee's incidental and consequential damages.

1. Incidental damages resulting from a lessor's default include expenses reasonably incurred in inspection, receipt, transportation, and care and custody of goods rightfully rejected or goods the acceptance of which is justifiably revoked, any commercially reasonable charges, expenses or commissions in connection with effecting cover, and any other reasonable expense incident to the default.

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2. Consequential damages resulting from a lessor's default include:

a. any loss resulting from general or particular requirements and needs of which the lessor at the time of contracting had reason to know and which could not reasonably be prevented by cover or otherwise; and

b. injury to person or property proximately resulting from any breach of warranty.

94 Acts, ch 1052, §72
Referred to in §554.13508

554.13521 Lessee's right to specific performance or replevin.

1. Specific performance may be decreed if the goods are unique or in other proper circumstances.

2. A decree for specific performance may include any terms and conditions as to payment of the rent, damages, or other relief that the court deems just.

3. A lessee has a right of replevin, detinue, sequestration, claim and delivery, or the like for goods identified to the lease contract if after reasonable effort the lessee is unable to effect cover for those goods or the circumstances reasonably indicate that the effort will be unavailing.

94 Acts, ch 1052, §73
Referred to in §554.13508

554.13522 Lessee's right to goods on lessor's insolvency.

1. Subject to subsection 2 and even though the goods have not been shipped, a lessee who has paid a part or all of the rent and security for goods identified to a lease contract (section 554.13217) on making and keeping good a tender of any unpaid portion of the rent and security due under the lease contract may recover the goods identified from the lessor if the lessor becomes insolvent within ten days after receipt of the first installment of rent and security.

2. A lessee acquires the right to recover goods identified to a lease contract only if they conform to the lease contract.

94 Acts, ch 1052, §74
Referred to in §554.13508

SUBPART C

DEFAULT BY LESSEE

554.13523 Lessor's remedies.

1. If a lessee wrongfully rejects or revokes acceptance of goods or fails to make a payment when due or repudiates with respect to a part or the whole, then, with respect to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 554.13510), the lessee is in default under the lease contract and the lessor may:

a. cancel the lease contract (section 554.13505, subsection 1);

b. proceed respecting goods not identified to the lease contract (section 554.13524);

c. withhold delivery of the goods and take possession of goods previously delivered (section 554.13525);

d. stop delivery of the goods by any bailee (section 554.13526);

e. dispose of the goods and recover damages (section 554.13527), or retain the goods and recover damages (section 554.13528), or in a proper case recover rent (section 554.13529);

f. exercise any other rights or pursue any other remedies provided in the lease contract.

2. If a lessor does not fully exercise a right or obtain a remedy to which the lessor is entitled under subsection 1, the lessor may recover the loss resulting in the ordinary course of events from the lessee's default as determined in any reasonable manner, together with incidental damages, less expenses saved in consequence of the lessee's default.

3. If a lessee is otherwise in default under a lease contract, the lessor may exercise the

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rights and pursue the remedies provided in the lease contract, which may include a right to cancel the lease. In addition, unless otherwise provided in the lease contract:

a. if the default substantially impairs the value of the lease contract to the lessor, the lessor may exercise the rights and pursue the remedies provided in subsection 1 or 2; or

b. if the default does not substantially impair the value of the lease contract to the lessor, the lessor may recover as provided in subsection 2.

94 Acts, ch 1052, §75
Referred to in §554.13524, 554.13525, 554.13527, 554.13528, 554.13529

554.13524 Lessor's right to identify goods to lease contract.

1. After default by the lessee under the lease contract of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph *"a"* or, if agreed, after other default by the lessee, the lessor may:

a. identify to the lease contract conforming goods not already identified if at the time the lessor learned of the default they were in the lessor's or the supplier's possession or control; and

b. dispose of goods (section 554.13527, subsection 1) that demonstrably have been intended for the particular lease contract even though those goods are unfinished.

2. If the goods are unfinished, in the exercise of reasonable commercial judgment for the purposes of avoiding loss and of effective realization, an aggrieved lessor or the supplier may either complete manufacture and wholly identify the goods to the lease contract or cease manufacture and lease, sell, or otherwise dispose of the goods for scrap or salvage value or proceed in any other reasonable manner.

94 Acts, ch 1052, §76
Referred to in §554.13402, 554.13523

554.13525 Lessor's right to possession of goods.

1. If a lessor discovers the lessee to be insolvent, the lessor may refuse to deliver the goods.

2. After a default by the lessee under the lease contract of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph *"a"* or, if agreed, after other default by the lessee, the lessor has the right to take possession of the goods. If the lease contract so provides, the lessor may require the lessee to assemble the goods and make them available to the lessor at a place to be designated by the lessor which is reasonably convenient to both parties. Without removal, the lessor may render unusable any goods employed in trade or business, and may dispose of goods on the lessee's premises (section 554.13527).

3. The lessor may proceed under subsection 2 without judicial process if it can be done without breach of the peace or the lessor may proceed by action.

94 Acts, ch 1052, §77
Referred to in §554.13504, 554.13523, 554.13527

554.13526 Lessor's stoppage of delivery in transit or otherwise.

1. A lessor may stop delivery of goods in the possession of a carrier or other bailee if the lessor discovers the lessee to be insolvent and may stop delivery of carload, truckload, planeload, or larger shipments of express or freight if the lessee repudiates or fails to make a payment due before delivery, whether for rent, security or otherwise under the lease contract, or for any other reason the lessor has a right to withhold or take possession of the goods.

2. In pursuing its remedies under subsection 1, the lessor may stop delivery until

a. receipt of the goods by the lessee;

b. acknowledgment to the lessee by any bailee of the goods, except a carrier, that the bailee holds the goods for the lessee; or

c. such an acknowledgment to the lessee by a carrier via reshipment or as a warehouse.

3. *a.* To stop delivery, a lessor shall so notify as to enable the bailee by reasonable diligence to prevent delivery of the goods.

b. After notification, the bailee shall hold and deliver the goods according to the directions of the lessor, but the lessor is liable to the bailee for any ensuing charges or damages.

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c. A carrier who has issued a nonnegotiable bill of lading is not obliged to obey a notification to stop received from a person other than the consignor.

94 Acts, ch 1052, §78; 2007 Acts, ch 30, §45, 46, 79
Referred to in §554.7403, 554.7504, 554.13504, 554.13523, 554.13527

554.13527 Lessor's rights to dispose of goods.

1. After a default by a lessee under the lease contract of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph "*a*", or after the lessor refuses to deliver or takes possession of goods (section 554.13525 or 554.13526), or, if agreed, after other default by a lessee, the lessor may dispose of the goods concerned or the undelivered balance thereof by lease, sale, or otherwise.

2. Except as otherwise provided with respect to damages liquidated in the lease agreement (section 554.13504) or otherwise determined pursuant to agreement of the parties (sections 554.1302 and 554.13503), if the disposition is by lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessor may recover from the lessee as damages accrued and unpaid rent as of the date of the commencement of the term of the new lease agreement; the present value, as of the same date, of the total rent for the remaining lease term of the original lease agreement minus the present value, as of the same date, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement; and any incidental damages allowed under section 554.13530, less expenses saved in consequence of the lessee's default.

3. If the lessor's disposition is by lease agreement that for any reason does not qualify for treatment under subsection 2, or is by sale or otherwise, the lessor may recover from the lessee as if the lessor had elected not to dispose of the goods and section 554.13528 governs.

4. A subsequent buyer or lessee who buys or leases from the lessor in good faith for value as a result of a disposition under this section takes the goods free of the original lease contract and any rights of the original lessee even though the lessor fails to comply with one or more of the requirements of this Article.

5. The lessor is not accountable to the lessee for any profit made on any disposition. A lessee who has rightfully rejected or justifiably revoked acceptance shall account to the lessor for any excess over the amount of the lessee's security interest (section 554.13508, subsection 5).

94 Acts, ch 1052, §79; 2007 Acts, ch 41, §38; 2013 Acts, ch 30, §156
Referred to in §554.13304, 554.13508, 554.13523, 554.13524, 554.13525, 554.13528, 554.13529

554.13528 Lessor's damages for nonacceptance, failure to pay, repudiation, or other default.

1. Except as otherwise provided with respect to damages liquidated in the lease agreement (section 554.13504) or otherwise determined pursuant to agreement of the parties (sections 554.1302 and 554.13503), if a lessor elects to retain the goods or a lessor elects to dispose of the goods and the disposition is by lease agreement that for any reason does not qualify for treatment under section 554.13527, subsection 2, or is by sale or otherwise, the lessor may recover from the lessee as damages for a default of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph "*a*", or, if agreed, for other default of the lessee,

a. accrued and unpaid rent as of the date of default if the lessee has never taken possession of the goods, or, if the lessee has taken possession of the goods, as of the date the lessor repossesses the goods or an earlier date on which the lessee makes a tender of the goods to the lessor,

b. the present value as of the date determined under paragraph "*a*" of the total rent for the then remaining lease term of the original lease agreement minus the present value as of the same date of the market rent at the place where the goods are located computed for the same lease term, and

c. any incidental damages allowed under section 554.13530, less expenses saved in consequence of the lessee's default.

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2. If the measure of damages provided in subsection 1 is inadequate to put a lessor in as good a position as performance would have, the measure of damages is the present value of the profit, including reasonable overhead, the lessor would have made from full performance by the lessee, together with any incidental damages allowed under section 554.13530, due allowance for costs reasonably incurred and due credit for payments or proceeds of disposition.

94 Acts, ch 1052, §80; 2007 Acts, ch 41, §39; 2013 Acts, ch 30, §157
Referred to in §554.13507, 554.13523, 554.13527, 554.13529

554.13529 Lessor's action for the rent.

1. After default by the lessee under the lease contract of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph *"a"*, or, if agreed, after other default by the lessee, if the lessor complies with subsection 2, the lessor may recover from the lessee as damages:

a. for goods accepted by the lessee and not repossessed by or tendered to the lessor, and for conforming goods lost or damaged within a commercially reasonable time after risk of loss passes to the lessee (section 554.13219), accrued and unpaid rent as of the date of entry of judgment in favor of the lessor, the present value as of the same date of the rent for the then remaining lease term of the lease agreement, and any incidental damages allowed under section 554.13530, less expenses saved in consequence of the lessee's default; and

b. for goods identified to the lease contract if the lessor is unable after reasonable effort to dispose of them at a reasonable price or the circumstances reasonably indicate that effort will be unavailing, accrued and unpaid rent as of the date of entry of judgment in favor of the lessor, the present value as of the same date of the rent for the then remaining lease term of the lease agreement, and any incidental damages allowed under section 554.13530, less expenses saved in consequence of the lessee's default.

2. Except as provided in subsection 3, the lessor shall hold for the lessee for the remaining lease term of the lease agreement any goods that have been identified to the lease contract and are in the lessor's control.

3. The lessor may dispose of the goods at any time before collection of the judgment for damages obtained pursuant to subsection 1. If the disposition is before the end of the remaining lease term of the lease agreement, the lessor's recovery against the lessee for damages is governed by section 554.13527 or 554.13528, and the lessor will cause an appropriate credit to be provided against a judgment for damages to the extent that the amount of the judgment exceeds the recovery available pursuant to section 554.13527 or 554.13528.

4. Payment of the judgment for damages obtained pursuant to subsection 1 entitles the lessee to the use and possession of the goods not then disposed of for the remaining lease term of and in accordance with the lease agreement.

5. After default by the lessee under the lease contract of the type described in section 554.13523, subsection 1, or section 554.13523, subsection 3, paragraph *"a"*, or, if agreed, after other default by the lessee, a lessor who is held not entitled to rent under this section must nevertheless be awarded damages for nonacceptance under section 554.13527 or section 554.13528.

94 Acts, ch 1052, §81; 2013 Acts, ch 30, §261
Referred to in §554.13523

554.13530 Lessor's incidental damages.

Incidental damages to an aggrieved lessor include any commercially reasonable charges, expenses, or commissions incurred in stopping delivery, in the transportation, care and custody of goods after the lessee's default, in connection with return or disposition of the goods, or otherwise resulting from the default.

94 Acts, ch 1052, §82
Referred to in §554.13527, 554.13528, 554.13529

554.13531 Standing to sue third parties for injury to goods.

1. If a third party so deals with goods that have been identified to a lease contract as to

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cause actionable injury to a party to the lease contract the lessor has a right of action against the third party, and the lessee also has a right of action against the third party if the lessee:

a. has a security interest in the goods;

b. has an insurable interest in the goods; or

c. bears the risk of loss under the lease contract or has since the injury assumed that risk as against the lessor and the goods have been converted or destroyed.

2. If at the time of the injury the party plaintiff did not bear the risk of loss as against the other party to the lease contract and there is no arrangement between them for disposition of the recovery, the plaintiff party's suit or settlement, subject to party plaintiff's own interest, is as a fiduciary for the other party to the lease contract.

3. Either party with the consent of the other may sue for the benefit of whom it may concern.

94 Acts, ch 1052, §83; 2013 Acts, ch 30, §261

554.13532 Lessor's rights to residual interest.

In addition to any other recovery permitted by this Article or other law, the lessor may recover from the lessee an amount that will fully compensate the lessor for any loss of or damage to the lessor's residual interest in the goods caused by the default of the lessee.

94 Acts, ch 1052, §84

ARTICLE 14

CONTROLLABLE ELECTRONIC RECORDS

Referred to in §554.1204, 554.9331, 554.15102, 554.15301, 554.15305, 554.15306

Provisions codified in this Article may be found in Article 12 of the proposed uniform commercial code legislation recommended by the National Conference of Commissioners on Uniform State Laws

554.14101 Short title.

This Article may be cited as Uniform Commercial Code — Controllable Electronic Records.

2022 Acts, ch 1117, §1; 2024 Acts, ch 1023, §1

554.14102 Definitions.

1. *Article 14 definitions.* In this Article:

a. *"Controllable electronic record"* means a record stored in an electronic medium that can be subjected to control under section 554.14105. The term does not include a controllable account, a controllable payment intangible, a deposit account, an electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property, or a transferable record.

b. *"Qualifying purchaser"* means a purchaser of a controllable electronic record or an interest in a controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

c. *"Transferable record"* has the meaning provided for that term in:

(1) section 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7021(a)(1), as amended; or

(2) the Uniform Electronic Transactions Act, section 554D.118, subsection 1.

d. *"Value"* has the meaning provided in section 554.3303, subsection 1, as if references in that subsection to an *"instrument"* were references to a controllable account, controllable electronic record, or controllable payment intangible.

2. *Definitions in Article 9.* The definitions in Article 9 of *"account debtor"*, *"controllable account"*, *"controllable payment intangible"*, *"chattel paper"*, *"deposit account"*, *"electronic money"*, and *"investment property"* apply to this Article.

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3. *Article 1 definitions and principles.* Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

2022 Acts, ch 1117, §2; 2024 Acts, ch 1023, §2

Referred to in §554.8102, 554.9102, 554.15102

554.14103 Relation to Article 9 and consumer laws.

1. *Article 9 governs in case of conflict.* If there is conflict between this Article and Article 9, Article 9 governs.

2. *Applicable consumer law and other laws.* A transaction subject to this Article is subject to:

a. any applicable rule of law that establishes a different rule for consumers, including as provided in chapter 537 and any other consumer protection statute or regulation of this state; and

b. any other statute or regulation of this state that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit or credit transactions, including as provided in chapter 535.

2A. *National digital currency not supported, endorsed, created, or implemented.* This Article shall not be construed to support, endorse, create, or implement a national digital currency.

2022 Acts, ch 1117, §3; 2024 Acts, ch 1023, §3

554.14104 Rights in controllable account, controllable electronic record, and controllable payment intangible.

1. *Applicability of section to controllable account and controllable payment intangible.* This section applies to the acquisition and purchase of rights in a controllable account or controllable payment intangible, including the rights and benefits under subsections 3, 4, 5, 7, and 8 of a purchaser and qualifying purchaser, in the same manner this section applies to a controllable electronic record.

2. *Control of controllable account and controllable payment intangible.* To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.

3. *Applicability of other law to acquisition of rights.* Except as provided in this section, law other than this Article determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

4. *Shelter principle and purchase of limited interest.* A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

5. *Rights of qualifying purchaser.* A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.

6. *Limitation of rights of qualifying purchaser in other property.* Except as provided in subsections 1 and 5 for a controllable account and a controllable payment intangible or law other than this Article, a qualifying purchaser takes a right to payment, right to performance, or other interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance, or other interest in property.

7. *No-action protection for qualifying purchaser.* An action shall not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable lien, or other theory.

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8. *Filing not notice.* Filing of a financing statement under Article 9 is not notice of a claim of a property right in a controllable electronic record.

2022 Acts, ch 1117, §4; 2024 Acts, ch 1023, §4
Referred to in §554.14107

554.14105 Control of controllable electronic record.

1. *General rule: control of controllable electronic record.* A person has control of a controllable electronic record if the electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded:

a. gives the person:

(1) power to avail itself of substantially all the benefit from the electronic record; and

(2) exclusive power, subject to subsection 2, to:

(a) prevent others from availing themselves of substantially all the benefit from the electronic record; and

(b) transfer control of the electronic record to another person or cause another person to obtain control of another controllable electronic record as a result of the transfer of the electronic record; and

b. enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as having the powers specified in paragraph *"a"*.

2. *Meaning of exclusive.* Subject to subsection 3, a power is exclusive under subsection 1, paragraph *"a"*, subparagraph (2), subparagraph divisions (a) and (b) even if:

a. the controllable electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record; or

b. the power is shared with another person.

3. *When power not shared with another person.* A power of a person is not shared with another person under subsection 2, paragraph *"b"* and the person's power is not exclusive if:

a. the person can exercise the power only if the power also is exercised by the other person; and

b. the other person:

(1) can exercise the power without exercise of the power by the person; or

(2) is the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record.

4. *Presumption of exclusivity of certain powers.* If a person has the powers specified in subsection 1, paragraph *"a"*, subparagraph (2), subparagraph divisions (a) and (b), the powers are presumed to be exclusive.

5. *Control through another person.* A person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record:

a. has control of the electronic record and acknowledges that it has control on behalf of the person; or

b. obtains control of the electronic record after having acknowledged that it will obtain control of the electronic record on behalf of the person.

6. *No requirement to acknowledge.* A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

7. *No duties or confirmation.* If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

2022 Acts, ch 1117, §5; 2024 Acts, ch 1023, §5
Referred to in §554.9102, 554.9107A, 554.9208, 554.14102

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554.14106 Discharge of account debtor on controllable account or controllable payment intangible.

1. *Discharge of account debtor.* An account debtor on a controllable account or controllable payment intangible may discharge its obligation by paying:

a. the person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible; or

b. except as provided in subsection 2, a person that formerly had control of the controllable electronic record.

2. *Content and effect of notification.* Subject to subsection 4, the account debtor shall not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that:

a. is signed by a person that formerly had control or the person to which control was transferred;

b. reasonably identifies the controllable account or controllable payment intangible;

c. notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;

d. identifies the transferee, in any reasonable way, including by name, identifying number, cryptographic key, office, or account number; and

e. provides a commercially reasonable method by which the account debtor is to pay the transferee.

3. *Discharge following effective notification.* After receipt of a notification that complies with subsection 2, the account debtor may discharge its obligation by paying in accordance with the notification and shall not discharge the obligation by paying a person that formerly had control.

4. *When notification ineffective.* Subject to subsection 8, notification is ineffective under subsection 2:

a. unless, before the notification is sent, the account debtor and the person that, at that time, had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in a signed record to a commercially reasonable method by which a person must furnish reasonable proof that control has been transferred;

b. to the extent an agreement between the account debtor and seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this Article; or

c. at the option of the account debtor, if the notification notifies the account debtor to:

(1) divide a payment;

(2) make less than the full amount of an installment or other periodic payment; or

(3) pay any part of a payment by more than one method or to more than one person.

5. *Proof of transfer of control.* Subject to subsection 8, if requested by the account debtor, the person giving the notification under subsection 2 seasonably shall furnish reasonable proof, using the method in the agreement referred to in subsection 4, paragraph *"a"*, that control of the controllable electronic record has been transferred. Unless the person complies with the request, the account debtor may discharge its obligation by paying a person that formerly had control, even if the account debtor has received a notification under subsection 2.

6. *What constitutes reasonable proof.* A person furnishes reasonable proof under subsection 5 that control has been transferred if the person demonstrates, using the method in the agreement referred to in subsection 4, paragraph *"a"*, that the transferee has the power to:

a. avail itself of substantially all the benefit from the controllable electronic record;

b. prevent others from availing themselves of substantially all the benefit from the controllable electronic record; and

c. transfer the powers specified in paragraphs *"a"* and *"b"* to another person.

7. *Rights not waivable.* Subject to subsection 8, an account debtor shall not waive or vary its rights under subsection 4, paragraph *"a"*, and subsection 5 or its option under subsection 4, paragraph *"c"*.

8. *Rule for individual under other law.* This section is subject to law other than this Article

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which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

2022 Acts, ch 1117, §6; 2024 Acts, ch 1023, §6
Referred to in §554.9209, 554.14107

554.14107 Governing law.

1. *Governing law: general rule.* Except as provided in subsection 2, the local law of a controllable electronic record's jurisdiction governs a matter covered by this Article.

2. *Governing law: section 554.14106.* For a controllable electronic record that evidences a controllable account or controllable payment intangible, the local law of the controllable electronic record's jurisdiction governs a matter covered by section 554.14106 unless an effective agreement determines that the local law of another jurisdiction governs.

3. *Controllable electronic record's jurisdiction.* The following rules determine a controllable electronic record's jurisdiction under this section:

a. if the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this section, Article, or chapter, that jurisdiction is the controllable electronic record's jurisdiction.

b. if paragraph "*a*" does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this section, Article, or chapter, that jurisdiction is the controllable electronic record's jurisdiction.

c. if paragraphs "*a*" and "*b*" do not apply and the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that the controllable electronic record is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

d. if paragraphs "*a*", "*b*", and "*c*" do not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that the controllable electronic record or the system is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

e. if paragraphs "*a*" through "*d*" do not apply, the controllable electronic record's jurisdiction is the District of Columbia.

4. *Applicability of Article 12.* If subsection 3, paragraph "*e*", applies and Article 12 is not in effect in the District of Columbia without material modification, the governing law for a matter covered by this Article is the law of the District of Columbia as though Article 12 were in effect in the District of Columbia without material modification. In this subsection, "*Article 12*" means Article 12 of Uniform Commercial Code Amendments (2022) approved by the uniform law commission at its annual meeting in July 2022.

5. *Relation of matter or transaction to controllable electronic record's jurisdiction not necessary.* To the extent subsections 1 and 2 provide that the local law of the controllable electronic record's jurisdiction governs a matter covered by this Article, that law governs even if the matter or a transaction to which the matter relates does not bear any relation to the controllable electronic record's jurisdiction.

6. *Rights of purchasers determined at time of purchase.* The rights acquired under section 554.14104 by a purchaser or qualifying purchaser are governed by the law applicable under this section at the time of purchase.

2022 Acts, ch 1117, §7; 2024 Acts, ch 1023, §7
Referred to in §554.1301, 554.9306B

554.14108 Applicability. Repealed by its own terms; 2024 Acts, ch 1023, §8.

554.14109 Savings clause. Repealed by its own terms; 2024 Acts, ch 1023, §9.

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ARTICLE 15

TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL CODE AMENDMENTS (2022)

Provisions codified in this Article may be found in Article A of the proposed uniform commercial code legislation recommended by the National Conference of Commissioners on Uniform State Laws

PART 1

GENERAL PROVISIONS AND DEFINITIONS

554.15101 Short title.

This Article may be cited as the Transitional Provisions for Uniform Commercial Code Amendments (2022).

2024 Acts, ch 1023, §124

554.15102 Definitions.

1. *Article 15 definitions.* In this Article:

a. "*Article 14*" means Article 14 of this chapter.

b. "*Article 14 property*" means a controllable account, controllable electronic record, or controllable payment intangible.

2. *Definitions in other Articles.* The following definitions in other Articles of this chapter apply to this Article:

a. "*Controllable account*"... Section 554.9102.

b. "*Controllable electronic record*"... Section 554.14102.

c. "*Controllable payment intangible*"... Section 554.9102.

d. "*Electronic money*"... Section 554.9102.

e. "*Financing statement*"... Section 554.9102.

3. *Article 1 definitions and principles.* Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

2024 Acts, ch 1023, §125

PART 2

GENERAL TRANSITIONAL PROVISION

554.15201 Saving clause.

Except as provided in part 3, a transaction validly entered into before July 1, 2024, and the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than this chapter or, if applicable, this chapter, as though 2024 Iowa Acts, ch. 1023, had not taken effect.

2024 Acts, ch 1023, §126

PART 3

TRANSITIONAL PROVISIONS FOR ARTICLES 9 AND 14

Referred to in §554.15201

554.15301 Saving clause.

1. *Pre-effective-date transaction, lien, or interest.* Except as provided in this part, Article 9, as amended by 2024 Iowa Acts, ch. 1023, and Article 14, as amended by 2024 Iowa Acts, ch. 1023, apply to a transaction, lien, or other interest in property, even if the transaction, lien, or interest was entered into, created, or acquired before July 1, 2024.

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2. *Continuing validity.* Except as provided in subsection 3 and sections 554.15302 through 554.15306:

a. a transaction, lien, or interest in property that was validly entered into, created, or transferred before July 1, 2024, and was not governed by this chapter, but would be subject to Article 9 as amended by 2024 Iowa Acts, ch. 1023, or Article 14, as amended by 2024 Iowa Acts, ch. 1023, if it had been entered into, created, or transferred on or after July 1, 2024, including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after July 1, 2024; and

b. the transaction, lien, or interest may be terminated, completed, consummated, and enforced as required or permitted by 2024 Iowa Acts, ch. 1023, or by the law that would apply if 2024 Iowa Acts, ch. 1023, had not taken effect.

3. *Pre-effective-date proceeding.* 2024 Iowa Acts, ch. 1023, does not affect an action, case, or proceeding commenced before July 1, 2024.

2024 Acts, ch 1023, §127

554.15302 Security interest perfected before July 1, 2024.

1. *Continuing perfection: perfection requirements satisfied.* A security interest that is enforceable and perfected immediately before July 1, 2024, is a perfected security interest under 2024 Iowa Acts, ch. 1023, if, on July 1, 2024, the requirements for enforceability and perfection under 2024 Iowa Acts, ch. 1023, are satisfied without further action.

2. *Continuing perfection: enforceability or perfection requirements not satisfied.* If a security interest is enforceable and perfected immediately before July 1, 2024, but the requirements for enforceability or perfection under 2024 Iowa Acts, ch. 1023, are not satisfied on July 1, 2024, the security interest:

a. is a perfected security interest until the earlier of the time perfection would have ceased under the law in effect immediately before July 1, 2024, or July 1, 2025;

b. remains enforceable thereafter only if the security interest satisfies the requirements for enforceability under section 554.9203, as amended by 2024 Iowa Acts, ch. 1023, before July 1, 2025; and

c. remains perfected thereafter only if the requirements for perfection under 2024 Iowa Acts, ch. 1023, are satisfied before the time specified in paragraph *"a"*.

2024 Acts, ch 1023, §128
Referred to in §554.15301

554.15303 Security interest unperfected before July 1, 2024.

A security interest that is enforceable immediately before July 1, 2024, but is unperfected at that time:

1. remains an enforceable security interest until July 1, 2025;

2. remains enforceable thereafter if the security interest becomes enforceable under section 554.9203, as amended by 2024 Iowa Acts, ch. 1023, on July 1, 2024, or before July 1, 2025; and

3. becomes perfected:

a. without further action, on July 1, 2024, if the requirements for perfection under 2024 Iowa Acts, ch. 1023, are satisfied before or at that time; or

b. when the requirements for perfection are satisfied if the requirements are satisfied after that time.

2024 Acts, ch 1023, §129
Referred to in §554.15301

554.15304 Effectiveness of actions taken before July 1, 2024.

1. *Pre-effective-date action; attachment and perfection before July 1, 2025.* If action, other than the filing of a financing statement, is taken before July 1, 2024, and this action would have resulted in perfection of the security interest had the security interest become enforceable before July 1, 2024, this action is effective to perfect a security interest that attaches under 2024 Iowa Acts, ch. 1023, before July 1, 2025. An attached security interest becomes unperfected on July 1, 2025, unless the security interest becomes a perfected security interest under 2024 Iowa Acts, ch. 1023, before July 1, 2025.

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2. *Pre-effective-date filing.* The filing of a financing statement before July 1, 2024, is effective to perfect a security interest on July 1, 2024, to the extent the filing would satisfy the requirements for perfection under 2024 Iowa Acts, ch. 1023.

3. *Pre-effective-date enforceability action.* The taking of an action before July 1, 2024, is sufficient for the enforceability of a security interest on July 1, 2024, if this action would satisfy the requirements for enforceability under 2024 Iowa Acts, ch. 1023.

2024 Acts, ch 1023, §130
Referred to in §554.15301

554.15305 Priority.

1. *Determination of priority.* Subject to subsections 2 and 3, 2024 Iowa Acts, ch. 1023, determines the priority of conflicting claims to collateral.

2. *Established priorities.* Subject to subsection 3, if the priorities of claims to collateral were established before July 1, 2024, Article 9, as in effect before July 1, 2024, determines priority.

3. *Determination of certain priorities on July 1, 2025.* On July 1, 2025, to the extent the priorities determined by Article 9, as amended by 2024 Iowa Acts, ch. 1023, modify the priorities established before July 1, 2024, the priorities of claims to Article 14 property and electronic money established before July 1, 2024, cease to apply.

2024 Acts, ch 1023, §131
Referred to in §554.15301

554.15306 Priority of claims when priority rules of Article 9 do not apply.

1. *Determination of priority.* Subject to subsections 2 and 3, Article 14 determines the priority of conflicting claims to Article 14 property when the priority rules of Article 9, as amended by 2024 Iowa Acts, ch. 1023, do not apply.

2. *Established priorities.* Subject to subsection 3, when the priority rules of Article 9, as amended by 2024 Iowa Acts, ch. 1023, do not apply and the priorities of claims to Article 14 property were established before July 1, 2024, law other than Article 14 determines priority.

3. *Determination of certain priorities on July 1, 2025.* When the priority rules of Article 9, as amended by 2024 Iowa Acts, ch. 1023, do not apply, to the extent the priorities determined by 2024 Iowa Acts, ch. 1023, modify the priorities established before July 1, 2024, the priorities of claims to Article 14 property established before July 1, 2024, cease to apply on July 1, 2025.

2024 Acts, ch 1023, §132
Referred to in §554.15301

CHAPTER 554A

LIVESTOCK WARRANTY EXEMPTION

554A.1 Livestock sales — when exempt from implied warranty.

554A.1 Livestock sales — when exempt from implied warranty.

1. Notwithstanding section 554.2316, subsection 2, all implied warranties arising under sections 554.2314 and 554.2315 are excluded from a sale of cattle, hogs, sheep, ostriches, rheas, emus, and horses if the following information is disclosed to the prospective buyer or the buyer's agent in advance of the sale, and if confirmed in writing at or before the time of acceptance of the livestock when confirmation is requested by the buyer or the buyer's agent:

a. That the animals to be sold have been inspected in accordance with existing federal and state animal health regulations and found apparently free from any infectious, contagious, or communicable disease.

b. One of the following, as applicable:

(1) Except when the livestock have been confined with livestock from another source or

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assembled within the meaning of subparagraph 2, the name and address of the present owner, and whether or not that owner has owned all of the livestock for at least thirty days.

(2) If the livestock have been confined with livestock from another source or assembled from two or more sources within the previous thirty days, the livestock shall be represented as being "assembled livestock". As used in this subparagraph, "confined with livestock from another source" means the placement of livestock in a livestock auction market, yard, or other unitary facility in which livestock from another source are confined, but does not include livestock confined at the facility where the sale takes place if such confinement is for less than forty-eight hours prior to the day of sale; provided that livestock which are not sold after being confined with livestock from another source at a facility and offered for sale shall be deemed "assembled livestock" for the thirty-day period following the day when offered for sale.

2. If the livestock are represented as being "assembled livestock", the name and address of the present owner shall be disclosed.

3. In the case of an auction sale, the disclosure required by this section shall be made verbally immediately before the sale by the owner, an agent for the owner, or the person who is conducting the auction of the lot of livestock in question. Warranties shall be implied to the person who is conducting the auction only if the disclosure contains representations which that person knew or had reason to know were untrue.

[C81, §554A.1]
95 Acts, ch 43, §12

CHAPTER 554B

SECURED TRANSACTIONS OF TRANSMITTING UTILITIES

Referred to in §554.1110

554B.1 Definitions.
554B.2 Security interest.
554B.3 Recording mortgage or deed of trust upon real estate.
554B.4 Recording memorandum of mortgage or deed of trust.

554B.1 Definitions.

As used in this chapter *"transmitting utility"* has the same meaning as defined in the Uniform Commercial Code, section 554.9102, subsection 1. Security interests filed pursuant to this chapter prior to January 1, 1975, which have not been terminated, are deemed to be filed in accordance with section 554.9501, subsection 2.

[C66, 71, 73, 75, 77, 79, 81, §555.1]
C93, §554B.1
2000 Acts, ch 1149, §175, 187

554B.2 Security interest.

A security interest in rolling stock of a transmitting utility may be perfected either as provided in the Uniform Commercial Code, chapter 554, or as provided in the ICC Termination Act of 1995, 49 U.S.C. §701, 11301.

[C66, 71, 73, 75, 77, 79, 81, §555.2]
C93, §554B.2
2010 Acts, ch 1061, §74

554B.3 Recording mortgage or deed of trust upon real estate.

Any mortgage or deed of trust upon real estate executed by a transmitting utility may provide that property of the transmitting utility, whether owned at the time of the execution of the instrument or subsequently acquired, shall secure the obligations covered by the instrument. Recording the instrument in the office of the recorder of each county in which

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any portion of the property described in the instrument is situated shall give constructive notice to all persons of the lien of the mortgage or deed of trust from the time of recording or, in the case of subsequently acquired real estate, from the time of acquisition.

[C66, 71, 73, 75, 77, 79, 81, §555.3]

C93, §554B.3

2014 Acts, ch 1002, §1

Referred to in §554B.4

554B.4 Recording memorandum of mortgage or deed of trust.

If a mortgage or deed of trust upon real estate is executed by a transmitting utility and the real estate described in the instrument is situated in more than one county, the recording requirement of section 554B.3 establishing constructive notice is satisfied by either of the following:

1. Recording the mortgage or deed of trust in each county in which any portion of the property is situated.

2. Recording the mortgage or deed of trust in at least one county in which a portion of the real estate is situated, and by recording in every other county in which a portion of the real estate is situated a memorandum of the mortgage or deed of trust containing, at a minimum, the following:

a. The names and addresses of the mortgagor and mortgagee.

b. A legal description of all real property and interests therein subject to the mortgage or deed of trust.

c. The date of maturity of the indebtedness secured by the mortgage or deed of trust and whether the instrument secures future advances.

d. A statement as to whether or not the mortgage or deed of trust applies to subsequently acquired property of the transmitting utility.

e. The county recorder's office where the mortgage or deed of trust is recorded, the recording date, and document identification number.

f. Such other information as deemed appropriate by the transmitting utility.

2014 Acts, ch 1002, §2

CHAPTER 554C

ELECTRONIC COMMERCE SECURITY ACT

Repealed by 2000 Acts, ch 1189, §31; see chapter 554D

CHAPTER 554D

ELECTRONIC TRANSACTIONS — COMPUTER AGREEMENTS

Referred to in §8.83, 22.7(38)(a), 22.7(38)(b), 75.14, 97B.17, 159.34, 321.52, 322.3, 331.506, 459.302, 459A.201, 484C.9, 505B.1, 505B.2, 522C.10, 554.7103, 715C.2

SUBCHAPTER I

UNIFORM ELECTRONIC TRANSACTIONS ACT

554D.101 Short title.

554D.102 Legislative intent. Repealed by 2004 Acts, ch 1067, §10.

554D.103 Definitions.

554D.104 Scope.

554D.105 Prospective application. Repealed by 2004 Acts, ch 1067, §10.

554D.106 Use of electronic records and electronic signatures — variation by agreement.

554D.106A Use of distributed ledger technology. Repealed by 2022 Acts, ch 1116, §8.

554D.107 Construction and application.

554D.108 Legal recognition of electronic records, electronic signatures, and electronic contracts.

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554D.109 Legal recognition of electronic records affecting interests in real property. Repealed by 2004 Acts, ch 1067, §10.
554D.110 Provision of information in writing — presentation of records.
554D.111 Attribution and effect of electronic record and electronic signature.
554D.112 Effect of change or error.
554D.113 Notarization and acknowledgment.
554D.114 Retention of electronic records — originals.
554D.115 Admissibility in evidence.
554D.116 Automated transaction.
554D.117 Time and place of sending and receipt.
554D.118 Transferable records.
554D.119 Creation and retention of electronic records and conversion of written records by governmental agencies.
554D.120 Acceptance and distribution of electronic records by governmental agencies.
554D.121 Interoperability.
554D.122 Fraudulent purpose — penalty. Repealed by 2004 Acts, ch 1067, §10.
554D.123 False or unauthorized request — penalty. Repealed by 2004 Acts, ch 1067, §10.
554D.124 Severability.

SUBCHAPTER II

COMPUTER AGREEMENTS

554D.125 Computer information agreements.

SUBCHAPTER I

UNIFORM ELECTRONIC TRANSACTIONS ACT

554D.101 Short title.
This subchapter may be cited as the *"Uniform Electronic Transactions Act"*.
2000 Acts, ch 1189, §1; 2004 Acts, ch 1067, §1; 2005 Acts, ch 3, §95

554D.102 Legislative intent. Repealed by 2004 Acts, ch 1067, §10.

554D.103 Definitions.
As used in this chapter, unless the context otherwise requires:

1. *"Agreement"* means the bargain of the parties in fact, as found in their language or inferred from other circumstances and from rules, regulations, and procedures given the effect of agreements under laws otherwise applicable to a particular transaction.
2. *"Automated transaction"* means a transaction conducted or performed, in whole or in part, by electronic means or electronic records, in which the acts or records of one or both parties are not reviewed by an individual in the ordinary course of forming a contract, performing under an existing contract, or fulfilling an obligation required by the transaction.
3. *"Computer program"* means a set of statements or instructions to be used directly or indirectly in an information processing system in order to bring about a certain result.
4. *"Contract"* means the total legal obligation resulting from the parties' agreement as affected by this chapter and other applicable law.
5. *"Electronic"* means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.
6. *"Electronic agent"* means a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual.
7. *"Electronic record"* means a record created, generated, sent, communicated, received, or stored by electronic means.
8. *"Electronic signature"* means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.
9. *"Governmental agency"* means an executive, legislative, or judicial agency, department, board, commission, authority, institution, or instrumentality of the federal government or of a state or of a county, municipality, or other political subdivision of a state.

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10. *"Information"* means data, text, images, sounds, codes, computer programs, software, databases, or the like.

11. *"Information processing system"* means an electronic system for creating, generating, sending, receiving, storing, displaying, or processing information.

12. *"Person"* means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental agency, public corporation, or any other legal or commercial entity.

13. *"Record"* means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

14. *"Security procedure"* means a procedure employed for the purpose of verifying that an electronic signature, record, or performance is that of a specific person or for detecting changes or errors in the information in an electronic record. *"Security procedure"* includes a procedure that requires the use of algorithms or other codes, identifying words or numbers, encryption, or callback or other acknowledgment procedures, and includes digital signature technology.

15. *"State"* means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States. *"State"* includes an Indian tribe or band, or Alaskan native village, which is recognized by federal law or formally acknowledged by a state.

16. *"Transaction"* means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

2000 Acts, ch 1189, §3; 2004 Acts, ch 1067, §2, 3; 2021 Acts, ch 116, §1, 2, 5; 2022 Acts, ch 1116, §1, 2

Referred to in §4.1, 524.607A, 554E.1, 554G.1, 633A.5107

554D.104 Scope.

1. Except as provided in subsection 2, this chapter applies to electronic records and electronic signatures relating to a transaction.

2. This chapter does not apply to a transaction to the extent it is governed by any of the following:

a. A law governing the creation or execution of wills, codicils, or testamentary trusts.

b. Chapter 554 other than chapter 554, articles 2 and 13, and section 554.1306.

3. A transaction subject to this chapter is also subject to other applicable substantive law.

2000 Acts, ch 1189, §4; 2000 Acts, ch 1232, §29; 2004 Acts, ch 1067, §4, 11; 2007 Acts, ch 41, §42; 2013 Acts, ch 30, §158

554D.105 Prospective application. Repealed by 2004 Acts, ch 1067, §10.

554D.106 Use of electronic records and electronic signatures — variation by agreement.

1. This chapter does not require a record or signature to be created, generated, sent, communicated, received, stored, or otherwise processed or used by electronic means or in electronic form.

2. This chapter applies only to transactions between parties each of which has agreed to conduct transactions by electronic means. Whether the parties agree to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the parties' conduct.

3. A party who agrees to conduct a transaction by electronic means may refuse to conduct other transactions by electronic means. The right granted by this subsection may not be waived by agreement.

4. Except as otherwise provided in this chapter, the effect of any of its provisions may be varied by agreement. The presence in certain provisions of this chapter of the words "unless otherwise agreed", or words of similar import, does not imply that the effect of other provisions may not be varied by agreement.

5. Whether an electronic record or electronic signature has legal consequences is determined by this chapter and other applicable law.

2000 Acts, ch 1189, §6

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554D.106A Use of distributed ledger technology. Repealed by 2022 Acts, ch 1116, §8. See chapter 554E.

554D.107 Construction and application.

This chapter shall be construed and applied as follows:

1. To facilitate electronic transactions consistent with other applicable law.
2. To be consistent with reasonable practices concerning electronic transactions and with the continued expansion of those practices.
3. To effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting the uniform law.

2000 Acts, ch 1189, §7

554D.108 Legal recognition of electronic records, electronic signatures, and electronic contracts.

1. A record or signature shall not be denied legal effect or enforceability solely because it is in electronic form.
2. A contract shall not be denied legal effect or enforceability solely because an electronic record was used in its formation.
3. If a law requires a record to be in writing, an electronic record satisfies the law.
4. If a law requires a signature, an electronic signature satisfies the law.

2000 Acts, ch 1189, §8; 2021 Acts, ch 116, §4, 5; 2022 Acts, ch 1116, §3
Referred to in §322.3

554D.109 Legal recognition of electronic records affecting interests in real property. Repealed by 2004 Acts, ch 1067, §10.

554D.110 Provision of information in writing — presentation of records.

1. If parties have agreed to conduct a transaction by electronic means and a law requires a person to provide, send, or deliver information in writing to another person, the requirement is satisfied if the information is provided, sent, or delivered in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.
2. If a law other than this chapter requires a record to be posted or displayed in a certain manner; to be sent, communicated, or transmitted by a specified method; or to contain information that is formatted in a certain manner, all of the following apply:

a. The record must be posted or displayed in the manner specified in the other law.

b. Except as otherwise provided in subsection 4, paragraph *"b"*, the record must be sent, communicated, or transmitted by the method specified in the other law.

c. The record must contain the information formatted in the manner specified in the other law.

3. If a sender inhibits the ability of a recipient to store or print an electronic record, the electronic record is not enforceable against the recipient.
4. The requirements of this section shall not be varied by agreement, except as follows:

a. To the extent a law other than this chapter requires information to be provided, sent, or delivered in writing but permits that requirement to be varied by agreement, the requirement under subsection 1 that the information be in the form of an electronic record capable of retention may also be varied by agreement.

b. A requirement under a law other than this chapter to send, communicate, or transmit a record by first-class mail postage prepaid may be varied by agreement to the extent permitted by the other law.

2000 Acts, ch 1189, §10; 2004 Acts, ch 1067, §5

554D.111 Attribution and effect of electronic record and electronic signature.

1. An electronic record or electronic signature is attributable to a person if it was the act of the person. The act of the person may be shown in any manner, including a showing of the

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efficacy of any security procedure applied to determine the person to which the electronic record or electronic signature was attributable.

2. The effect of an electronic record or electronic signature attributed to a person under subsection 1 is determined from the context and surrounding circumstances at the time of its creation, execution, or adoption, including the parties' agreement, if any, and otherwise as provided by law.

2000 Acts, ch 1189, §11; 2004 Acts, ch 1067, §6

554D.112 Effect of change or error.

If a change or error in an electronic record occurs in a transmission between parties to a transaction, the following rules apply:

1. If the parties have agreed to use a security procedure to detect changes or errors and one party has conformed to the procedure, but the other party has not, and the nonconforming party would have detected the change or error had that party also conformed, the conforming party may avoid the effect of the changed or erroneous electronic record.

2. In an automated transaction involving an individual, the individual may avoid the effect of an electronic record that resulted from an error made by the individual in dealing with the electronic agent of another person if the electronic agent did not provide an opportunity for the prevention or correction of the error and, at the time the individual learns of the error, all of the following apply:

a. The individual promptly notifies the other person of the error and that the individual does not intend to be bound by the electronic record received by the other person.

b. The individual takes reasonable steps, including steps that conform to the other person's reasonable instructions, to return to the other person or, if instructed by the other person, to destroy the consideration received, if any, as a result of the erroneous electronic record.

c. The individual has not used or received any benefit or value from the consideration, if any, received from the other person.

3. If subsection 1 or 2 does not apply, the change or error has the effect provided by other law, including the law of mistake, and the parties' contract, if any.

4. In a consumer transaction, any substantive law limiting a consumer's liability shall apply to an electronic transaction.

5. Subsections 2, 3, and 4 shall not be varied by agreement of the parties.

2000 Acts, ch 1189, §12

554D.113 Notarization and acknowledgment.

If a law requires a signature or record to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied if the electronic signature of the person authorized to perform those acts, together with all other information required to be included by other applicable law, is attached to or logically associated with the signature or record.

2000 Acts, ch 1189, §13

Referred to in §331.506, 331.554

554D.114 Retention of electronic records — originals.

1. If a law requires that a record be retained, the requirement is satisfied by retaining an electronic record of the information in the record which does both of the following:

a. Accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise.

b. Remains accessible for later reference.

2. A requirement to retain a record in accordance with subsection 1 does not apply to any information the sole purpose of which is to enable the record to be sent, communicated, or received.

3. A person may satisfy subsection 1 by using the services of another person if the requirements of that subsection are satisfied.

4. If a law requires a record to be presented or retained in its original form, or provides

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consequences if the record is not presented or retained in its original form, that law is satisfied by an electronic record retained in accordance with subsection 1.

5. If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection 1.

6. A record retained as an electronic record in accordance with subsection 1 satisfies a law requiring a person to retain a record for evidentiary, audit, or like purposes, unless a law enacted after July 1, 2000, specifically prohibits the use of an electronic record for the specified purpose.

7. This section does not preclude a governmental agency of this state from specifying additional requirements for the retention of a record subject to the agency's jurisdiction.

2000 Acts, ch 1189, §14; 2004 Acts, ch 1067, §7
Referred to in §554D.120

554D.115 Admissibility in evidence.

In a proceeding, evidence of a record or signature shall not be excluded solely because it is in electronic form.

2000 Acts, ch 1189, §15

554D.116 Automated transaction.

In an automated transaction, the following rules apply:

1. A contract may be formed by the interaction of electronic agents of the parties, even if no individual was aware of or reviewed the electronic agents' actions or the resulting terms and agreements.

2. A contract may be formed by the interaction of an electronic agent and an individual, acting on the individual's own behalf or for another person, including by an interaction in which the individual performs actions that the individual is free to refuse to perform and which the individual knows or has reason to know will cause the electronic agent to complete the transaction or performance.

3. The terms of the contract are determined by the substantive law applicable to it.

2000 Acts, ch 1189, §16

554D.117 Time and place of sending and receipt.

1. Unless otherwise agreed between the sender and the recipient, an electronic record is sent when all of the following occur:

a. The electronic record is addressed properly or otherwise directed properly to an information processing system that the recipient has designated or uses for the purpose of receiving electronic records or information of the type sent and from which the recipient is able to retrieve the electronic record.

b. The electronic record is in a form capable of being processed by that information processing system.

c. The electronic record enters an information processing system outside the control of the sender or of a person who sent the electronic record on behalf of the sender or enters a region of the information processing system designated or used by the recipient which is under the control of the recipient.

2. Unless otherwise agreed between a sender and the recipient, an electronic record is received when both of the following occur:

a. The electronic record enters an information processing system that the recipient has designated or uses for the purpose of receiving electronic records or information of the type sent and from which the recipient is able to retrieve the electronic record.

b. The electronic record is in a form capable of being processed by that information processing system.

3. Subsection 2 applies even if the place the information processing system is located is different from the place the electronic record is deemed to be received under subsection 4.

4. Unless otherwise expressly provided in the electronic record or agreed between the sender and the recipient, an electronic record is deemed to be sent from the sender's place

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of business and to be received at the recipient's place of business. For purposes of this subsection, both of the following apply:

a. If the sender or recipient has more than one place of business, the place of business of such person is the place having the closest relationship to the underlying transaction.

b. If the sender or the recipient does not have a place of business, the place of business is the sender's or recipient's residence, as the case may be.

5. An electronic record is received under subsection 2 even if no individual is aware of its receipt.

6. Receipt of an electronic acknowledgment from an information processing system described in subsection 2 establishes that a record was received but, by itself, does not establish that the content sent corresponds to the content received.

7. If a person is aware that an electronic record purportedly sent under subsection 1, or purportedly received under subsection 2, was not actually sent or received, the legal effect of the sending or receipt is determined by other applicable law. Except to the extent permitted or required by the other law, the requirements of this subsection shall not be varied by agreement.

2000 Acts, ch 1189, §17
Referred to in §505B.1

554D.118 Transferable records.

1. For purposes of this section, *"transferable record"* means an electronic record that satisfies both of the following:

a. The electronic record would be a note under chapter 554, article 3, or a document under chapter 554, article 7, if the electronic record were in writing.

b. The issuer of the electronic record expressly has agreed such electronic record is a transferable record.

2. A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes that person as the person to which the transferable record was issued or transferred.

3. A system satisfies subsection 2, and a person is deemed to have control of a transferable record, if the transferable record is created, stored, and assigned in such a manner that satisfies all of the following:

a. A single authoritative copy of the transferable record exists which is unique, identifiable, and, except as otherwise provided in paragraphs *"d"*, *"e"*, and *"f"*, unalterable.

b. The authoritative copy identifies the person asserting control as one of the following:

(1) The person to which the transferable record was issued.

(2) If the authoritative copy indicates that the transferable record has been transferred, the person to which the transferable record was most recently transferred.

c. The authoritative copy is communicated to and maintained by the person asserting control or such person's designated custodian.

d. Copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control.

e. Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy.

f. A revision of the authoritative copy is readily identifiable as authorized or unauthorized.

4. Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in section 554.1201, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under chapter 554, including, if the applicable statutory requirements under section 554.3302, subsection 1, section 554.7501, or section 554.9330 are satisfied, the rights and defenses of a holder in due course, a holder to which a negotiable document of title has been duly negotiated, or a purchaser, respectively. Delivery, possession, and endorsement are not required to obtain or exercise any of the rights under this subsection.

5. Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under chapter 554.

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6. If requested by a person against which enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that the person is in control of the transferable record. Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

2000 Acts, ch 1189, §18; 2003 Acts, ch 44, §97
Referred to in §554.14102

554D.119 Creation and retention of electronic records and conversion of written records by governmental agencies.

A governmental agency of this state shall determine whether, and the extent to which, the governmental agency will create and retain electronic records and convert written records to electronic records.

2000 Acts, ch 1189, §19

554D.120 Acceptance and distribution of electronic records by governmental agencies.

1. Except as otherwise provided in section 554D.114, subsection 6, a governmental agency of this state other than a state executive branch agency, department, board, commission, authority, or institution, shall determine whether, and the extent to which, the governmental agency will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures.

2. Except as otherwise provided in section 554D.114, subsection 6, on or before July 1, 2003, a state executive branch agency, department, board, commission, authority, or institution, in consultation and cooperation with the department of administrative services, shall send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and signatures. The department of management, upon the written request of a state executive branch agency, department, board, commission, authority, or institution and for good cause shown, may grant a waiver from the July 1, 2003, deadline established in this section to the state executive branch agency, department, board, commission, authority, or institution.

3. To the extent that a governmental agency of this state uses electronic records and electronic signatures under subsection 1 or 2, the office of the secretary of state and the department of administrative services, jointly, and in consultation with the office of the attorney general, giving due consideration to security, may specify by rule all of the following:

a. The manner and format in which the electronic records must be created, generated, sent, communicated, received, and stored and the information processing systems established for those purposes.

b. If electronic records must be signed by electronic means, the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record, and the identity of, or criteria that must be met by, any third party used by a person filing a document to facilitate the process.

c. Control processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality, and auditability of electronic records.

d. Any other required attributes for electronic records which are specified for corresponding nonelectronic records or reasonably necessary under the circumstances.

4. Except as otherwise provided in subsection 2 and in section 554D.114, subsection 6, this chapter does not require a governmental agency of this state to use or permit the use of electronic records or electronic signatures.

5. Notwithstanding this section, an institution governed under chapter 262 shall conform

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with national standards with respect to electronic records and electronic signatures, as such standards are developed.

2000 Acts, ch 1189, §20; 2002 Acts, ch 1119, §187, 188; 2003 Acts, ch 44, §98; 2003 Acts, ch 145, §286

Referred to in §10A.802, 554D.121, 602.1614
Electronic records policy for judicial branch, see §602.1614

554D.121 Interoperability.

The standards adopted pursuant to section 554D.120 should encourage and promote consistency and interoperability with similar requirements adopted by another governmental agency and nongovernmental persons interacting with governmental agencies of this state. If appropriate, such standards may specify differing levels of standards from which a governmental agency of this state may choose in implementing the most appropriate standard for a particular application.

2000 Acts, ch 1189, §21

554D.122 Fraudulent purpose — penalty. Repealed by 2004 Acts, ch 1067, §10.

554D.123 False or unauthorized request — penalty. Repealed by 2004 Acts, ch 1067, §10.

554D.124 Severability.

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provisions or application and, to this end, the provisions of this chapter are severable.

2004 Acts, ch 1067, §9

SUBCHAPTER II

COMPUTER AGREEMENTS

554D.125 Computer information agreements.

A choice of law provision in a computer information agreement which provides that the contract is to be interpreted pursuant to the laws of a state that has enacted the uniform computer information transactions Act, as proposed by the national conference of commissioners on uniform state laws, or any substantially similar law, is voidable and the agreement shall be interpreted pursuant to the laws of this state if the party against whom enforcement of the choice of law provision is sought is a resident of this state or has its principal place of business located in this state. For purposes of this section, a *"computer information agreement"* means an agreement that would be governed by the uniform computer information transactions Act or substantially similar law as enacted in the state specified in the choice of laws provision if that state's law were applied to the agreement.

2004 Acts, ch 1067, §11

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CHAPTER 554E

DIGITAL LEDGER TECHNOLOGY — SMART CONTRACTS — ELECTRONIC RECORDS

554E.1 Definitions.
554E.2 Classification of digital assets.
554E.3 Legal effect of distributed ledger technology and smart contract.
554E.4 Conveyance of real estate interest evidenced by electronic record.

554E.1 Definitions.

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

1. *"Contract"* means the same as defined in section 554D.103.

2. *"Digital asset"* means any electronic record that represents, evidences, or comprises economic value or economic, proprietary, or access rights, is maintained or stored in or as an electronic ledger or other record of transactions, or is used as a medium of exchange, unit of account, method of payment, or store of value.

3. *"Distributed ledger technology"* means an electronic record that is a ledger or other record of transactions or other data to which all of the following apply:

a. The electronic record is uniformly ordered.

b. The electronic record is redundantly maintained or processed by or distributed over more than one computer or machine to ensure the consistency, immutability, decentralization, or nonrepudiation of the ledger or other record of transactions or other data.

4. *"Electronic"* means the same as defined in section 554D.103.

5. *"Electronic record"* means the same as defined in section 554D.103.

6. *"Electronic services system"* means the county land record information system, or electronic services system, created under the agreement entered into under chapter 28E between the counties and the Iowa county recorders association as required by 2005 Iowa Acts, ch. 179, §101, as amended by 2021 Iowa Acts, ch. 126, §2.

7. *"Record"* means the same as defined in section 554D.103.

8. *a.* *"Smart contract"* means an electronic record that is an event-driven program or computerized transaction protocol that runs on a distributed, decentralized, shared, and replicated ledger that executes the terms of a contract.

b. For purposes of this subsection, *"executes the terms of a contract"* may include taking, obtaining, exercising, or transferring control or custody of assets or other property.

9. *"Transaction"* means a sale, trade, exchange, transfer, payment, or conversion of a digital asset or any other property or any other action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

2022 Acts, ch 1116, §4; 2024 Acts, ch 1023, §134
Referred to in §554G.1

554E.2 Classification of digital assets.

Digital assets are personal property.

2022 Acts, ch 1116, §5; 2024 Acts, ch 1023, §135

554E.3 Legal effect of distributed ledger technology and smart contract.

1. A record, signature, or contract shall not be denied legal effect or enforceability solely because it is created, generated, sent, signed, adopted, communicated, received, recorded, or stored by means of distributed ledger technology or a smart contract.

2. A contract shall not be denied legal effect or enforceability solely because of any of the following:

a. The contract contains a smart contract term.

b. An electronic record, distributed ledger technology, or a smart contract was used in the formation of the contract.

3. Notwithstanding any other law to the contrary, a person using distributed ledger technology in the course of engaging in or affecting intrastate commerce, interstate commerce, or foreign commerce to secure information that the person owns or has the right to use retains the same rights of ownership or use with respect to such information as before the person secured the information using distributed ledger technology. This subsection does not apply to the use of distributed ledger technology to secure information in connection with a transaction to the extent that the terms of the transaction expressly provide for the transfer of rights of ownership or use with respect to such information.

2022 Acts, ch 1116, §6

554E.4 Conveyance of real estate interest evidenced by electronic record.

Any transaction subject to this chapter that is intended to be evidenced by an instrument affecting real estate as defined in section 558.1 and is intended to provide constructive notice pursuant to section 558.11, or by any instrument that is otherwise required by law to be

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recorded by the office of the county recorder, shall be evidenced by a document that complies with the provisions of chapter 558, in a format suitable for recording and conforming with the document standards as established by the electronic services system.

2022 Acts, ch 1116, §7

CHAPTER 554F

ONLINE MARKETPLACE TRANSACTIONS

554F.1	Definitions.	554F.6	Disclosure requirements.
554F.2	Collection of information.	554F.7	Exceptions.
554F.3	Information updates.	554F.8	Enforcement — penalties.
554F.4	Suspension.	554F.9	Severability.
554F.5	Data collection.		

554F.1 Definitions.

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

1. *"Consumer product"* means goods that are used or bought for use primarily for personal, family, or household purposes.

2. *"High-volume third-party seller"* means a participant on an online marketplace platform who is a third-party seller and who, in any continuous twelve-month period during the previous twenty-four months, has entered into two hundred or more discrete sales or transactions of new or unused consumer products made through the online marketplace and for which payment was processed by the online marketplace, either directly or through its payment processor, and an aggregate total of five thousand dollars or more in gross revenues.

3. *"Online marketplace"* means a person or entity that operates a consumer-directed electronically based or accessed platform as follows:

a. The platform includes features that allow for, facilitate, or enable third-party sellers to engage in the sale, purchase, payment, storage, shipping, or delivery of a consumer product in the state.

b. The platform is used by one or more third-party sellers for the purposes specified in paragraph *"a"*.

c. The platform has a contractual or similar relationship with consumers governing their use of the platform to purchase consumer products.

4. *"Seller"* means a person who sells, offers to sell, or contracts to sell a consumer product through an online marketplace platform in the state.

5. *"Third-party seller"* means a seller, independent of an online marketplace, who sells, offers to sell, or contracts to sell a consumer product in the state through an online marketplace platform. The term *"third-party seller"* does not include, with respect to an online marketplace, the following:

a. A seller who operates an online marketplace platform.

b. A business entity that has made available to the general public the entity's name, business address, and working contact information; that has an ongoing contractual relationship with the online marketplace to provide the online marketplace with the manufacture, distribution, wholesaling, or fulfillment of shipments of consumer products; and that has provided to the online marketplace identifying information, as described in section 554F.2, that has been verified in accordance with that section.

6. *"Verify"* means to confirm information provided to an online marketplace pursuant to this chapter, which may include the use of one or more methods that enable the online marketplace to reliably determine that any information and documents provided are valid, corresponding to the seller or an individual acting on the seller's behalf, not misappropriated, and not falsified.

2022 Acts, ch 1114, §1, 10

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554F.2 Collection of information.

1. An online marketplace shall require any high-volume third-party seller on an online marketplace platform to provide, not later than ten days after qualifying as a high-volume third-party seller on the platform, the following:

a. A bank account number, or, if such seller does not have a bank account, the name of the payee for payments issued by the online marketplace to such seller.

b. The seller's contact information.

c. A business tax identification number, or, if such seller does not have a business tax identification number, a taxpayer identification number. Any information contained in such document shall be presumed to be verified as of the date of issuance of such document.

d. A current working email address and phone number for such seller.

2. The bank account or payee information required under this section may be provided by the seller as follows:

a. To the online marketplace.

b. To a payment processor or other third party contracted by the online marketplace to maintain such information, provided that the online marketplace ensures that it can obtain such information on demand from such payment processor or other third party.

3. Acceptable forms of seller contact information include the following:

a. With respect to a high-volume third-party seller that is an individual, the individual's name.

b. With respect to a high-volume third-party seller that is not an individual, one of the following forms of contact information:

(1) A copy of a valid government-issued identification for an individual acting on behalf of such seller that includes the individual's name.

(2) A copy of a valid government-issued record or tax document that includes the business name and physical address of such seller. Any information contained in such document shall be presumed to be verified as of the date of issuance of such document.

4. An online marketplace shall verify the information collected under this section not later than ten days after collection.

2022 Acts, ch 1114, §2, 10
Referred to in §554F.1

554F.3 Information updates.

1. An online marketplace shall do the following:

a. Periodically, but not less than annually, notify a high-volume third-party seller on an online marketplace platform of the requirement to keep any information collected under this chapter current.

b. Require a high-volume third-party seller on an online marketplace platform to, not later than ten days after receiving the notice under this section, electronically certify that the following:

(1) That the seller has provided any changes to such information to the online marketplace, if any such changes have occurred.

(2) That there have been no changes to such seller's information.

(3) That the seller has provided any changes to such information to the online marketplace.

2. An online marketplace shall verify any change to such information not later than ten days after being notified of the change by a high-volume third-party seller under this section.

2022 Acts, ch 1114, §3, 10

554F.4 Suspension.

In the event that a high-volume third-party seller does not provide the information or certification required under this chapter, the online marketplace shall, after providing the seller with written or electronic notice and an opportunity to provide such information or certification not later than ten days after the issuance of such notice, suspend any future sales activity of the seller until the seller provides such information or certification.

2022 Acts, ch 1114, §4, 10

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554F.5 Data collection.

1. Data collected solely to comply with the requirements of this section may not be used for any other purpose unless required by law.

2. An online marketplace shall implement and maintain reasonable security procedures and practices, including administrative, physical, and technical safeguards, appropriate to the nature of the data and the purposes for which the data will be used, to protect the data collected to comply with the requirements of this section from unauthorized use, disclosure, access, destruction, or modification.

2022 Acts, ch 1114, §5, 10

554F.6 Disclosure requirements.

1. An online marketplace shall do the following:

a. Require a high-volume third-party seller with an aggregate total of twenty thousand dollars or more in annual gross revenues on an online marketplace, and that uses an online marketplace platform, to provide the information as specified in subsection 2 to the online marketplace.

b. Disclose the information described in this section to consumers in a clear and conspicuous manner in the order confirmation message or other document or communication made to the consumer after the purchase is finalized and in the consumer's account transaction history.

2. A high-volume third-party seller subject to this section shall disclose the following:

a. The full name of the seller, which may include the seller's name or seller's company name, or the name by which the seller or company operates on the online marketplace.

b. The physical address of the seller.

c. Contact information for the seller, to allow for the direct, unhindered communication with high-volume third-party sellers by users of the online marketplace, including a current working phone number, a current working email address, or other means of direct electronic messaging which may be provided to the seller by the online marketplace.

d. When a high-volume third-party seller uses a different seller to supply the consumer product to the consumer upon purchase, and upon the request of an authenticated purchaser, the information described in this section relating to any such seller that supplied the consumer product to the purchaser, if the seller is different than the high-volume third-party seller listed on the product listing prior to purchase.

3. An online marketplace shall disclose to consumers in a clear and conspicuous manner on the product listing of the high-volume third-party seller a reporting mechanism that allows for electronic and telephonic reporting of suspicious marketplace activity to the online marketplace.

4. If a high-volume third-party seller does not comply with the requirements to provide and disclose information under this section, the online marketplace shall, after providing the seller with written or electronic notice and an opportunity to provide or disclose such information not later than ten days after the issuance of such notice, suspend any future sales activity of the seller until the seller complies with the requirements.

2022 Acts, ch 1114, §6, 10

Referred to in §554F.7

554F.7 Exceptions.

1. Subject to section 554F.6, upon the request of a high-volume third-party seller, an online marketplace may provide for partial disclosure of the identity information required under section 554F.6 as follows:

a. If the seller certifies to the online marketplace that the seller does not have a business address and only has a residential street address, or has a combined business and residential address, the online marketplace may disclose only the country and, if applicable, the state in which such seller resides; and inform consumers that there is no business address available for the seller and that consumer inquiries should be submitted to the seller by phone, email, or other means of electronic messaging provided to such seller by the online marketplace.

b. If the seller certifies to the online marketplace that the seller is a business that has

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a physical address for product returns, the online marketplace may disclose the seller's physical address for product returns.

c. If the seller certifies to the online marketplace that the seller does not have a phone number other than a personal phone number, the online marketplace shall inform consumers that there is no phone number available for the seller and that consumer inquiries should be submitted to the seller's email address or other means of electronic messaging provided to such seller by the online marketplace.

2. If an online marketplace becomes aware that a high-volume third-party seller has made a false representation to the online marketplace in order to justify the provision of a partial disclosure under section 554F.6 or that a high-volume third-party seller who has requested and received a provision for a partial disclosure under section 554F.6 has not provided responsive answers within a reasonable time frame to consumer inquiries submitted to the seller by phone, email, or other means of electronic messaging provided to such seller by the online marketplace, the online marketplace shall, after providing the seller with written or electronic notice and the opportunity to respond not later than ten days after the issuance of such notice, suspend any future sales activity of such seller unless such seller consents to the disclosure of the identity information required under section 554F.6.

2022 Acts, ch 1114, §7, 10

554F.8 Enforcement — penalties.

1. If the attorney general has reasonable belief that an online marketplace is in violation of this chapter, the attorney general has the sole authority to bring civil action to provide for all of the following:

a. Enjoin further violations by the online marketplace.

b. Enforce compliance with this chapter.

c. Assess civil penalties in an amount not more than one hundred thousand dollars.

d. Obtain other remedies permitted under law.

e. Obtain damages, restitution, or other compensation on behalf of residents of the state.

2. This chapter shall not be construed to prevent the state from exercising the power to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary and other evidence.

3. The attorney general may adopt rules as necessary to implement this chapter.

2022 Acts, ch 1114, §8, 10

554F.9 Severability.

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, the validity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provisions or application and, to this end, the provisions of this chapter are severable.

2022 Acts, ch 1114, §9, 10

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CHAPTER 554G

TORT LIABILITY — CYBERSECURITY PROGRAMS

Referred to in §8.93

554G.1 Definitions.
554G.2 Affirmative defenses.
554G.3 Cybersecurity program framework.
554G.4 Causes of action.

554G.1 Definitions.

As used in this chapter:

1. *"Business"* means any limited liability company, limited liability partnership, corporation, sole proprietorship, association, or other group, however organized and

whether operating for profit or not for profit, including a financial institution organized, chartered, or holding a license authorizing operation under the laws of this state, any other state, the United States, or any other country, or the parent or subsidiary of any of the foregoing, including an entity organized under chapter 28E. *"Business"* does not include a municipality as defined in section 670.1.

2. *"Contract"* means the same as defined in section 554D.103.

3. *"Covered entity"* means a business that accesses, receives, stores, maintains, communicates, or processes personal information or restricted information in or through one or more systems, networks, or services located in or outside this state.

4. *"Data breach"* means an intentional or unintentional action that could result in electronic records owned, licensed to, or otherwise protected by a covered entity being viewed, copied, modified, transmitted, or destroyed in a manner that is reasonably believed to have or may cause material risk of identity theft, fraud, or other injury or damage to person or property. *"Data breach"* does not include any of the following:

a. Good-faith acquisition of personal information or restricted information by the covered entity's employee or agent for the purposes of the covered entity, provided that the personal information or restricted information is not used for an unlawful purpose or subject to further unauthorized disclosure.

b. Acquisition or disclosure of personal information or restricted information pursuant to a search warrant, subpoena, or other court order, or pursuant to a subpoena, order, or duty of a regulatory state agency.

5. *"Distributed ledger technology"* means the same as defined in section 554E.1.

6. *"Electronic record"* means the same as defined in section 554D.103.

7. *"Encrypted"* means the use of an algorithmic process to transform data into a form for which there is a low probability of assigning meaning without use of a confidential process or key.

8. *"Individual"* means a natural person.

9. *"Maximum probable loss"* means the greatest damage expectation that could reasonably occur from a data breach. For purposes of this subsection, "*damage expectation*" means the total value of possible damage multiplied by the probability that damage would occur.

10. *a.* *"Personal information"* means any information relating to an individual who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, social security number, driver's license number or state identification card number, passport number, account number or credit or debit card number, location data, biometric data, an online identifier, or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of that individual.

b. *"Personal information"* does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records or any of the following media that are widely distributed:

(1) Any news, editorial, or advertising statement published in any bona fide newspaper, journal, or magazine, or broadcast over radio, television, or the internet.

(2) Any gathering or furnishing of information or news by any bona fide reporter, correspondent, or news bureau to news media identified in this paragraph.

(3) Any publication designed for and distributed to members of any bona fide association or charitable or fraternal nonprofit business.

(4) Any type of media similar in nature to any item, entity, or activity identified in this paragraph.

11. *"Record"* means the same as defined in section 554D.103.

12. *"Redacted"* means altered, truncated, or anonymized so that, when applied to personal information, the data can no longer be attributed to a specific individual without the use of additional information.

13. *"Restricted information"* means any information about an individual, other than personal information, or business that, alone or in combination with other information, including personal information, can be used to distinguish or trace the identity of the individual or business, or that is linked or linkable to an individual or business, if the

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information is not encrypted, redacted, tokenized, or altered by any method or technology in such a manner that the information is anonymized, and the breach of which is likely to result in a material risk of identity theft or other fraud to person or property.

14. *"Smart contract"* means the same as defined in section 554E.1.

15. *"Transaction"* means a sale, trade, exchange, transfer, payment, or conversion of virtual currency or other digital asset or any other property or any other action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

2023 Acts, ch 63, §1
Referred to in §8.93

554G.2 Affirmative defenses.

1. A covered entity seeking an affirmative defense under this chapter shall create, maintain, and comply with a written cybersecurity program that contains administrative, technical, operational, and physical safeguards for the protection of both personal information and restricted information.

2. A covered entity's cybersecurity program shall be designed to do all of the following:

a. Continually evaluate and mitigate any reasonably anticipated internal or external threats or hazards that could lead to a data breach.

b. Periodically evaluate no less than annually the maximum probable loss attainable from a data breach.

c. Communicate to any affected parties the extent of any risk posed and any actions the affected parties could take to reduce any damages if a data breach is known to have occurred.

3. The scale and scope of a covered entity's cybersecurity program is appropriate if the cost to operate the cybersecurity program is no less than the covered entity's most recently calculated maximum probable loss value.

4. *a.* A covered entity that satisfies all requirements of this section is entitled to an affirmative defense to any cause of action sounding in tort that is brought under the laws of this state or in the courts of this state and that alleges that the failure to implement reasonable information security controls resulted in a data breach concerning personal information or restricted information.

b. A covered entity satisfies all requirements of this section if its cybersecurity program reasonably conforms to an industry-recognized cybersecurity framework, as described in section 554G.3.

2023 Acts, ch 63, §2
Referred to in §554G.3

554G.3 Cybersecurity program framework.

1. A covered entity's cybersecurity program, as described in section 554G.2, reasonably conforms to an industry-recognized cybersecurity framework for purposes of section 554G.2 if any of the following are true:

a. (1) The cybersecurity program reasonably conforms to the current version of any of the following or any combination of the following, subject to subparagraph (2) and subsection 2:

(a) The framework for improving critical infrastructure cybersecurity developed by the national institute of standards and technology.

(b) National institute of standards and technology special publication 800-171.

(c) National institute of standards and technology special publications 800-53 and 800-53a.

(d) The federal risk and authorization management program security assessment framework.

(e) The center for internet security critical security controls for effective cyber defense.

(f) The international organization for standardization/international electrotechnical commission 27000 family — information security management systems.

(2) When a final revision to a framework listed in subparagraph (1) is published, a covered entity whose cybersecurity program reasonably conforms to that framework shall reasonably conform the elements of its cybersecurity program to the revised framework within the time

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frame provided in the relevant framework upon which the covered entity intends to rely to support its affirmative defense, but in no event later than one year after the publication date stated in the revision.

b. (1) The covered entity is regulated by the state, by the federal government, or both, or is otherwise subject to the requirements of any of the laws or regulations listed below, and the cybersecurity program reasonably conforms to the entirety of the current version of any of the following, subject to subparagraph (2):

(a) The security requirements of the federal Health Insurance Portability and Accountability Act of 1996, as set forth in 45 C.F.R. pt. 164, subpt. C.

(b) Title V of the federal Gramm-Leach-Bliley Act of 1999, Pub. L. No. 106-102, as amended.

(c) The federal Information Security Modernization Act of 2014, Pub. L. No. 113-283.

(d) The federal Health Information Technology for Economic and Clinical Health Act as set forth in 45 C.F.R. pt. 162.

(e) Chapter 507F.

(f) Any applicable rules, regulations, or guidelines for critical infrastructure protection adopted by the federal environmental protection agency, the federal cybersecurity and infrastructure security agency, or the north American reliability corporation.

(2) When a framework listed in subparagraph (1) is amended, a covered entity whose cybersecurity program reasonably conforms to that framework shall reasonably conform the elements of its cybersecurity program to the amended framework within the time frame provided in the relevant framework upon which the covered entity intends to rely to support its affirmative defense, but in no event later than one year after the effective date of the amended framework.

c. (1) The cybersecurity program reasonably complies with both the current version of the payment card industry data security standard and conforms to the current version of another applicable industry-recognized cybersecurity framework listed in paragraph "*a*", subject to subparagraph (2) and subsection 2.

(2) When a final revision to the payment card industry data security standard is published, a covered entity whose cybersecurity program reasonably complies with that standard shall reasonably comply the elements of its cybersecurity program with the revised standard within the time frame provided in the relevant framework upon which the covered entity intends to rely to support its affirmative defense, but not later than the effective date for compliance.

2. If a covered entity's cybersecurity program reasonably conforms to a combination of industry-recognized cybersecurity frameworks, or complies with a standard, as in the case of the payment card industry data security standard, as described in subsection 1, paragraph "*a*" or "*c*", and two or more of those frameworks are revised, the covered entity whose cybersecurity program reasonably conforms to or complies with, as applicable, those frameworks shall reasonably conform the elements of its cybersecurity program to or comply with, as applicable, all of the revised frameworks within the time frames provided in the relevant frameworks but in no event later than one year after the latest publication date stated in the revisions.

2023 Acts, ch 63, §3
Referred to in §554G.2

554G.4 Causes of action.

This chapter shall not be construed to provide a private right of action, including a class action, with respect to any act or practice regulated under this chapter.

2023 Acts, ch 63, §4

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CHAPTER 554H

FIREARMS AND AMMUNITION TRANSACTIONS — RETAILERS, RECORDS, AND REGISTRIES

554H.1 Definitions.
554H.2 Merchant category codes.
554H.3 Firearm registry or record.
554H.4 Enforcement — penalties.

554H.1 Definitions.

1. *"Ammunition"* means the same as defined in 18 U.S.C. §921.

2. *"Covered entity"* means an entity, or agent of an entity, that establishes a relationship with a retailer for the purpose of processing credit, debit, or prepaid transactions.

3. *"Firearm"* means the same as defined in 18 U.S.C. §921, and includes a shotgun, rifle, and antique firearm, as those terms are defined in 18 U.S.C. §921.

4. *"Firearms retailer"* means an individual or entity that is all of the following:

a. Physically located in the state.

b. Engaged in the lawful business of selling or trading firearms or ammunition.

5. *"Merchant category code"* means the code, approved by the international organization for standardization specifically for firearms retailers, that is assigned to a retailer based on the types of goods and services offered to a retailer's customers.

6. *a. "Payment card network"* means an entity that, directly or through a member, processor, or agent, provides proprietary services, infrastructure, software, or hardware that is used to authorize, clear, and settle credit, debit, or prepaid transactions.

b. "Payment card network" does not include an issuing financial institution that settles a credit, debit, or prepaid transaction with a retailer on behalf of a consumer.

2024 Acts, ch 1078, §1

554H.2 Merchant category codes.

1. A payment card network shall not require, incentivize, or permit the use of a merchant category code in a manner that distinguishes a firearms retailer from other retailers.

2. A covered entity, or a covered entity's agent, shall not assign a firearms retailer a merchant category code that distinguishes the firearms retailer from other retailers.

2024 Acts, ch 1078, §2
Referred to in §554H.4

554H.3 Firearm registry or record.

1. Except for records kept during the regular course of a criminal investigation or criminal prosecution, or as otherwise required by law, a person, unit of government, or governmental organization shall not knowingly and willfully keep or cause to be kept a record or registry of privately owned firearms or of the owners of privately owned firearms.

2. This section shall not be construed to prohibit an owner or an owner's representative from maintaining a list of the owner's privately owned firearms, or to prohibit a law enforcement agency from maintaining a list, registry, or record of firearms that have been stolen or reported stolen.

2024 Acts, ch 1078, §3
Referred to in §554H.4

554H.4 Enforcement — penalties.

1. The attorney general shall investigate reasonable alleged violations of this chapter. As part of the investigation, and in accordance with the Iowa rules of civil procedure, the attorney general may issue a subpoena for the production of records. If a person, unit of government, or governmental organization refuses to comply, the attorney general may seek enforcement by the district court.

2. Any of the following may petition the attorney general to investigate an alleged violation of this chapter:

a. A firearms retailer, or a customer who made a transaction at a firearms retailer whose business is the subject of any alleged violation of section 554H.2.

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b. An individual whose firearms ownership is the subject of any alleged violation of section 554H.3.

3. Upon finding that a person is in violation of this chapter, the attorney general shall provide written notice to the person, or to the registered agent of the person, determined to have committed the violation.

4. Upon receipt of notice under subsection 3, the person shall have sixty calendar days to cease the violation.

5. If the violation persists after the expiration of the sixty-day period under subsection 4, the attorney general shall bring civil action in district court to enjoin further violations by a person found to be in violation of this chapter.

6. If a person knowingly or willfully fails to comply with an injunction issued under subsection 5, after sixty calendar days of the date the person is served with the injunction, the attorney general shall petition the district court to impose civil penalties in an amount not to exceed one thousand dollars per violation of the injunction, taking into consideration the financial resources of the violator and the harm or risk of harm to the violator's rights under the second amendment to the Constitution of the United States and Article I, section 1A, of the Constitution of the State of Iowa.

7. It shall be a defense to a proceeding initiated pursuant to this section that the person made a good-faith determination that the person's action was required by law.

2024 Acts, ch 1078, §4; 2024 Acts, ch 1154, §18

CHAPTER 554I

BOTS — INTERNET TICKET SALES AND EVENTS

554I.1	Definitions.	554I.3	Reporting violations.
554I.2	Internet ticket sales.	554I.4	Enforcement — penalties.

554I.1 Definitions.

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

1. *"Authorized entry"* means authorization to enter an event based solely on the ticket holder's possession of a ticket not obtained in violation of section 554I.2. *"Authorized entry"* does not mean authorization to enter an event based on the source of purchase or fulfillment method of the ticket.

2. *"Bot"* means an automated software program that performs automatic and repetitive tasks and is designed to impersonate or replicate human activity on the internet. *"Bot"* does not include autofill or password management features built into an internet browser or provided through separate internet software.

3. *"Event"* means a concert, theatrical performance, sporting event, exhibition, show, or similar scheduled activity that is all of the following:

a. Open to the public.

b. Held in a public or private venue.

c. Requires payment of an admission fee to attend the event.

4. *"Ticket"* means a physical or electronic certificate, voucher, document, token, or other evidence of a right for admission to enter an event at one or more specified dates and times.

2025 Acts, ch 126, §1

554I.2 Internet ticket sales.

A person shall not use or create a bot to do any of the following:

1. Purchase tickets in excess of the posted limit for any one internet ticket sale.

2. Use multiple internet protocol addresses, purchaser accounts, or electronic mail addresses to purchase tickets in excess of the posted limit for any one internet ticket sale.

3. Circumvent or disable an electronic queue, waiting period, presale code, or other sales volume limitation system associated with an internet ticket sale.

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4. Circumvent or disable a security measure, access control system, or other control or measure that is used to facilitate authorized entry to an event.

2025 Acts, ch 126, §2
Referred to in §554I.1, 554I.4, 714.16, 714H.3

554I.3 Reporting violations.

1. Upon the attorney general's request, a ticket seller shall report violations of this chapter of which the ticket seller has actual knowledge to the attorney general within five calendar days of the request.

2. An individual that has actual knowledge of a violation of this chapter may report the violation to the attorney general.

3. The attorney general shall establish an electronic reporting system for the submission of reports pursuant to this section.

2025 Acts, ch 126, §3

554I.4 Enforcement — penalties.

A violation of section 554I.2 is an unfair practice under section 714.16 and under chapter 714H.

2025 Acts, ch 126, §4

CHAPTER 554J

CONVERSATIONAL ARTIFICIAL INTELLIGENCE SERVICES

554J.1	Definitions.	554J.4	Suicide and self-harm protocol.
554J.2	Conversational AI services — minors — requirements.	554J.5	Mental health care.
554J.3	Consumer disclosures.	554J.6	Penalties and enforcement.

554J.1 Definitions.

For the purposes of this chapter:

1. *"Account holder"* means an individual to which an account or profile to use a conversational AI service belongs.

2. *a. "Conversational AI service"* means an artificial intelligence, available by software application, web interface, or computer program, that is accessible to the general public and that has the primary purpose of simulating human conversation and interaction through text, audio communication, or visual communication.

b. "Conversational AI service" does not include a software application, web interface, or computer program that is any of the following:

(1) Primarily designed and marketed for research and development purposes.

(2) A feature within another software application, web interface, or computer program that does not have the primary purpose of simulating human conversation and interaction through text, audio communication, or visual communication.

(3) Designed to provide outputs relating to a narrow and discrete topic.

(4) Primarily designed and marketed for commercial use by business entities to assist customers in obtaining services or purchasing goods from the business.

(5) Functions as a speaker and voice command interface or voice-activated virtual assistant for an electronic device widely available to consumers.

(6) Used by a business solely for internal purposes.

3. *"Minor"* means an individual an operator knows is, or is reasonably certain is, under eighteen years of age.

4. *"Operator"* means a person who develops and makes a conversational AI service available to the public. *"Operator"* does not include a mobile device application store or a search engine solely because the mobile device application store or a search engine provides access to a conversational AI service.

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5. *"Sexually explicit conduct"* means the same as defined in 18 U.S.C. §2256.

6. *"Visual depiction"* means the same as defined in 18 U.S.C. §2256.

2026 Acts, ch 1068, §1, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

554J.2 Conversational AI services — minors — requirements.

1. An operator shall clearly and conspicuously disclose to a minor account holder that the minor account holder is interacting with artificial intelligence through any of the following:

a. A persistent visible disclaimer.

b. All of the following:

(1) A disclaimer that appears at the beginning of each interaction between the operator's conversational AI service and a minor account holder.

(2) A disclaimer that appears at least once every three hours of continuous interaction between the operator's conversational AI service and a minor account holder.

2. An operator shall not provide a minor user with points or similar rewards at unpredictable intervals with the intent to encourage increased engagement with the operator's conversational AI service.

3. An operator shall institute reasonable measures to prevent the operator's conversational AI service from doing any of the following for minor account holders:

a. Producing visual depictions of sexually explicit material.

b. Stating that the minor account holder should engage in sexually explicit conduct.

c. Sexually objectifying the minor account holder.

4. An operator shall institute reasonable measures to prevent the operator's conversational AI service from generating statements that would lead a reasonable individual to believe that the individual is interacting with a human, including but not limited to all of the following:

a. Explicit claims that the conversational AI service is sentient or human.

b. Statements that simulate emotional dependence on a minor account holder.

c. Statements that simulate a romantic interaction or a sexual innuendo.

d. Role-playing an adult-minor romantic relationship.

5. *a.* An operator shall offer tools for minor account holders to manage the minor account holder's privacy and account settings.

b. An operator shall offer tools for the parent or guardian of a minor account holder to manage the minor account holder's privacy and account settings if the minor is under thirteen years of age.

c. An operator shall offer tools for the parent or guardian of a minor account holder to manage the minor account holder's privacy and account settings as appropriate based on relevant risks.

2026 Acts, ch 1068, §2, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

554J.3 Consumer disclosures.

An operator shall clearly and conspicuously disclose using a persistent visible disclaimer, or a disclaimer that appears after every three hours of continuous interaction with the operator's conversational AI service, that the operator's conversational AI service is artificial intelligence if a reasonable individual interacting with the conversational AI service would believe that the individual is interacting with a human.

2026 Acts, ch 1068, §3, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

554J.4 Suicide and self-harm protocol.

An operator shall adopt protocols for the operator's conversational AI service for responding to user prompts regarding suicidal ideation or self-harm that includes but is not

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limited to making reasonable efforts to refer the user to crisis service providers such as a suicide hotline, crisis text line, or other appropriate crisis service.

2026 Acts, ch 1068, §4, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

554J.5 Mental health care.

An operator shall not knowingly and intentionally cause or program a conversational AI service to make a representation or statement that would lead a reasonable individual to believe that the conversational AI service is designed to provide professional psychology or behavioral health services that an individual would require licensure under chapter 154B or 154D to provide.

2026 Acts, ch 1068, §5, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

554J.6 Penalties and enforcement.

1. An operator that violates this chapter shall be subject to an injunction and liable for the greater of the following:

a. Actual damages.

b. A civil penalty of one thousand dollars per violation, up to a maximum of five hundred thousand dollars per operator.

2. The attorney general shall have the authority to enforce this chapter and shall adopt rules pursuant to chapter 17A to administer this chapter.

3. A civil penalty collected under this section shall be deposited into the general fund of the state.

4. This chapter shall not be construed to create a private right of action under this chapter or any other law.

5. This section shall not be construed to make a developer of an artificial intelligence model liable solely because a third party used the developer's artificial intelligence model to create or train a conversational AI service.

2026 Acts, ch 1068, §6, 7
Section applies July 1, 2027; 2026 Acts, ch 1068, §7
NEW section

CHAPTER 554K

DIGITAL SAFEGUARDS — CONTENT PORNOGRAPHIC FOR MINORS

554K.1 Definitions.
554K.2 Age verification.
554K.3 Limitations.
554K.4 Enforcement and penalties.
554K.5 Rules.

554K.1 Definitions.

For purposes of this chapter:

1. *"Application"* means a software application or electronic service that a user may run or direct on a mobile device.

2. *"Commercial entity"* means a legally recognized business entity.

3. *"Digital identification"* means information stored on a digital network that may be accessed by a commercial entity and that serves as proof of the identity of an individual.

4. *"Interactive computer service"* means the same as defined in 47 U.S.C. §230.

5. *"Minor"* means an individual under eighteen years of age.

6. *"Mobile device"* means a device described by all of the following:

a. The device is small enough to be held and operated in hand.

b. The device provides a cellular or wireless connection to the internet.

c. The device has the ability to run an application.

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7. *"News-gathering organization"* means any of the following:

a. An employee of a newspaper, news publication, or other commercial entity with the primary purpose of serving as a source of current news and public interest stories, who is acting within the course and scope of that employment and can provide documentation of that employment.

b. An employee of a radio broadcast station, television broadcast station, cable television operator, or wire service who is acting within the course and scope of that employment and can provide documentation of that employment.

8. *"Pornographic for minors"* means material or a performance described by all of the following:

a. The average person, applying contemporary community standards, would find that the material or performance, taken as a whole, has a tendency to cater or appeal to a prurient interest of minors.

b. The material or performance depicts nudity, sexual conduct, the condition of human genitals when in a state of sexual stimulation or arousal, or sadomasochistic abuse in a way which is patently offensive to the average person applying contemporary adult community standards with respect to what is suitable for minors.

c. The material or performance, taken as a whole, lacks serious literary, artistic, political, or scientific value for minors.

9. *"Provider"* means all of the following:

a. An internet service provider.

b. A cloud service provider.

c. A wireless service provider.

d. An internet search engine.

e. An information service as defined in 47 U.S.C. §153.

f. A telecommunications service as defined in 47 U.S.C. §153.

g. A cable service as defined in 47 U.S.C. §522.

h. An affiliate or a subsidiary of an entity listed in paragraphs *"a"* through *"g"*.

10. *"Substantial portion"* means thirty-three percent or more of the total amount of data publicly available on an internet site or application.

11. *"Transactional data"* means a sequence of information that documents an exchange, agreement, or transfer between an individual, commercial entity, or third party.

2026 Acts, ch 1143, §1
NEW section

554K.2 Age verification.

1. A person shall not operate an internet site, an application, or a segment of an internet site or application, including on a social media platform, that contains a substantial portion of content pornographic for minors unless the person uses reasonable age verification to prevent minors from accessing such content.

2. Reasonable age verification shall include any of the following:

a. Requiring an individual to provide digital identification.

b. A method that is commercially reasonable given a person's scope of business and that relies on transactional data to verify an individual's age.

c. A method approved by the attorney general by rule.

3. A person that performs reasonable age verification under this section, including a third party that contracts with a person to perform reasonable age verification for the person, shall not retain, sell, lease, or otherwise disseminate any identifying information of an individual subject to reasonable age verification unless retention or dissemination of the identifying information is required by law or a court order.

4. A person that performs reasonable age verification under this section, including a third party that contracts with a person to perform reasonable age verification for the person, shall use reasonable methods given the person's scope of business to secure all data collected and transmitted under this section.

2026 Acts, ch 1143, §2
NEW section

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554K.3 Limitations.

1. This chapter shall not apply to any of the following:

a. A bona fide news or public interest broadcast, news recording, report, or event.

b. A news-gathering organization.

c. An internet service provider, an internet service provider's affiliates and subsidiaries, a search engine, or a cloud service provider solely for providing access or connection to an internet site or other information or content on the internet, in a facility, on a system, or on a network not under the internet service provider's, affiliate's, subsidiary's, search engine's, or cloud service provider's control. This subsection shall not apply if the internet service provider, affiliate, subsidiary, search engine, or cloud service provider was responsible for the creation of the content pornographic for minors.

2. This chapter shall not be construed to impose liability on a user of an interactive computer service on the internet.

3. This chapter shall not be construed to impose liability on a provider solely for providing access or connection to an internet site, system, or network that contains material pornographic for minors provided that the internet site, system, or network is not under the provider's control. For purposes of this subsection, *"access or connection"* includes but is not limited to transmitting, downloading, providing intermediate storage for, and providing access software for data.

2026 Acts, ch 1143, §3
NEW section

554K.4 Enforcement and penalties.

1. The attorney general shall enforce this chapter, seek injunctions for violations of this chapter, and bring actions against a person thought to be in violation of this chapter.

2. Each time an individual accesses an internet site or application not in compliance with this chapter shall constitute a separate violation.

3. *a.* A violation of this chapter is punishable by a civil penalty of up to one thousand dollars per violation. A person in violation of this chapter shall not accrue civil penalties of more than ten thousand dollars in a single day.

b. Civil penalties collected under this section shall be deposited into the general fund of the state.

2026 Acts, ch 1143, §4
NEW section

554K.5 Rules.

The attorney general shall adopt rules pursuant to chapter 17A to implement and administer this chapter.

2026 Acts, ch 1143, §5
NEW section

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TITLE XIV

PROPERTY

Referred to in §29A.105

SUBTITLE 1

PERSONAL PROPERTY

CHAPTER 555

RESERVED

CHAPTER 555A

DOOR-TO-DOOR SALES

Referred to in §322.3, 522C.10, 537.3501, 551A.6, 552A.3, 714H.3

This chapter not enacted as a part of this title;
transferred from chapter 82 in Code 1993

555A.1	Definitions.	555A.4	Duties of seller.
555A.2	Contract.	555A.5	Effect on indebtedness.
555A.3	Cancellation.	555A.6	Penalties.

555A.1 Definitions.

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

1. *"Business day"* means any calendar day except Saturday, Sunday, or public holiday, including holidays observed on Mondays.

2. *"Consumer goods or services"* means goods or services purchased, leased, or rented primarily for personal, family, or household purposes, including courses of instruction or training regardless of the purpose for which they are taken.

3. *a. "Door-to-door sale"* means a sale, lease, or rental of consumer goods or services with a purchase price of twenty-five dollars or more, whether under single or multiple contracts, in which the seller or the seller's representative personally solicits the sale, including those in response to or following an invitation by the buyer, and the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller. Door-to-door sale does not include a transaction:

(1) Made pursuant to prior negotiations in the course of a visit by the buyer to a retail business establishment having a fixed permanent location where the goods are exhibited or the services are offered for sale on a continuing basis.

(2) In which the consumer is accorded the right of rescission by the provisions of the Consumer Credit Protection Act, 15 U.S.C. §1635, or rules issued pursuant to this chapter.

(3) In which the buyer has initiated the contact and the goods or services are needed to meet a bona fide immediate personal emergency of the buyer, and the buyer furnishes the seller with a separate dated and signed personal statement in the buyer's handwriting describing the situation requiring immediate remedy and expressly acknowledging and waiving the right to cancel the sale within three business days.

(4) Conducted and consummated entirely by mail or telephone, and without any other contact between the buyer and the seller or its representative prior to delivery of the goods or performance of the services.

(5) In which the buyer has initiated the contact and specifically requested the seller to visit

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the buyer's home for the purpose of repairing or performing maintenance upon the buyer's personal property. If in the course of such a visit, the seller sells the buyer the right to receive additional services or goods other than replacement parts necessarily used in performing the maintenance or in making the repairs, the sale of those additional goods or services would not fall within this exclusion.

(6) Pertaining to the sale or rental of real property, to the sale of insurance and prepaid health service plans, or to the sale of securities or commodities by a broker-dealer registered with the securities and exchange commission.

b. "Door-to-door sale", irrespective of the place or manner of sale, also means the following:

(1) A sale of funeral services or funeral merchandise regulated under chapter 523A.

(2) A sale of a social referral service or an ancillary service. For purposes of this subparagraph, *"social referral service"* means a service for a fee providing matching or introduction of individuals for the purpose of dating, matrimony, or general social contact not otherwise prohibited by law, and *"ancillary service"* means goods or services directly or indirectly related to or to be provided in connection with a social referral service.

4. *"Place of business"* means the main or permanent branch office or local address of a seller.

5. *"Purchase price"* means the total price paid or to be paid for the consumer goods or services, including all interest and service charges.

6. *"Seller"* means any person engaged in the door-to-door sale of consumer goods or services.

[C75, 77, §713B.1; C79, 81, §82.1; 82 Acts, ch 1249, §5]
C93, §555A.1
2000 Acts, ch 1021, §3
Referred to in §322.3, 522C.11, 552A.3

555A.2 Contract.

Every seller shall furnish the buyer with a fully completed receipt or copy of any contract pertaining to a door-to-door sale at the time of its execution, which is in the same language as that principally used in the oral sales presentation and which shows the date of the transaction and contains the name and address of the seller, and in immediate proximity to the space reserved in the contract for the signature of the buyer or on the front page of the receipt if a contract is not used and in boldface type of a minimum size of ten points, a statement in substantially the following form:

> You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.

[C75, 77, §713B.2; C79, 81, §82.2]
C93, §555A.2
Referred to in §552A.3

555A.3 Cancellation.

Every seller shall furnish each buyer, at the time the buyer signs the door-to-door sales contract or otherwise agrees to buy consumer goods or services from the seller, a completed form in duplicate, captioned *"Notice of Cancellation"*, which shall be attached to the contract or receipt and easily detachable, and which shall contain in ten point boldface type the following information and statements in the same language as that used in the contract:

NOTICE OF CANCELLATION

.....
(enter date of transaction)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

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If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to ....., (Name of seller) at ..... (Address of seller's place of business) not later than midnight of ..... (Date).

I hereby cancel this transaction.

.....

(Date)

.....

(Buyer's signature)

[C75, 77, §713B.3; C79, 81, §82.3]
C93, §555A.3
Referred to in §551A.3, 552A.3

555A.4 Duties of seller.

A seller shall:

1. Furnish two copies of the notice of cancellation to the buyer, and complete both copies by entering the name of the seller, the address of the seller's place of business, the date of the transaction, and the date, not earlier than the third business day following the date of the transaction, by which the buyer may give notice of cancellation.

2. Not include in any contract or receipt any confession of judgment or any waiver of any of the rights to which the buyer is entitled under this chapter including specifically the right to cancel the sale in accordance with the provisions of this chapter.

3. Inform each buyer orally, at the time the buyer signs the contract or purchases the goods or services, of the buyer's right to cancel.

4. Not misrepresent in any manner the buyer's right to cancel.

5. Honor any valid notice of cancellation by a buyer and within ten business days after the receipt of notice shall refund all payments made under the contract or sale, return any goods or property traded in, in substantially as good condition as when received by the seller, and cancel and return any negotiable instrument executed by the buyer in connection with the contract or sale and take any action necessary or appropriate to terminate promptly any security interest created in the transaction.

6. Not negotiate, transfer, sell, or assign any note or other evidence of indebtedness to a finance company or other third party prior to midnight of the seventh business day following the day the contract was signed or the goods or services were purchased.

7. Within ten business days of receipt of the buyer's notice of cancellation notify the buyer whether the seller intends to repossess or to abandon any shipped or delivered goods.

[C75, 77, §713B.4; C79, 81, §82.4]
C93, §555A.4
Referred to in §552A.3

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555A.5 Effect on indebtedness.

Rescission of any contract pursuant to this chapter or the failure to provide a copy of the contract to the buyer as required by this chapter shall void any contract, note, instrument, or other evidence of indebtedness executed or entered into in connection with the contract and shall constitute a complete defense in any action based on the contract, note, instrument or other evidence of indebtedness brought by the seller, the seller's successors or assigns unless a successor or assignee of the seller after the seventh business day following the day the contract was signed has detrimentally relied upon a representation of the buyer that the contract has not been rescinded. This section shall not affect the rights of holders in due course of checks made by the buyer.

[C75, 77, §713B.5; C79, 81, §82.5]

C93, §555A.5

Referred to in §552A.3

555A.6 Penalties.

1. Any seller who violates the provisions of this chapter shall be guilty of a simple misdemeanor.

2. A violation of this chapter is a violation of section 714.16, subsection 2, paragraph *"a"*.

[C75, 77, §713B.6; C79, 81, §82.6]

92 Acts, ch 1062, §1

C93, §555A.6

CHAPTER 555B

DISPOSAL OF ABANDONED MOBILE HOMES AND PERSONAL PROPERTY

Referred to in §321.47, 562B.27, 631.4, 631.5

See also chapter 555C relating to valueless homes

555B.1 Definitions.
555B.2 Removal — notice to sheriff.
555B.3 Action for abandonment — jurisdiction.
555B.4 Notice.
555B.5 Change of venue.
555B.6 Priority of assignment.
555B.7 Remedy not exclusive.
555B.8 Judgment.
555B.9 Disposal — proceeds.
555B.10 Limitation on liability.

555B.1 Definitions.

Unless the context otherwise requires, in this chapter:

1. *"Abandoned"* means abandoned as provided in section 562B.27, subsection 1.

2. *"Claimant"* includes but is not limited to any government subdivision with authority to levy a tax on abandoned personal property. *"Claimant"* also includes a holder of a lien as defined in section 555B.2.

3. *"Demolisher"* means demolisher as defined in section 321.89.

4. *"Junkyard"* means junkyard as defined in section 306C.1.

5. *"Mobile home"* includes "manufactured homes" and "modular homes" as those terms are defined in section 435.1, if the manufactured homes or modular homes are located in a manufactured home community or mobile home park.

6. *"Personal property"* includes personal property of the mobile home owner in the abandoned mobile home, on the mobile home lot, in the immediate vicinity of the abandoned mobile home and the mobile home lot, and in any storage area provided by the real property owner for the use of the mobile home owner.

7. *"Real property owner"* means the owner or other lawful possessor of real property upon which a mobile home is located.

88 Acts, ch 1138, §1

C89, §562C.1

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C93, §555B.1
93 Acts, ch 154, §6, 7; 94 Acts, ch 1110, §21, 24; 99 Acts, ch 155, §1, 14; 2001 Acts, ch 153, §16

555B.2 Removal — notice to sheriff.

1. A real property owner may remove or cause to be removed a mobile home and other personal property which is unlawfully parked, placed, or abandoned on that real property, and may cause the mobile home and personal property to be placed in storage until the owner of the personal property pays a fair and reasonable charge for removal, storage, or other expense incurred, including reasonable attorney fees, or until a judgment of abandonment is entered pursuant to section 555B.8 provided that there is no lien on the mobile home or personal property other than a tax lien pursuant to chapter 435. For purposes of this chapter, a lien other than a tax lien exists only if the real property owner receives notice of a lien on the standardized registration form completed by a tenant pursuant to section 562B.27, subsection 3, or a lien has been filed in state or county records on a date before the mobile home is considered to be abandoned. The real property owner or the real property owner's agent is not liable for damages caused to the mobile home and personal property by the removal or storage unless the damage is caused willfully or by gross negligence.

2. The real property owner shall notify the sheriff of the county where the real property is located of the removal of the mobile home and other personal property.

a. If the mobile home owner can be determined, and if the real property owner so requests, the sheriff shall notify the mobile home owner of the removal by restricted certified mail. If the mobile home owner cannot be determined, and the real property owner so requests, the sheriff shall give notice by one publication in one newspaper of general circulation in the county where the mobile home and personal property were unlawfully parked, placed, or abandoned. If the mobile home and personal property have not been claimed by the owner within six months after notice is given, the mobile home and personal property shall be sold by the sheriff at a public or private sale. After deducting costs of the sale the net proceeds shall be applied to the cost of removal, storage, notice, attorney fees, and any other expenses incurred for preserving the mobile home and personal property, including any rent owed by the mobile home owner to the real property owner in connection with the presence of the mobile home on the real property. The remaining net proceeds, if any, shall be paid to the county treasurer to satisfy any tax lien on the mobile home. The remainder, if any, shall be retained by the county treasurer. A sheriff's sale transfers to the purchaser for value, all of the mobile home owner's rights in the mobile home and personal property, and discharges the real property owner's interest in the mobile home and personal property, and discharges the tax lien on the mobile home. If the purchaser acts in good faith the purchaser takes free of all rights and interests even though the real property owner fails to comply with the requirements of this chapter or of any judicial proceedings.

b. If the real property owner removes the mobile home and personal property but does not request that the sheriff notify the mobile home owner, the real property owner shall proceed with an action for abandonment as provided in sections 555B.3 through 555B.9.

88 Acts, ch 1138, §2
C89, §562C.2
C93, §555B.2
93 Acts, ch 154, §8, 9; 94 Acts, ch 1110, §22, 24
Referred to in §555B.1, 555B.3, 562B.27

555B.3 Action for abandonment — jurisdiction.

A real property owner not requesting notification by the sheriff as provided in section 555B.2 may bring an action alleging abandonment in the court within the county where the real property is located. The action shall be tried as an equitable action. Unless commenced as a small claim, the petition shall be presented to a district judge. Upon receipt of the petition, either the court or the clerk of the district court shall set a date for a hearing not later than fourteen days from the date of the receipt of the petition, except where there is a lien on the mobile home or personal property other than a tax lien, the court or the clerk of

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the district court shall set a date for a hearing no sooner than twenty-five days from the date of the receipt of the petition so as to allow for service on the lienholder.

88 Acts, ch 1138, §3
C89, §562C.3
C93, §555B.3
93 Acts, ch 154, §10; 2022 Acts, ch 1070, §20
Referred to in §555B.2, 562B.10, 631.1, 648.19

555B.4 Notice.

1. Personal service pursuant to rule of civil procedure 1.305 shall be made upon the mobile home owner not less than ten days before the hearing. If personal service cannot be completed in time to give the mobile home owner the minimum notice required by this section, the court may set a new hearing date.

2. If personal service cannot be made on the mobile home owner because the mobile home owner is avoiding service or cannot be found, service may be made by mailing a copy of the petition and notice of hearing to the mobile home owner's last known address and publishing the notice in one newspaper of general circulation in the county where the petition is filed. If the mobile home owner's address is not known to the real property owner, service may be made pursuant to rule of civil procedure 1.313 except that service is complete seven days after the initial publication. The court shall set a new hearing date if necessary to allow the ten-day minimum notice required under subsection 1 of this section.

3. If a tax lien exists on the mobile home or personal property at the time an action for abandonment is initiated, the real property owner shall notify the county treasurer of each county in which a tax lien appears by restricted certified mail sent not less than ten days before the hearing. The notice shall describe the mobile home and shall state the docket, case number, date, and time at which the hearing is scheduled, and the county treasurer's right to assert a claim to the mobile home at the hearing. The notice shall also state that failure to assert a claim to the mobile home is deemed a waiver of all right, title, claim, and interest in the mobile home and is deemed consent to the sale or disposal of the mobile home.

4. If a lien other than a tax lien exists on the mobile home or personal property at the time an action for abandonment is initiated, the personal service pursuant to the Iowa rules of civil procedure shall be made upon the lienholder no less than twenty days before the hearing. The notice to the lienholder shall describe the mobile home and shall state the docket, case number, date, and time at which the hearing is scheduled, and the lienholder's right to assert a claim to the mobile home at the hearing. The notice shall state that failure to assert a claim to the mobile home within the judicial proceedings is deemed a waiver of all rights, title, claims, and interest in the mobile home and deemed to be consent to the sale or disposal of the mobile home. If personal service cannot be completed in time to give the lienholder the minimum notice required by this subsection, the court may set a new hearing date.

5. In the event a tenant who was sole owner of a mobile home dies during the term of the rental agreement resulting in the mobile home being abandoned, service shall be made in accordance with section 562B.10, subsection 7.

88 Acts, ch 1138, §4
C89, §562C.4
C93, §555B.4
93 Acts, ch 154, §11; 97 Acts, ch 121, §31; 2022 Acts, ch 1070, §21
Referred to in §555B.2, 555B.9, 562B.10, 631.4

555B.5 Change of venue.

In an action under this chapter a change of place of trial may be had as in other cases.

88 Acts, ch 1138, §5
C89, §562C.5
C93, §555B.5
Referred to in §555B.2

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555B.6 Priority of assignment.

An action under this chapter shall be accorded reasonable priority for assignment to assure prompt disposition.

88 Acts, ch 1138, §6
C89, §562C.6
C93, §555B.6
Referred to in §555B.2

555B.7 Remedy not exclusive.

An action under this chapter may be brought in connection with a claim for monetary damages, possession, or recovery as provided in section 562B.25 or 562B.30 or chapter 648.

88 Acts, ch 1138, §7
C89, §562C.7
C93, §555B.7
Referred to in §555B.2

555B.8 Judgment.

1. If the court determines that the mobile home and personal property have been abandoned, judgment shall be entered in favor of the real property owner for the reasonable costs of removal, storage, notice, and attorney fees; any other expenses incurred for preserving the mobile home and personal property or for bringing the action; and, if the action is brought in conjunction with one for monetary damages, the amount of monetary damages assessed.

2. Except as otherwise ordered by the court, if the mobile home owner or other claimant asserts a claim to the property, the judgment shall be satisfied before the mobile home owner or other claimant may take possession of the mobile home or personal property.

3. If no claim is asserted to the mobile home or personal property or if the judgment is not satisfied at the time of entry, an order shall be entered allowing the real property owner to sell or otherwise dispose of the mobile home and personal property pursuant to section 555B.9. Except as otherwise ordered by the court, if a claimant satisfies the judgment at the time of entry, the court shall enter an order permitting and directing the claimant to remove the mobile home or personal property from its location within a reasonable time to be fixed by the court. The court shall also determine the amount of further rent or storage charges to be paid by the claimant to the real property owner at the time of removal.

88 Acts, ch 1138, §8
C89, §562C.8
C93, §555B.8
2022 Acts, ch 1070, §22
Referred to in §321.90, 435.24, 555B.2, 555B.9

555B.9 Disposal — proceeds.

1. Pursuant to an order for disposal under section 555B.8, subsection 3, the real property owner shall dispose of the mobile home and personal property by public or private sale in a commercially reasonable manner. If the personal property owner, lienholder, or other claimant has asserted a claim to the mobile home or personal property within the judicial proceedings, that person shall be notified of the sale by restricted certified mail not less than five days before the sale. The notice is deemed given upon the mailing. The real property owner may buy at any public sale, and if the mobile home or personal property is of a type customarily sold in a recognized market or is the subject of widely distributed standard price quotations, the real property owner may buy at a private sale.

2. A sale pursuant to subsection 1 transfers to the purchaser for value, all of the mobile home owner's rights in the mobile home and personal property, and discharges the real property owner's interest in the mobile home and personal property, any tax lien, and any other lien. The purchaser takes free of all rights and interests even though the real property owner fails to comply with the requirements of this chapter or of any judicial proceedings, if the purchaser acts in good faith.

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3. The proceeds of the sale of mobile home and personal property shall be distributed as follows:

a. First, to satisfy the real property owner's judgment obtained under section 555B.8.

b. Second, to satisfy any tax lien for which a claim was asserted pursuant to section 555B.4, subsection 3.

c. Third, to satisfy any other lien for which a claim was asserted pursuant to section 555B.4, subsection 4.

d. Any surplus remaining after the proceeds are distributed shall be held by the real property owner for six months. If the mobile home owner fails to claim the surplus in that time, the surplus may be retained by the real property owner. If a deficiency remains after distribution of the proceeds, the mobile home owner is liable for the amount of the deficiency.

4. Notwithstanding subsections 1 through 3, the real property owner may propose to retain the mobile home and personal property in satisfaction of the judgment obtained pursuant to section 555B.8. Written notice of the proposal shall be sent to the mobile home owner, lienholder, or other claimant, if that person has asserted a claim to the mobile home or personal property in the judicial proceedings. If the real property owner receives objection in writing from the mobile home owner, lienholder, or other claimant within twenty-one days after the notice was sent, the real property owner shall dispose of the mobile home and personal property pursuant to subsection 1. If no written objection is received by the real property owner within twenty-one days after the notice was sent, the mobile home and personal property may be retained. Retention of the mobile home and personal property discharges the judgment of the real property owner, any tax lien, and any other lien.

5. If the real property owner has made a good faith attempt to sell the mobile home and personal property pursuant to subsection 1 but is unsuccessful and elects not to retain the mobile home and personal property pursuant to subsection 4, the real property owner may dispose of the mobile home and personal property to a demolisher or junkyard. Proceeds from the disposition shall be distributed pursuant to subsection 3. If the personal property is a motor vehicle to which section 321.90 applies, the real property owner shall present the order for disposal obtained pursuant to section 555B.8, subsection 3, to the police authority to obtain a certificate of authority to dispose of the motor vehicle pursuant to section 321.90, subsection 2.

88 Acts, ch 1138, §9
C89, §562C.9
C93, §555B.9
2022 Acts, ch 1070, §23, 24
Referred to in §321.90, 555B.2, 555B.8, 648.22A

555B.10 Limitation on liability.

1. A real property owner who disposes of a mobile home or personal property in accordance with this chapter is not liable for damages by reason of the removal, sale, or disposal of the mobile home and personal property unless the damage is caused willfully or by gross negligence. Upon a motion to the district court and a showing that the real property owner is not proceeding in accordance with this chapter, the court may enjoin the real property owner from proceeding further and a determination for the proper disposition of the mobile home and personal property shall be made. If disposition of the mobile home or personal property has not occurred in accordance with this chapter, the owner thereof has a right to recover from the real property owner, any loss caused by failure to comply with this chapter. The burden of proof shall be upon the mobile home or personal property owner to show that the real property owner has not complied with this chapter in disposing of a mobile home or personal property.

2. The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the real property owner is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. If the real property owner sells the mobile home and personal property in the usual manner in any recognized market or if the real property owner sells at the price current in the market at the time of the real property owner's sale or if the real property owner has otherwise sold in

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conformity with reasonable commercial practices among dealers in the type of mobile home or personal property sold, the real property owner has sold in a commercially reasonable manner. A disposition approved in any judicial proceeding shall be deemed conclusively to be commercially reasonable.

88 Acts, ch 1138, §10
C89, §562C.10
C93, §555B.10
93 Acts, ch 154, §12

CHAPTER 555C

VALUELESS MOBILE, MODULAR, AND MANUFACTURED HOMES

Referred to in §321.47, 648.22A

555C.1 Definitions.
555C.2 Removal or transfer of title of valueless home — presumption of value.
555C.3 New title — third party.
555C.4 Removal by manufactured home community or mobile home park owner.
555C.5 Liability limited.
555C.6 Rights of real property owner.

555C.1 Definitions.

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

1. *"Home"* means a mobile home, modular home, or a manufactured home as defined in section 435.1.

2. *"Manufactured home community"* means a manufactured home community as defined in section 435.1.

3. *"Mobile home park"* means a mobile home park as defined in section 435.1.

4. *"Personal property"* includes personal property of the owner or other occupant of the home, which is located in the home, on the lot where the home is located, in the immediate vicinity of the home or lot, or in any storage area provided by the real property owner for use of the home owner or occupant.

5. *"Valueless home"* means a home located in a manufactured home community or a mobile home park including all other personal property, where all of the following conditions exist:

a. The home has been abandoned as defined in section 562B.27, subsection 1, and the home has not been removed after the right to possession of the underlying real estate has been terminated pursuant to chapter 648.

b. A lien of record, other than a tax lien as provided in chapter 435, does not exist against the home. A lien exists only if the real property owner receives notice of a lien on the standardized registration form completed by an owner or occupant pursuant to chapter 562B, or a lien has been filed in the state or county records on a date before the home is considered to be valueless.

c. The value of the home and other personal property is equal to or less than the reasonable cost of disposal plus all sums owing to the real property owner pertaining to the home.

95 Acts, ch 104, §1; 2001 Acts, ch 153, §12

555C.2 Removal or transfer of title of valueless home — presumption of value.

1. An owner of a manufactured home community or mobile home park may remove, or cause to be removed, from the manufactured home community or mobile home park a valueless home and personal property associated with the home at any time following a determination of abandonment by the manufactured home community or mobile home park owner in accordance with section 562B.27, subsection 1, and an order of removal pursuant to chapter 648 without further notice to the owner or occupant of the valueless home. Within

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ten days of the removal or transfer of title, the manufactured home community or mobile home park owner shall give written notice to the county treasurer for the county in which the manufactured home community or mobile home park is located by affidavit which shall include a description of the valueless home, its owner or occupant, if known, the date of removal or transfer of title, and if applicable, the name and address of any third party to whom a new title shall be issued.

2. A valueless home and any personal property associated with the valueless home shall be conclusively deemed in value to be equal to or less than the reasonable cost of disposal plus all sums owing to the manufactured home community or mobile home park owner pertaining to the valueless home, if the manufactured home community or mobile home park owner or an agent of the owner removes the home and personal property to a demolisher, sanitary landfill, or other lawful disposal site or if the manufactured home community or mobile home park owner allows a disinterested third party to remove the valueless home and personal property or to leave the home in the manufactured home community or mobile home park in a transaction in which the manufactured home community or mobile home park owner receives no consideration.

95 Acts, ch 104, §2; 99 Acts, ch 155, §2, 14; 2001 Acts, ch 153, §16
Referred to in §555C.3

555C.3 New title — third party.

If a new title to a valueless home is to be issued to a third party, the county treasurer shall issue a new title, upon receipt of the affidavit required in section 555C.2 and payment of a fee pursuant to section 321.47. Any tax lien levied pursuant to chapter 435 is canceled and the ownership interest of the previous owner or occupant of the valueless home is terminated as of the date of issuance of the new title. The new title owner shall take the title free of all rights and interests even though the manufactured home community or mobile home park owner fails to comply with the requirements of this chapter or any judicial proceedings, if the new title owner acts in good faith.

95 Acts, ch 104, §3; 99 Acts, ch 155, §3, 14; 2001 Acts, ch 153, §16; 2004 Acts, ch 1092, §9

555C.4 Removal by manufactured home community or mobile home park owner.

Unless the valueless home is to be titled in the name of a third party, the manufactured home community or mobile home park owner may dispose of a valueless home and any personal property to a demolisher, sanitary landfill, or other lawful disposal site under the terms and conditions as the manufactured home community or mobile home park owner shall determine.

95 Acts, ch 104, §4; 2001 Acts, ch 153, §16

555C.5 Liability limited.

A person who removes or allows the removal of a valueless home or transfers title or allows the transfer of title of a valueless home as provided in this chapter is not liable to the previous owner of the valueless home due to the removal or transfer of title of the valueless home.

95 Acts, ch 104, §5; 99 Acts, ch 155, §4, 14

555C.6 Rights of real property owner.

The rights provided in this chapter to a real property owner are not exclusive of other rights of the real property owner.

95 Acts, ch 104, §6

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CHAPTER 556

DISPOSITION OF UNCLAIMED PROPERTY

Referred to in §22.7(32), 22.7(59), 99D.13, 252B.15, 501B.29, 507B.4C, 524.812, 533.320, 533.321, 533.404, 602.8105, 624.37, 633.356, 642.2, 904.508

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556.1 Definitions and use of terms.

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

1. *"Banking organization"* means any bank, trust company, savings bank, savings association, industrial bank, land bank, safe deposit company, or a private banker engaged in business in this state.

2. *"Business association"* means a corporation, cooperative association, joint stock company, business trust, investment company, partnership, limited liability company, trust company, mutual fund, or other business entity consisting of one or more persons, whether or not for profit.

3. *"Cooperative association"* means any of the following:

a. An entity which is structured and operated on a cooperative basis, including an association of persons organized under chapter 497, 498, or 499; or an entity composed of entities organized under those chapters.

b. A cooperative organized under chapter 501.

c. A cooperative organized under chapter 501A.

d. A cooperative association organized under chapter 490.

e. Any other entity recognized pursuant to 26 U.S.C. §1381(a) which meets the definitional requirements of an association as provided in 12 U.S.C. §1141(j)(a) or 7 U.S.C. §291.

4. *"Electronic messaging"* means communication conducted through electronic mail, text

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message, or other electronic means, including but not limited to an online banking website application.

5. *"Financial organization"* means any federally chartered savings and loan association, credit union, cooperative bank or investment company, engaged in business in this state.

6. *"Holder"* means any person in possession of property subject to this chapter belonging to another, or who is trustee in case of a trust, or is indebted to another on an obligation subject to this chapter.

7. *"Life insurance corporation"* means any association or corporation transacting within this state the business of insurance on the lives of persons or insurance appertaining thereto, including, but not by way of limitation, endowments and annuities.

8. *"Mineral"* means gas, oil, and coal; other gaseous, liquid, and solid hydrocarbons; oil shale; cement material; sand and gravel; road material; building stone; chemical raw material; gemstone; fissionable and nonfissionable ores; colloidal and other clays; steam and other geothermal resources; and any other substance defined as a mineral by a law of this state.

9. *"Mineral proceeds"* means amounts payable for the extraction, production, or sale of minerals, or upon the abandonment of those payments, all payments that become payable thereafter. *"Mineral proceeds"* includes amounts payable as follows:

a. For the acquisition and retention of a mineral lease, including bonuses, royalties, compensatory royalties, shut-in royalties, minimum royalties, and delay rentals.

b. For the extraction, production, or sale of minerals, including net revenue interests, royalties, overriding royalties, extraction payments, and production payments.

c. Under an agreement or option, including a joint operating agreement, unit agreement, pooling agreement, and farm-out agreement, relating to the extraction, production, or sale of minerals.

10. *"Money order"* includes an express money order and a personal money order, on which the remitter is the purchaser. *"Money order"* does not include a bank money order or any other instrument sold by a banking or financial organization if the seller has obtained the name and address of the payee.

11. *"Owner"* means a depositor in case of a deposit, a beneficiary in case of a trust, a creditor, claimant, or payee in case of other choses in action, or any person having a legal or equitable interest in property subject to this chapter, or that person's legal representative.

12. *"Person"* means any individual, business association, government or political subdivision, public corporation, public authority, estate, trust, two or more persons having a joint or common interest, or any other legal or commercial entity.

13. *a. "Property"* means a fixed and certain interest in or right in an intangible that is held, issued, or owed in the course of a holder's business, or by a government or governmental entity, and all income or increment therefrom, including that which is referred to as or evidenced by any of the following:

(1) Money, check, draft, deposit, interest, dividend, and income.

(2) Credit balance, customer overpayment, gift certificate, security deposit, refund, credit memorandum, unpaid wage, unused airline ticket, unused ticket, mineral proceeds, and unidentified remittance and electronic fund transfer.

(3) Stock or other evidence of ownership interests in a business association.

(4) Bond, debenture, note, or other evidence of indebtedness.

(5) Money deposited to redeem stocks, bonds, coupons, and other securities, or to make distributions.

(6) An amount due and payable under the terms of an insurance policy, including policies providing life insurance, property and casualty insurance, workers' compensation insurance, or health and disability benefits insurance.

(7) An amount distributable from a trust or custodian fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit sharing, employee savings, supplemental unemployment insurance, or similar benefits.

(8) Amounts distributable from a mineral interest in land.

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(9) Any other fixed and certain interest or right in an intangible that is held, issued, or owing in the course of a holder's business, or by a government or governmental entity.

b. *"Property"* does not include credits, advance payments, overpayments, refunds, or credit memoranda shown on the books and records of a business association with respect to another business association unless the balance is property described in section 556.2 held by a banking organization or financial organization.

14. *"Utility"* means any person who owns or operates within this state, for public use, any plant, equipment, property, franchise, or license for the transmission of communications or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas.

[C71, 73, 75, 77, 79, 81, §556.1]

95 Acts, ch 34, §1; 96 Acts, ch 1173, §1, 2; 2001 Acts, ch 142, §4, 5; 2001 Acts, ch 152, §1; 2003 Acts, ch 44, §99; 2005 Acts, ch 135, §116; 2007 Acts, ch 60, §1; 2012 Acts, ch 1017, §153; 2014 Acts, ch 1026, §120; 2023 Acts, ch 125, §1, 3

Subsection 4 applies to electronic messaging sent or received on or after July 1, 2023; 2023 Acts, ch 125, §3

556.2 Property held by banking or financial organizations or by business associations.

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

1. Any demand, savings, or matured time deposit made in this state with a banking organization, together with any interest or dividend, excluding any charges that may lawfully be withheld, unless the owner has, within three years:

a. Increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest.

b. Corresponded in writing with the banking organization concerning the deposit.

c. Otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization. Such memorandum shall be dated and may have been prepared by the banking organization, in which case it shall be signed by an official of the bank, or it may have been prepared by the owner.

d. Had another relationship with the bank in which the owner has:

(1) Communicated in writing with the bank.

(2) Otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the bank and if the bank communicates in writing with the owner with regard to the property that would otherwise be abandoned under this subsection at the address to which communications regarding the other relationship are regularly sent.

e. Been sent any written correspondence, notice, or information by first class mail regarding the deposit by the banking organization on or after July 1, 1992, if the correspondence, notice, or information requests an address correction on the face of the envelope, and is not returned to the bank organization for nondelivery, and if the bank organization maintains a record of all returned mail.

2. Any funds paid in this state toward the purchase of shares or other interest in a financial organization or any deposit made in this state, and any interest or dividends, excluding any charges that may lawfully be withheld, unless the owner has within three years:

a. Increased or decreased the amount of the funds or deposit, or presented an appropriate record for the crediting of interest or dividends.

b. Corresponded in writing with the financial organization concerning the funds or deposit.

c. Otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization. Such memorandum shall be dated and may have been prepared by the financial organization, in which case it shall be signed by an officer of the financial organization, or it may have been prepared by the owner.

d. Had another relationship with the financial organization in which the owner has:

(1) Communicated in writing with the financial organization.

(2) Otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the financial organization and if the financial organization communicates in writing with the owner with regard to the property that would otherwise

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be abandoned under this subsection at the address to which communications regarding the other relationship are regularly sent.

e. Been sent any written correspondence, notice, or information by first class mail regarding the funds or deposits by the financial organization on or after July 1, 1992, if the correspondence, notice, or information requests an address correction on the face of the envelope, and is not returned to the financial organization for nondelivery, and if the financial organization maintains a record of all returned mail.

3. Any property described in subsections 1 and 2 which is automatically renewable is matured for purposes of subsections 1 and 2 upon the expiration of its initial time period, but in the case of any renewal to which the owner consents at or about the time of renewal by communicating in writing with the banking or financial organization or otherwise indicating consent as evidenced by a memorandum or other record on file prepared by an employee of the organization, the property is matured upon the expiration of the last time provided for which consent was given. However, consent to renewal is deemed to have been given if the owner is sent written notice of the renewal by first class mail which requests an address correction on the face of the envelope, the notice is not returned for nondelivery, and the banking or financial organization maintains a record of all returned mail. If at the time period for delivery in section 556.13, a penalty or forfeiture in the payment of interest would result from the delivery of the property, the time period for delivery is extended until the time when no penalty or forfeiture would result.

4. Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safekeeping repository or agency or collateral deposit box in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, or any surplus amounts arising from the sale thereof pursuant to law, that have been unclaimed by the owner for more than three years from the date on which the lease or rental period expired.

5. *a.* A banking organization or financial organization shall send to the owner of each account, to which none of the actions specified in subsection 1, paragraphs *"a"* through *"e"* or subsection 2, paragraphs *"a"* through *"e"* have occurred during the preceding three calendar years, a notice by mail or through electronic messaging stating in substance the following:

> According to our records, we have had no contact with you regarding (describe account) for more than three years. Under Iowa law, if there is a period of three years without contact, we may be required to transfer this account to the custody of the treasurer of state of Iowa as unclaimed property. You may prevent this by taking some action, such as a deposit or withdrawal, or by contacting us through electronic messaging, which indicates your interest in this account, or by signing this form and returning it to us.
>
> I desire to keep the above account open and active.
>
> .....
>
> Your signature

b. The notice required under this section shall be sent within thirty days of the lapse of the three-year period in which there is no activity. The cost of the certified mail of the notice required in this section may be deducted from the account by the banking or financial organization.

[C71, 73, 75, 77, 79, 81, §556.2]

84 Acts, ch 1295, §1 – 7; 85 Acts, ch 233, §1 – 3; 91 Acts, ch 267, §623 – 625; 92 Acts, ch 1085, §1 – 4; 95 Acts, ch 34, §2; 96 Acts, ch 1173, §3; 2013 Acts, ch 30, §174; 2013 Acts, ch 140, §76; 2023 Acts, ch 125, §2, 3

Referred to in §524.812, 524.813, 533.320, 533.321, 556.1, 556.10, 556.12

2023 amendment to subsection 5 applies to electronic messaging sent or received on or after July 1, 2023; 2023 Acts, ch 125, §3

556.2A Traveler's checks and money orders.

1. Subject to subsection 4, any sum payable on a traveler's check that has been outstanding for more than fifteen years after its issuance is deemed abandoned unless the

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owner, within fifteen years, has communicated in writing with the issuer concerning it or otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the issuer.

2. Subject to subsection 4, any sum payable on a money order that has been outstanding for more than seven years after its issuance is deemed abandoned unless the owner, within seven years, has communicated in writing with the issuer concerning it or otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the issuer.

3. A holder shall not deduct from the amount of a traveler's check or money order any charge imposed by reason of the failure to present the instrument for payment unless there is a valid and enforceable written contract between the issuer and the owner of the instrument pursuant to which the issuer may impose a charge and the issuer regularly imposes such charges and does not regularly reverse or otherwise cancel them.

4. A sum payable on a traveler's check or money order described in subsection 1 or 2 shall not be subjected to the custody of this state as unclaimed property unless any of the following apply:

a. The records of the issuer show that the traveler's check or money order was purchased in this state.

b. The issuer has its principal place of business in this state and the records of the issuer do not show the state in which the traveler's check or money order was purchased.

c. The issuer has its principal place of business in this state, the records of the issuer show the state in which the traveler's check or money order was purchased, and the laws of the state of purchase do not provide for the escheat or custodial taking of the property or its escheat or unclaimed property law is not applicable to the property.

96 Acts, ch 1173, §4
Referred to in §556.2B

556.2B Checks, drafts, and similar instruments issued or certified by banking and financial organizations.

1. Any sum payable on a check, draft, or similar instrument, except those subject to section 556.2A, on which a banking or financial organization is directly liable, including a cashier's check and a certified check, which has been outstanding for more than three years after it was payable or after its issuance if payable on demand, is deemed abandoned, unless the owner, within three years, has communicated in writing with the banking or financial organization concerning it or otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the banking or financial organization.

2. A holder shall not deduct from the amount of any instrument subject to this section any charge imposed by reason of the failure to present the instrument for payment unless there is a valid and enforceable written contract between the holder and the owner of the instrument pursuant to which the holder may impose a charge and the holder regularly imposes such charges and does not regularly reverse or otherwise cancel them.

96 Acts, ch 1173, §5

556.2C Outstanding state warrants.

1. *a.* An unpaid, outdated warrant that is canceled pursuant to section 8A.519 shall be included in a list of outstanding state warrants maintained by the director of the department of administrative services. On or before July 1 of each year, the director of the department of administrative services shall provide the office of the treasurer of state with a consolidated list of such outstanding warrants that have not been previously reported to the office.

b. The consolidated list shall be accompanied by supporting information as specified by the treasurer of state. The treasurer of state may include information regarding the outstanding warrants in the notice published pursuant to section 556.12 and on the treasurer of state's official internet site.

c. The reporting requirements of this section do not apply to outdated warrants charged

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to federal grants or other nonstate funds for which funding is no longer available as described in section 25.2.

2. An agreement to pay compensation to recover or assist in the recovery of an outstanding warrant made within twenty-four months after the date the warrant is canceled is unenforceable. However, an agreement made after twenty-four months from the date the warrant is canceled is valid if the fee or compensation agreed upon is not more than fifteen percent of the recoverable property, the agreement is in writing and signed by the payee, and the writing discloses the nature and value of the property and the name and address of the person in possession. This subsection does not apply to a payee who has a bona fide fee contract with a practicing attorney regulated under chapter 602, article 10.

2006 Acts, ch 1185, §102; 2013 Acts, ch 90, §257
Referred to in §22.7(32), 25.2, 556.18

556.3 Unclaimed funds held by life insurance corporations.

1. Unclaimed funds, as defined in this section, held and owing by a life insurance corporation shall be presumed abandoned if the last known address, according to the records of the corporation, of the person entitled to the funds is within this state. If a person other than the insured or annuitant is entitled to the funds and no address of such person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled to the funds, it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation.

2. *"Unclaimed funds"*, as used in this section, means all moneys held and owing by any life insurance corporation unclaimed and unpaid for more than three years after the moneys became due and payable as established from the records of the corporation under any life or endowment insurance policy or annuity contract which has matured or terminated. A life insurance policy not matured by actual proof of the death of the insured is deemed to be matured and the proceeds thereof are deemed to be due and payable if the policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based and shall be presumed abandoned and to be unclaimed funds as defined in this section if unclaimed and unpaid for more than two years thereafter, unless the person appearing entitled thereto has within the two-year period assigned, readjusted, or paid premiums on the policy, or subjected the policy to loan or corresponded in writing with the life insurance corporation concerning the policy. Moneys otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

[C71, 73, 75, 77, 79, 81, §556.3]
84 Acts, ch 1295, §8; 91 Acts, ch 267, §626

556.3A Unclaimed demutualization proceeds held by insurance companies.

1. Property distributable in the course of demutualization or related reorganization of an insurance company occurring on or after January 1, 2003, that remains unclaimed is deemed abandoned two years after the earlier of:

a. The first date on which the property of an insurance company being demutualized or reorganized was distributable.

b. The date of last contact by the insurance company with a policyholder.

2. Property distributable in the course of demutualization or related reorganization of an insurance company occurring before January 1, 2003, that remains unclaimed is deemed abandoned two years after the first date on which the property of an insurance company being demutualized or reorganized was distributable.

2003 Acts, ch 46, §1, 5
Referred to in §556.11

556.4 Deposits and refunds held by utilities.

The following funds held or owing by any utility are presumed abandoned:

1. Any deposit made by a subscriber with a utility to secure payment for, or any sum paid in advance for, utility services to be furnished in this state, less any lawful deductions, that

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has remained unclaimed by the person appearing on the records of the utility entitled to the deposit for more than one year after the termination of the services for which the deposit or advance payment was made.

2. Any sum which a utility has been ordered to refund and which was received for utility services rendered in this state, together with any interest on the refund, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled to the refund for more than one year after the date it became payable in accordance with the final determination or order providing for the refund.

[C71, 73, 75, 77, 79, 81, §556.4]
83 Acts, ch 191, §12, 26, 27; 91 Acts, ch 267, §627
Referred to in §556.18

556.5 Stocks and other intangible interests in business associations.

1. Any stock, shareholding, or other intangible ownership interests in a business association, the existence of which is evidenced by records available to the association, is deemed abandoned and, with respect to the interest, the association is the holder, if both of the following apply:

a. The interest in the association is owned by a person who for more than three years has neither claimed a dividend, distribution, nor other sum payable as a result of the interest, or who has not communicated with the association regarding the interest or a dividend, distribution, or other sum payable as the result of the interest, as evidenced by a memorandum or other record on file with the association prepared by an employee of the association.

b. The association does not know the location of the owner at the end of the three-year period.

2. The return of official shareholder notifications or communications by the postal service as undeliverable shall be evidence that the association does not know the location of the owner.

3. This section shall be applicable to both the underlying stock, shareholdings, or other intangible ownership interests of an owner, and any stock, shareholdings, or other intangible ownership interest of which the business association is in possession of the certificate or other evidence or indicia of ownership, and to the stock, shareholdings, or other intangible ownership interests of dividend and nondividend paying business associations whether or not the interest is represented by a certificate.

4. At the time an interest is deemed abandoned under this section, the following shall apply:

a. Except as provided in paragraph *"b"*, any dividend, distribution, or other sum then held for or owing to the owner as a result of the interest, and not previously deemed abandoned, is deemed abandoned.

b. A disbursement held by a cooperative association shall not be deemed abandoned under this chapter if the disbursement is retained by a cooperative association organized under chapter 490 as provided in section 490.628, by a cooperative association organized under chapter 499 as provided in section 499.30A, or by a cooperative as provided in section 501A.1008.

5. This section does not apply to any stock or other intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends, distributions, or other sums payable as a result of the interest unless one or more of the following applies:

a. The records available to the administrator of the plan show, with respect to any intangible ownership interest not enrolled in the reinvestment plan, that the owner has not within three years communicated in any manner described in subsection 1.

b. Three years have elapsed since the location of the owner became unknown to the association, as evidenced by the return of official shareholder notifications or communications by the postal service as undeliverable, and the owner has not within those three years communicated in any manner described in subsection 1. The three-year period from the return of official shareholder notifications or communications shall commence

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from the earlier of the return of the second such mailing or the time the holder discontinues mailings to the shareholder.

[C71, 73, 75, 77, 79, 81, §556.5]

84 Acts, ch 1295, §9; 85 Acts, ch 195, §50; 91 Acts, ch 267, §628; 93 Acts, ch 178, §33, 34; 94 Acts, ch 1023, §116; 96 Acts, ch 1173, §6; 2001 Acts, ch 142, §6; 2005 Acts, ch 135, §117

Referred to in §490.628, 499.30A, 501A.1008, 556.10, 556.14, 556.17

556.6 Property of business associations and banking or financial organizations held in course of dissolution.

Except as provided in section 490.1440, all intangible personal property distributable in the course of a voluntary dissolution of a business association, banking organization, or financial organization organized under the laws of or created in this state, that is unclaimed by the owner within one year after the date for final distribution, is presumed abandoned.

[C71, 73, 75, 77, 79, 81, §556.6]

84 Acts, ch 1295, §10; 90 Acts, ch 1205, §59

Referred to in §556.10

556.7 Property held by fiduciaries.

All intangible personal property and any income or increment thereon, held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner has, within three years after it becomes payable or distributable, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum on file with the fiduciary which shall have been dated and may have been prepared by the fiduciary or by the owner:

1. If the property is held by a banking organization or a financial organization, or by a business association organized under the laws of or created in this state; or

2. If it is held by a business association, doing business in this state, but not organized under the laws of or created in this state, and the records of the business association indicate that the last known address of the person entitled thereto is in this state; or

3. If it is held in this state by any other person.

[C71, 73, 75, 77, 79, 81, §556.7]

84 Acts, ch 1295, §11; 91 Acts, ch 267, §629

Referred to in §556.10

556.8 Property held by state courts and public officers and agencies — abandonment.

All intangible personal property held for the owner by any court, public corporation, public authority, agency, instrumentality, employee, or public officer of this state, or the United States, or a political subdivision of the state, another state, or the United States, that has remained unclaimed by the owner for more than two years after becoming payable or distributable is presumed abandoned.

[C71, 73, 75, 77, 79, 81, §556.8]

84 Acts, ch 1295, §12; 89 Acts, ch 287, §4

Referred to in §602.8105

556.9 Miscellaneous personal property held for another person — wages — gift certificates.

1. *a.* All intangible personal property, not otherwise covered by this chapter, including any income or increment earned on the property and deducting any lawful charges, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned.

b. Unpaid wages, including wages represented by payroll checks or other compensation for personal services owing in the ordinary course of the holder's business that remain unclaimed by the owner for more than one year after becoming payable are presumed abandoned.

c. Except as provided in subsection 2, funds represented by a gift certificate balance that

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has not been presented within five years from the date of issuance of the gift certificate are presumed abandoned.

2. *a.* An issuer of a gift certificate shall not deduct from the face value of the gift certificate any charge imposed due to the failure of the owner of the gift certificate to present the gift certificate in a timely manner, unless a valid and enforceable written contract exists between the issuer and the owner of the gift certificate pursuant to which the issuer regularly imposes such charges and does not regularly reverse or otherwise cancel them.

b. Notwithstanding the time limitation in subsection 1, a gift certificate redeemable for merchandise only that is not subject to an expiration date and that is not subject to a deduction from the face value of the gift certificate for failure of the owner of the gift certificate to present the gift certificate in a timely manner, or subject to any other charge or service fee, which card remains unpresented, shall continue in force and be eligible for presentation for an indefinite period of time, and shall not be subject to a presumption of abandonment.

c. For purposes of this section, *"gift certificate"* means a merchandise certificate or electronic gift card conspicuously designated as a gift certificate or electronic gift card, and generally purchased by a buyer for use by a person other than the buyer.

[C71, 73, 75, 77, 79, 81, §556.9]

84 Acts, ch 1295, §13; 2002 Acts, ch 1059, §1; 2003 Acts, ch 46, §2; 2004 Acts, ch 1011, §1; 2014 Acts, ch 1089, §1, 2

Referred to in §556.9B, 556.10

556.9A Out-of-state property issued within the state.

1. As used in this section, unless the context requires otherwise:

a. "Property" means intangible personal property located outside the state, but issued by the state of Iowa, a state agency, a political subdivision of the state, or a person formed or otherwise located within the state as a corporation, trust, partnership, limited partnership, association, cooperative, union, or organization.

b. "Temporary custodian" means an entity holding property outside of this state, including but not limited to a person, the United States government, or an agency or instrumentality of the United States government, and any other state or agency or political subdivision of that state.

2. Property and income derived from the property, including but not limited to dividends, earnings, and interest, which are held by a temporary custodian are presumed abandoned and after deducting lawful charges are subject to the custody of this state as unclaimed property, if all the following apply:

a. The owner has not claimed the property or income derived from the property or corresponded in writing with the temporary custodian of the property within three years after the date prescribed for delivery of the property or payment of income from the property.

b. The last known address of the owner is unknown.

3. This section does not apply to property or income derived from the property subject to any other provision of this chapter providing for a different procedure for determining when property is presumed abandoned and subject to state custody.

90 Acts, ch 1095, §1; 92 Acts, ch 1038, §1 – 3

556.9B United States savings bonds — escheatment procedures.

1. Notwithstanding any provision of this chapter to the contrary, the escheat of United States savings bonds and proceeds from such bonds to the state shall be governed by this section.

2. United States savings bonds held or owing in this state by any person, or issued or owed in the course of a holder's business, or issued or owed by a state or other government, governmental subdivision, agency, or instrumentality, and all proceeds from such bonds, shall escheat to the state three years after such bonds are presumed abandoned property under section 556.9, subsection 1. All property rights and legal title to and ownership of such United States savings bonds or proceeds from such bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, shall vest solely in the state.

3. Within one hundred eighty days after the three-year period referred to in subsection 2,

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if a claim has not been filed in accordance with the provisions of section 556.19 for the United States savings bonds, the treasurer of state shall commence a civil action in the district court of Polk county for a determination that the savings bonds shall escheat to the state. The treasurer of state may postpone the bringing of such an action until sufficient United States savings bonds have accumulated in the treasurer of state's custody to justify the expense of the civil action.

4. *a.* In lieu of the notice and publication provisions specified in section 556.12, the treasurer of state or the treasurer of state's attorney must file an affidavit or a declaration stating all of the following that apply:

(1) That personal service of notice or notification by certified mail has been attempted at the last known address of all named defendants unless the treasurer or the treasurer's attorney has reason to believe that the address submitted by the holder is unknown or not otherwise sufficient to ensure that personal service or delivery of such notice will likely occur. The notice shall notify the defendant of the information in paragraph *"b"*, subparagraphs (1), (2), and (3).

(2) That a reasonable effort has been made to ascertain the names and addresses of any defendants sought to be served as unknown parties.

(3) That service of summons pursuant to subparagraph (1) or (2) has been unsuccessful.

b. Following the filing of the affidavit or declaration pursuant to paragraph *"a"*, the treasurer of state shall serve notice by publication. Publication of the notice shall be made once each week for three consecutive weeks in a newspaper of general circulation published in the county where the petition is filed. Such notice shall name any defendant to be served and shall notify the defendant of the following:

(1) The defendant has been sued in a named court.

(2) The defendant must answer the petition or other pleading or otherwise defend, on or before a specified date that is less than forty-one days after the date the notice is first published.

(3) If the defendant does not answer or otherwise defend, the petition or other pleading will be taken as true and judgment, the nature of which must be stated, will be rendered accordingly.

5. If a person does not file a claim or appear at the hearing to substantiate a claim, or if the court determines that a claimant is not entitled to the property claimed by the claimant, the court, if satisfied by evidence that the treasurer of state has substantially complied with the laws of this state, shall enter a judgment that the United States savings bonds have escheated to the state, and all property rights and legal title to and ownership of such savings bonds or proceeds from such bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, have vested solely in the state.

6. The treasurer of state shall redeem United States savings bonds escheated to the state and the proceeds from the redemption shall be deposited into the general fund of the state in accordance with section 556.18.

7. Any person making a claim for the United States savings bonds escheated to the state under this section, or for the proceeds from such bonds, may file a claim in accordance with section 556.19. Upon providing sufficient proof of the validity of the person's claim, the treasurer of state may pay such claim in accordance with the provisions of section 556.20.

2014 Acts, ch 1079, §1

556.10 Reciprocity for property presumed abandoned or escheated under the laws of another state.

If specific property which is subject to the provisions of sections 556.2, 556.5, 556.6, 556.7 and 556.9 is held for or owed or distributable to an owner whose last known address is in another state by a holder who is subjected to the jurisdiction of that state, the specific property is not presumed abandoned in this state and subject to this chapter if:

1. It may be claimed as abandoned or escheated under the laws of such other state; and

2. The laws of such other state make reciprocal provision that similar specific property is not presumed abandoned or escheatable by such other state when held for or owed or

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distributable to an owner whose last known address is within this state by a holder who is subject to the jurisdiction of this state.

[C71, 73, 75, 77, 79, 81, §556.10]

556.11 Report of abandoned property.

1. Every person holding funds or other property, tangible or intangible, presumed abandoned under this chapter shall report to the state treasurer with respect to the property as hereinafter provided.

2. The report shall be verified and shall include:

a. Except with respect to traveler's checks, money orders, cashier's checks, official checks, or similar instruments, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of any property of the value of fifty dollars or more presumed abandoned under this chapter.

b. In case of unclaimed funds of life insurance corporations, the full name of the insured or annuitant and the insured's or annuitant's last known address according to the life insurance corporation's records.

c. The nature and identifying number, if any, or description of the property and the amount appearing from the records to be due, except that items of value under fifty dollars each may be reported in aggregate.

d. The date when the property became payable, demandable, or returnable, and the date of the last transaction with the owner with respect to the property.

e. Other information which the state treasurer prescribes by rule as necessary for the administration of this chapter.

3. If the person holding property presumed abandoned is a successor to other persons who previously held the property for the owner, or if the holder has changed names while holding the property, the holder shall file with the holder's report all prior known names and addresses of each holder of the property.

4. The report shall be filed annually before November 1 for the fiscal year ending on the preceding June 30. However, the report of unclaimed demutualization proceeds as provided in section 556.3A shall be made before May 1 for the preceding calendar year. The treasurer of state may postpone the reporting date upon written request by any person required to file a report.

5. If the holder of property presumed abandoned under this chapter knows the whereabouts of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall, before filing the annual report, communicate with the owner and take necessary steps to prevent abandonment from being presumed. The holder shall exercise due diligence to ascertain the whereabouts of the owner. A holder is not required to make a due diligence mailing to owners whose property has an aggregate value of less than fifty dollars. The treasurer of state may charge a holder that fails to timely exercise due diligence, as required in this subsection, five dollars for each name and address account reported if thirty-five percent or more of the accounts are claimed within the twenty-four months immediately following the filing of the holder report.

6. Verification, if made by a partnership, shall be executed by a partner; if made by an unincorporated association or private corporation, by an officer; and if made by a public corporation, by its chief fiscal officer.

7. The initial report filed under this chapter shall include all items of property that would have been presumed abandoned if this chapter had been in effect during the ten-year period preceding its effective date.

8. *a.* A holder required to file a report under this section shall maintain its records containing the information required to be included in the report until the holder files the report and for four years after the date of filing, unless a shorter time is provided in paragraph *"b"* or by rule of the treasurer of state.

b. A business association that sells, issues, or provides to others for sale or issue in this state, traveler's checks, money orders, or similar written instruments other than third-party bank checks, on which the business association is directly liable, shall maintain a record of

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the instruments while they remain outstanding, indicating the state and date of issue, for four years after the date of filing.

9. Other than the notice to owners required by subsection 5, published notice required by section 556.12, subsection 1, and other discretionary means employed by the treasurer of state for notifying owners of the existence of abandoned property, all information provided in reports shall be confidential, unless written consent from the person entitled to the property is obtained by the treasurer of state, and may be disclosed only to governmental agencies for the purposes of returning abandoned property to its owners or to those individuals who appear to be the owner of the property or otherwise have a valid claim to the property.

10. All agreements to pay compensation to recover or assist in the recovery of property reported under this section, made within twenty-four months after the date payment or delivery is made under section 556.13, are unenforceable. However, such agreements made after twenty-four months from the date of payment or delivery are valid if the fee or compensation agreed upon is not more than fifteen percent of the recoverable property, the agreement is in writing and signed by the owner, and the writing discloses the nature and value of the property and the name and address of the person in possession. A person shall not attempt to collect or collect a fee or compensation for discovering property presumed abandoned under this chapter unless the person is licensed as a private investigation business pursuant to chapter 80A. This section does not prevent an owner from asserting, at any time, that an agreement to locate property is based upon excessive or unjust consideration. This section does not apply to an owner who has a bona fide fee contract with a practicing attorney and counselor as described in chapter 602, article 10.

[C71, 73, 75, 77, 79, 81, §556.11]

84 Acts, ch 1295, §14, 26; 89 Acts, ch 287, §5; 95 Acts, ch 34, §3; 2000 Acts, ch 1191, §1; 2003 Acts, ch 46, §3, 5; 2003 Acts, ch 64, §1 – 4; 2003 Acts, 1st Ex, ch 2, §40, 209

Referred to in §22.7(32), 499.30A, 501A.1008, 556.12, 556.13, 556.19, 556.22, 714.8

556.12 Notice and publication of lists of abandoned property.

1. If a report has been filed with the treasurer of state, or property has been paid or delivered to the treasurer of state, for the fiscal year ending on June 30 or, in the case of unclaimed demutualization proceeds, for the preceding calendar year as required by section 556.11, the treasurer of state may do any of the following:

a. Provide for the publication annually of at least one notice not later than the following November 30. Each notice may be published at least once each week for two successive weeks in an English language newspaper of general circulation in the county in this state in which is located the last known address of any person to be named in the notice. If an address is not listed or if the address is outside this state, the notice may be published in the county in which the holder of the abandoned property has its principal place of business within this state.

b. Publish information to make the public aware of the existence of unclaimed property and the treasurer of state's unclaimed property program in a newspaper in general circulation in the state.

2. The published notice shall contain:

a. The names in alphabetical order and last known addresses, if any, of persons listed in the report and entitled to notice within the county as hereinbefore specified.

b. A statement that information concerning the amount or description of the property and the name and address of the holder may be obtained by any persons possessing an interest in the property by addressing an inquiry to the state treasurer.

3. The treasurer of state is not required to publish in such notice any item of less than one hundred dollars unless the treasurer deems the publication to be in the public interest.

4. The treasurer of state may mail a notice to each person listed in a report filed by the holder of unclaimed property, at the last known address of that person if the treasurer deems such notice to be in the best interests of that person and has reason to believe that the address submitted by the holder is sufficient to ensure that delivery of such notice will likely occur.

5. The mailed notice shall contain a statement that, according to a report filed with the treasurer of state, property is being held to which the addressee appears entitled.

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6. This section is not applicable to sums payable on traveler's checks, money orders, cashier's checks, official checks, or similar instruments presumed abandoned under section 556.2.

[C71, 73, 75, 77, 79, 81, §556.12]

84 Acts, ch 1295, §15; 95 Acts, ch 34, §4; 2003 Acts, ch 46, §4, 5; 2003 Acts, ch 64, §5, 6; 2007 Acts, ch 37, §2, 3; 2024 Acts, ch 1147, §4

Referred to in §216A.102, 556.2C, 556.9B, 556.11

556.13 Payment or delivery of abandoned property.

1. Except for property held in a safe deposit box or other safekeeping depository, upon filing the report required by section 556.11, the holder of property presumed abandoned shall pay, deliver, or cause to be paid or delivered to the administrator the property described in the report as unclaimed, but if the property is an automatically renewable deposit, and a penalty or forfeiture in the payment of interest would result, the time for compliance is extended until a penalty or forfeiture would no longer result. At the direction of the treasurer of state, the holder of tangible property held in a safe deposit box or other safekeeping depository shall deliver the property to the treasurer of state at the same time as or after filing the abandoned property report required in section 556.11.

2. If the property reported to the treasurer of state is a security or security entitlement under the Uniform Commercial Code, chapter 554, article 8, the treasurer of state is an appropriate person to make an indorsement, instruction, or entitlement order on behalf of the apparent owner to invoke the duty of the issuer or its transfer agent or the securities intermediary to transfer or dispose of the security or the security entitlement in accordance with the Uniform Commercial Code, chapter 554, article 8.

3. If the holder of property reported to the treasurer of state is the issuer of a certificated security, the treasurer of state has the right to obtain a replacement certificate pursuant to section 554.8405 but an indemnity bond is not required.

4. An issuer, the holder, and any transfer agent or other person acting pursuant to the instructions of and on behalf of the issuer or holder in accordance with this section is not liable to the apparent owner and shall be indemnified against claims of any person in accordance with section 556.14.

[C71, 73, 75, 77, 79, 81, §556.13]

84 Acts, ch 1295, §16; 92 Acts, ch 1243, §32; 96 Acts, ch 1173, §7; 98 Acts, ch 1100, §76; 2007 Acts, ch 37, §4

Referred to in §556.2, 556.11

556.14 Relief from liability by payment or delivery.

1. Upon the payment or delivery of property to the treasurer of state, the state assumes custody and responsibility for the safekeeping of the property. A person who pays or delivers property to the treasurer of state in good faith is relieved of all liability to the extent of the value of the property paid or delivered for any claim then existing or which may arise or be made in respect to the property.

2. If the holder pays or delivers property to the treasurer of state in good faith and thereafter another person claims the property from the holder or another state claims the money or property under its laws relating to escheat or abandoned or unclaimed property, the treasurer of state, upon written notice of the claim, shall defend the holder against any liability on the claim.

3. The holder of an interest under section 556.5 shall deliver a duplicate certificate or other evidence of ownership if the holder does not issue certificates of ownership to the treasurer of state. Upon delivery of a duplicate certificate to the treasurer of state, the holder and any transfer agent, registrar, or other person acting for or on behalf of a holder in executing or delivering the duplicate certificate is relieved of all liability in accordance with subsections 1 and 2 to every person, including any person acquiring the original certificate or the duplicate of the certificate issued to the treasurer of state, for any losses or damages resulting to any person by the issuance and delivery to the treasurer of state of the duplicate certificate.

4. A holder who has paid money to the treasurer of state under this chapter may

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make payment to any person appearing to the holder to be entitled to payment and upon filing proof of payment and proof that the payee is entitled thereto, the treasurer of state shall reimburse the holder for the payment without imposing any fee or other charge. If reimbursement is sought for payment made on a negotiable instrument, including a traveler's check or money order, the holder must be reimbursed under this subsection upon filing proof that the instrument was duly presented and that payment was made to a person who appeared to the holder to be entitled to payment. The holder must be reimbursed for payment made under this subsection even if the payment was made to a person whose claim was barred under section 556.16.

5. A holder who has delivered property including a certificate of any interest in a business association, other than money, to the treasurer of state may reclaim the property if the property is still in the possession of the treasurer of state without paying any fee or other charge, upon filing proof that the owner has claimed the property from the holder.

6. The treasurer of state may accept the holder's affidavit as sufficient proof of the facts that entitle the holder to recover money and property under this section.

7. For purposes of this section, *"good faith"* means that:

a. Payment or delivery was made in a reasonable attempt to comply with this chapter.

b. The person delivering the property was not a fiduciary then in breach of trust in respect to the property and had a reasonable basis for believing, based on the facts then known to the person, that the property was abandoned for the purposes of this chapter.

c. There is no showing that the records pursuant to which the delivery was made did not meet reasonable commercial standards of practice in the industry.

[C71, 73, 75, 77, 79, 81, §556.14]
84 Acts, ch 1295, §17
Referred to in §524.1305, 524.1310, 556.13

556.15 Income accruing after payment or delivery.

When property other than money is paid or delivered to the treasurer of state under this chapter, the owner is entitled to receive from the treasurer of state any dividends, interest, or other increments realized or accruing on the property at or before liquidation or conversion into money.

[C71, 73, 75, 77, 79, 81, §556.15]
84 Acts, ch 1295, §18
Referred to in §524.1305, 524.1310

556.16 Periods of limitation not a bar.

The expiration of any period of time specified by statute or court order, during which an action or proceeding may be commenced or enforced to obtain payment of a claim for money or recovery of property, shall not prevent the money or property from being presumed abandoned property, nor affect any duty to file a report required by this chapter or to pay or deliver abandoned property to the state treasurer.

[C71, 73, 75, 77, 79, 81, §556.16]
Referred to in §524.1305, 524.1310, 556.14

556.17 Sale of abandoned property.

1. All abandoned property other than money delivered to the treasurer of state under this chapter which remains unclaimed one year after the delivery to the treasurer may be sold to the highest bidder in a manner that affords in the treasurer's judgment the most favorable market for the property involved. The treasurer of state may decline the highest bid and reoffer the property for sale if the treasurer considers the price bid insufficient. The treasurer need not offer any property for sale if, in the treasurer's opinion, the probable cost of sale exceeds the value of the property. The treasurer may order destruction of the property when the treasurer has determined that the probable cost of offering the property for sale exceeds the value of the property. If the treasurer determines that the property delivered does not have any substantial commercial value, the treasurer may destroy or otherwise dispose of the property at any time. An action or proceeding may not be maintained against the treasurer

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or any officer or against the holder for or on account of an act the treasurer made under this section, except for intentional misconduct or malfeasance.

2. *a.* Any sale held under this section shall be preceded by a single publication of notice of the sale at least three weeks in advance of sale in an English language newspaper of general circulation in the county from which the property was received, or in an English language newspaper of general circulation in the state.

b. If the treasurer holds an internet auction or a sale on the internet, the treasurer may elect to provide notice of the sale or auction on the treasurer's internet site at least seven days in advance of the sale or auction in lieu of providing notice as otherwise provided in accordance with paragraph "*a*".

3. The purchaser at any sale conducted by the state treasurer pursuant to this chapter shall receive title to the property purchased, free from all claims of the owner or prior holder thereof and of all persons claiming through or under them. The state treasurer shall execute all documents necessary to complete the transfer of title.

4. Unless the treasurer of state considers it to be in the best interest of the state to do otherwise, all securities, other than those presumed abandoned under section 556.5, delivered to the treasurer of state must be held for at least one year before the treasurer of state may sell them.

5. Unless the treasurer of state considers it to be in the best interest of the state to do otherwise, all securities presumed abandoned under section 556.5 and delivered to the treasurer of state must be held for at least one year before the treasurer of state may sell them. If the treasurer of state sells any securities delivered pursuant to section 556.5 before the expiration of the one-year period, any person making a claim pursuant to this chapter before the end of the one-year period is entitled to either the proceeds of the sale of the securities or the market value of the securities at the time the claim is made, whichever amount is greater, less any deduction for fees pursuant to section 556.18, subsection 2. A person making a claim under this chapter after the expiration of this period is entitled to receive either the securities delivered to the treasurer of state by the holder, if they still remain in the hands of the treasurer of state, or the proceeds received from the sale, less any amounts deducted pursuant to section 556.18, subsection 2, but no person has any claim under this chapter against the state, the holder, any transfer agent, registrar, or other person acting for or on behalf of a holder for any appreciation in the value of the property occurring after delivery by the holder to the treasurer of state.

[C71, 73, 75, 77, 79, 81, §556.17]

84 Acts, ch 1295, §19; 94 Acts, ch 1188, §37; 2003 Acts, ch 64, §7; 2009 Acts, ch 181, §40; 2013 Acts, ch 90, §257

Referred to in §524.1305, 524.1310, 556.18

556.18 Deposit of funds.

1. Except as provided in subsection 3, all funds received under this chapter, including the proceeds from the sale of abandoned property under section 556.17, shall be deposited quarterly by the treasurer of state in the general fund of the state. However, the treasurer of state shall retain in a separate trust fund a sufficient amount from which the treasurer of state shall make prompt payment of claims duly allowed under section 556.20. Before making the deposit, the treasurer of state shall record the name and last known address of each person appearing from the holders' reports to be entitled to the abandoned property and the name and last known address of each insured person or annuitant, and with respect to each policy or contract listed in the report of a life insurance corporation, its number, the name of the corporation, and the amount due. The record shall be available for public inspection at all reasonable business hours.

2. Before making any deposit to the credit of the general funds, the state treasurer may deduct:

a. Any costs in connection with sale of abandoned property.

b. Any costs of mailing and publication in connection with any abandoned property.

c. Reasonable service charges.

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d. Any costs in connection with information on outstanding state warrants addressed pursuant to section 556.2C.

3. The treasurer of state shall annually credit all moneys received under section 556.4 to the general fund of the state. Moneys credited to the general fund of the state pursuant to this subsection are subject to the requirements of subsections 1 and 2.

[C71, 73, 75, 77, 79, 81, §556.18]

83 Acts, ch 191, §13, 14, 27; 84 Acts, ch 1295, §20; 88 Acts, ch 1175, §4; 89 Acts, ch 287, §6; 91 Acts, ch 253, §24; 91 Acts, ch 260, §1248; 93 Acts, ch 131, §26, 27; 94 Acts, ch 1107, §96, 97, 100; 94 Acts, ch 1188, §38; 2006 Acts, ch 1185, §103; 2024 Acts, ch 1185, §189

Referred to in §524.1305, 524.1310, 556.9B, 556.17

556.19 Procedure for abandoned property paid or delivered.

1. Any person claiming an interest in any property delivered to the state under this chapter may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the state treasurer.

2. Notwithstanding subsection 1, the treasurer of state may waive the requirement of a claim form and pay or deliver property directly to a person if the person receiving the property or payment is shown to be the apparent owner included on a report filed under section 556.11 and the treasurer of state reasonably believes the person is entitled to receive the property or payment. The treasurer of state may use state tax information to assist in identifying the owner of property that has been abandoned as provided under this chapter or in verifying a claim filed under this chapter.

[C71, 73, 75, 77, 79, 81, §556.19]

2024 Acts, ch 1147, §5

Referred to in §22.7(32), 422.20, 422.72, 524.1305, 524.1310, 556.9B, 714.8

556.20 Determination of claims.

1. The treasurer of state shall consider any claim filed under this chapter and may hold a hearing and receive evidence concerning the claim. If a hearing is held, the treasurer shall prepare a finding and a decision in writing on each claim filed, stating the substance of any evidence heard by the treasurer and the reasons for the treasurer's decision. The decision shall be a public record.

2. If the claim is allowed, the treasurer of state shall make payment forthwith. The claim shall be paid without deduction for costs of notices or sale or for service charges. The treasurer or an employee thereof shall not be held liable in any action for any claim paid in good faith pursuant to this section. However, a claimant, attorney in fact, or attorney or any other person representing a claimant to whom such payment is made may be held liable to a person who proves a superior right to the payment.

3. As a condition precedent to payment of any claim filed under this chapter, the treasurer of state may require that the claimant or owner of the unclaimed or abandoned property furnish the treasurer with a surety bond containing terms and provisions acceptable to the treasurer and issued by a corporate surety authorized to do business in this state or with such other form of indemnification and protection that is determined by the treasurer to be acceptable and sufficient to protect the treasurer and the state against any loss, liability, or damage which may arise out of or result from the payment of the claim by the treasurer. The claimant or owner shall be responsible for all premiums, costs, fees, or other expenses associated with any such surety bond or other form of indemnification and protection required pursuant to this subsection.

[C71, 73, 75, 77, 79, 81, §556.20]

83 Acts, ch 191, §15, 27; 84 Acts, ch 1295, §21; 2007 Acts, ch 37, §5

Referred to in §499.30A, 501A.1008, 524.1305, 524.1310, 556.9B, 556.18, 642.2

556.21 Judicial action upon determinations.

Any person aggrieved by a decision of the state treasurer or as to whose claim the treasurer has failed to act within ninety days after the filing of the claim, may commence an action in the district court to establish that person's claim. The proceeding shall be brought within

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ninety days after the decision of the treasurer or within one hundred eighty days from the filing of the claim if the treasurer fails to act. The action shall be tried de novo without a jury.

[C71, 73, 75, 77, 79, 81, §556.21]

Referred to in §499.30A, 501A.1008, 524.1305, 524.1310

556.22 Elections by the treasurer of state.

1. The treasurer of state may elect to allow a holder to file a report as provided in section 556.11, or to deliver or pay property to the treasurer, before the property is presumed abandoned, upon consent of the treasurer and according to terms and conditions prescribed by the treasurer.

2. The treasurer of state, after receiving reports of property deemed abandoned pursuant to this chapter, may decline to receive any property reported which the treasurer deems to have a value less than the cost of giving notice and holding sale, or the treasurer may, if the treasurer deems it desirable because of the small sum involved, postpone taking possession until a sufficient sum accumulates. Unless the holder of the property is notified to the contrary within one hundred twenty days after filing the report required under section 556.11, the treasurer shall be deemed to have elected to receive the custody of the property.

[C71, 73, 75, 77, 79, 81, §556.22]

95 Acts, ch 34, §5

556.23 Examination of records.

The treasurer of state may at reasonable times and upon reasonable notice examine the records of any person if the treasurer of state has reason to believe that the person has failed to report property that should have been reported pursuant to this chapter. If an examination of the records of a person results in the disclosure of property reportable and deliverable under this chapter, the treasurer of state may assess the cost of the examination against the holder at a rate not to exceed one hundred dollars a day for each examiner, but in no case may the charges exceed the value of the property found to be reportable and deliverable.

[C71, 73, 75, 77, 79, 81, §556.23]

84 Acts, ch 1295, §22

556.24 Proceeding to compel delivery of abandoned property.

If any person refuses to deliver property to the state treasurer as required under this chapter, the treasurer shall bring an action in a court of appropriate jurisdiction to enforce such delivery.

[C71, 73, 75, 77, 79, 81, §556.24]

556.24A Public records.

1. The treasurer of state shall maintain a public record of the name and last known address of each person appearing to be entitled to unclaimed or abandoned property paid or delivered to the treasurer pursuant to this chapter.

2. Notwithstanding any other provision of law, any other identifying information set forth in any report, record, claim, or other document submitted to the treasurer of state pursuant to this chapter concerning unclaimed or abandoned property is a confidential record as provided in section 22.7 and shall be made available for public examination or copying only in the discretion of the treasurer.

2007 Acts, ch 37, §6

556.25 Interest and penalties.

1. A person who fails to pay or deliver property within the time prescribed by this chapter shall pay the treasurer of state interest at the annual rate of ten percent on the property or value of the property from the date the property should have been paid or delivered but in no event prior to July 1, 1984.

2. A person who willfully fails to pay or deliver property to the treasurer of state as required under this chapter shall pay a civil penalty equal to twenty-five percent of the value of the property that should have been paid or delivered.

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3. The interest or penalty or any part of the interest or penalty as imposed in subsection 1 or 2 may be waived or remitted by the treasurer of state if the person's failure to pay abandoned funds or deliver property is satisfactorily explained to the treasurer of state and if the failure has resulted from a mistake by the person in understanding or applying the law or the facts which require that person to pay abandoned funds or deliver property as provided in this chapter.

[C71, 73, 75, 77, 79, 81, §556.25]

84 Acts, ch 1295, §23; 85 Acts, ch 195, §51; 93 Acts, ch 178, §35, 36

556.26 Rules.

The state treasurer is hereby authorized to make necessary rules to carry out the provisions of this chapter.

[C71, 73, 75, 77, 79, 81, §556.26]

556.27 Effect of laws of other states.

This chapter shall not apply to any property that has been presumed abandoned or escheated under the laws of another state prior to July 1, 1967.

[C71, 73, 75, 77, 79, 81, §556.27]

556.28 Interstate agreements and cooperation.

1. The treasurer of state may enter into agreements with other states to exchange information needed to enable this or another state to audit or otherwise determine unclaimed property that it or another state may be entitled to subject to a claim of custody. The treasurer of state by rule may require the reporting of information needed to enable compliance with agreements made pursuant to this section and prescribe the form.

2. To avoid conflicts between the treasurer of state's procedures and the procedures of unclaimed property administrators in other jurisdictions that enact the uniform unclaimed property Act, the treasurer of state, so far as is consistent with the purposes, policies, and provisions of this chapter, before adopting, amending or repealing rules, shall advise and consult with the unclaimed property administrators in other jurisdictions that enact substantially the uniform unclaimed property Act and take into consideration the rules of unclaimed property administrators in other jurisdictions that enact the uniform unclaimed property Act.

3. The treasurer of state may join with other states to seek enforcement of this chapter against any person who is or may be holding property reportable under this chapter.

4. At the request of another state, the attorney general of this state may bring an action in the name of the unclaimed property administrator of the other state in any court of competent jurisdiction to enforce the unclaimed property laws of the other state against a holder in this state of property subject to escheat or a claim of abandonment by the other state, if the other state has agreed to pay expenses incurred by the attorney general in bringing the action.

5. The treasurer of state may request that the attorney general of another state or any other person bring an action in the name of the unclaimed property administrator in the other state. The state shall pay all expenses including attorney's fees in any action under this subsection. Any expenses paid pursuant to this subsection may not be deducted from the amount that is subject to the claim by the owner under this chapter.

84 Acts, ch 1295, §24

556.29 Uniformity of interpretation.

This chapter shall be so construed as to effectuate its general purpose to make uniform the law of those states which enact it.

[C71, 73, 75, 77, 79, 81, §556.28]

C85, §556.29

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556.30 Short title.
This chapter may be cited as the *"Uniform Disposition of Unclaimed Property Act"*.
[C71, 73, 75, 77, 79, 81, §556.29]
C85, §556.30

CHAPTER 556A

UNSOLICITED GOODS, WARES, AND MERCHANDISE

556A.1 Gift of unsolicited goods.

556A.1 Gift of unsolicited goods.
Unless otherwise agreed, where unsolicited goods are mailed to a person, that person has a right to accept delivery of such goods as a gift only, and is not bound to return such goods to the sender. If such unsolicited goods are either addressed to or intended for the recipient, the recipient may use them or dispose of them in any manner without any obligation to the sender, and in any action for goods sold and delivered, or in any action for the return of the goods, it shall be a complete defense that the goods were mailed voluntarily and that the defendant did not actually order or request such goods, either orally or in writing.
[C71, 73, 75, 77, 79, 81, §556A.1]

CHAPTER 556B

ABANDONED MOTOR VEHICLES OR OTHER PROPERTY

556B.1 Removal — notice to sheriff.

556B.1 Removal — notice to sheriff.
1. The owner or other lawful possessor of real property may remove or cause to be removed any motor vehicle or other personal property which has been unlawfully parked or placed on that real property, and may place or cause such personal property to be placed in storage until the owner of the same pays a fair and reasonable charge for towing, storage or other expense incurred. The real property owner or possessor, or the owner's or possessor's agent, shall not be liable for damages caused to the personal property by the removal or storage unless the damage is caused willfully or by gross negligence.
2. The real property owner or possessor shall notify the sheriff of the county where the real property is located of the removal of the motor vehicle or other personal property. If the owner of the motor vehicle or other personal property can be determined, the owner shall be notified of the removal by the sheriff by certified mail, return receipt requested. If the owner cannot be identified, notice by one publication in one newspaper of general circulation in the area where the personal property was parked or placed is sufficient to meet all notice requirements under this section. If the personal property has not been reclaimed by the owner within six months after notice has been effected, it may be sold by the sheriff at public or private sale. The net proceeds after deducting the cost of the sale shall be applied to the cost of removal and storage of the property, and the remainder, if any, shall be paid to the county treasurer.
[C75, 77, 79, 81, §556B.1]
83 Acts, ch 123, §190, 209
Referred to in §331.427, 331.653

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CHAPTER 556C

RIGHTS TO DIES, MOLDS, AND FORMS

556C.1 Definitions.
556C.2 Rights to dies, molds, or forms.

556C.1 Definitions.

As used in this chapter unless the context requires otherwise:

1. *"Customer"* means a person who causes a molder to fabricate, cast, or otherwise make a die, mold, or form to be used for the manufacture of plastic products.

2. *"Molder"* means a person, including but not limited to a tool or die maker, who fabricates, casts, or otherwise makes a die, mold, or form to be used for the manufacture of plastic products.

84 Acts, ch 1066, §1

556C.2 Rights to dies, molds, or forms.

1. In the absence of an agreement to the contrary, the customer has all rights and title to a die, mold, or form in the possession of the molder as provided in this section.

2. If a customer does not claim possession from a molder of a die, mold, or form within three years following the last use of the die, mold, or form, all rights and title to the die, mold, or form are transferred to the molder for the purpose of destroying or disposing of the die, mold, or form.

3. The molder shall notify the customer by certified mail sent to the customer's last known address at least ninety days prior to the transfer provided in subsection 2. The notice shall indicate that all rights and title to the die, mold, or form will be transferred pursuant to this section.

4. If the customer does not respond in person or by mail within ninety days following the date the notice was sent or does not make other contractual arrangements with the molder for storage of the die, mold, or form the rights and title of the customer to the die, mold, or form shall transfer to the molder. After a transfer has occurred the molder may destroy or otherwise dispose of the particular die, mold, or form as the molder's own property without liability to the customer. This section does not affect the right of the customer under federal patent or copyright law or a state or federal law relating to unfair competition.

84 Acts, ch 1066, §2

CHAPTER 556D

CONSIGNMENTS BETWEEN ARTISTS AND ART DEALERS

556D.1 Definitions.
556D.2 Consignment.
556D.3 Conditions of consignment.
556D.4 Consignment — trust arrangement.
556D.5 Waiver provision void.

556D.1 Definitions.

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

1. *"Art dealer"* means a person engaged in the business of selling works of fine art, in a shop or gallery devoted in the majority to works of fine art, other than a person engaged in the business of selling goods of general merchandise or at a public auction.

2. *"Artist"* means the person who creates a work of fine art or, if such person is deceased, the person's personal representative.

3. *"Consignment"* means a delivery of a work of fine art under which no title to, estate in, or right to possession superior to that of the consignor vests in the consignee, notwithstanding the consignee's power or authority to transfer and convey to a third person all of the right, title, and interest of the consignor in and to the fine art.

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4. *"Fine art"* means a painting, sculpture, drawing, mosaic, photograph, work of graphic art, including an etching, lithograph, offset print, silk screen, or work of graphic art of like nature, a work of calligraphy, or a work in mixed media including a collage, assemblage, or any combination of these art media which is one of a kind or is available in a limited issue or series. *"Fine art"* also means crafts which include work in clay, textiles, fiber, wood, metal, plastic, glass, or similar materials which is one of a kind or is available in a limited issue or series.

5. *"Stated value"* means the amount agreed to be paid to the consignor.

86 Acts, ch 1233, §1

556D.2 Consignment.

1. If an artist delivers or causes to be delivered a work of fine art of the artist's own creation to an art dealer in this state for the purpose of exhibition or sale on a commission, fee, or other basis of compensation, the delivery to and acceptance of the work of fine art by the art dealer is a consignment, unless the delivery to the art dealer is an outright sale for which the artist receives or has received full compensation upon delivery.

2. When an art dealer accepts a work of fine art for the purposes of sale or exhibition and sale to the public on a commission, fee, or other basis of compensation, there shall be a contract or agreement between the artist and art dealer which shall include the following provisions:

a. That the amount of the proceeds due the artist from the sale of the work of fine art shall be delivered to the artist at a time agreed upon by the artist and the art dealer.

b. That the art dealer shall be responsible for the stated value of the work of fine art in the event of the loss of or damage to the work of fine art while it is in the possession of the art dealer.

c. That the work of fine art shall be sold by the art dealer only for the amount agreed upon by the artist in the contract or agreement and that the art dealer will take only the commission or fee agreed upon.

d. That the work of fine art may be used or displayed by the art dealer or any other person only with the prior written consent of the artist. The artist may require that the artist be acknowledged in the use of the work of fine art.

86 Acts, ch 1233, §2; 2013 Acts, ch 30, §261

556D.3 Conditions of consignment.

The following apply to consignment:

1. The art dealer, after delivery of the work of fine art, becomes an agent of the artist for the purpose of sale or exhibition of the consigned work of fine art.

2. The work of fine art shall be held in trust by the consignee for the benefit of the consignor and is not subject to claim by a creditor of the consignee.

3. The consignee is responsible for the loss of or damage to the work of fine art, unless otherwise mutually agreed upon in writing between the artist and art dealer in which case the art dealer shall be required to exercise all due diligence and care with regard to the work of fine art. In case of a waiver, the burden shall be on the dealer to demonstrate the waiver was entered into in good faith.

4. The proceeds from the sale of the work of fine art shall be held in trust by the consignee for the benefit of the artist. The proceeds shall first be applied to pay any balance due the artist unless the artist expressly agrees otherwise in writing.

86 Acts, ch 1233, §3

556D.4 Consignment — trust arrangement.

A consignment remains trust property, even if purchased by the art dealer, until the price is paid in full to the artist. If the work is resold to a bona fide purchaser before the artist has been paid in full, the proceeds of the resale received by the art dealer constitute funds held in trust for the benefit of the artist to the extent necessary to pay any balance still due to the

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artist and the trusteeship continues until the fiduciary obligation of the art dealer with respect to the transaction is discharged in full.

86 Acts, ch 1233, §4

556D.5 Waiver provision void.

A provision of a contract or agreement where the art dealer waives a provision of this chapter is void.

86 Acts, ch 1233, §5

CHAPTER 556E

GOLD AND SILVER ALLOY

This chapter not enacted as a part of this title; transferred from chapter 119 in Code 1993

556E.1	Fraudulent marking.	556E.6	Tests for articles.
556E.2	Tests.	556E.7	Gold-plated or gold-filled articles.
556E.3	"Sterling silver."	556E.8	Silver-plated articles.
556E.4	"Coin silver."	556E.9	Violation.
556E.5	Other articles of silver.	556E.10	"Person" defined.

556E.1 Fraudulent marking.

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made, in whole or in part, of gold or any alloy of gold, and having stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed, any mark indicating or designed to indicate that the gold or alloy in such article is of a greater degree of fineness than the actual fineness or quality thereof, unless the actual fineness thereof, in the case of flatware or watchcases, be not less by more than three one-thousandths parts, and in case of all other articles be not less by more than one-half carat than the fineness indicated by the marks stamped, branded, engraved, or imprinted upon any part of such article, or upon any tag, card, or label attached thereto, or upon any container in which such article is enclosed according to the standards and subject to the qualifications hereinafter set forth, is guilty of a fraudulent practice.

[S13, §5077-b; C24, 27, 31, 35, 39, §**1906;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.1]

C93, §556E.1

Referred to in §556E.2

556E.2 Tests.

In any test for the ascertainment of the fineness of the gold or alloy in any such article, according to the foregoing standards, the part of the gold or alloy taken for the test shall be such portion as does not contain or have attached thereto any solder or alloy of inferior fineness used for brazing or uniting the parts of said article; and in addition to the foregoing tests and standards, the actual fineness of the entire quantity of gold and its alloys contained in any article mentioned in this section and section 556E.1, except watchcases and flatware, including all solder or alloy of inferior metal used for brazing or uniting the parts of the article, all such gold, alloys, and solder being assayed as one piece, shall not be less than the fineness indicated by the mark stamped, branded, engraved, or imprinted upon such article, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed.

[S13, §5077-b; C24, 27, 31, 35, 39, §**1907;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.2]

C93, §556E.2

2023 Acts, ch 64, §94

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556E.3 "Sterling silver."

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made in whole or in part of silver or of any alloy of silver and having marked, stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed, the words "sterling silver" or "sterling" or any colorable imitation thereof, unless nine hundred twenty-five one-thousandths of the component parts of the metal purporting to be silver of which such article is manufactured are pure silver, subject to the qualifications hereinafter set forth, is guilty of a fraudulent practice, but in the case of all such articles there shall be allowed a divergence in fineness of four one-thousandths parts from the foregoing standard.

[S13, §5077-b1; C24, 27, 31, 35, 39, §**1908;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.3]

C93, §556E.3

Referred to in §556E.6

556E.4 "Coin silver."

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made in whole or in part of silver or of any alloy of silver and having marked, stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any box, package, cover, or wrapper in which such article is enclosed, the words "coin" or "coin silver", or any colorable imitation thereof, unless nine hundred one-thousandths of the component parts of the metal appearing or purporting to be silver of which such article is manufactured are pure silver, subject to the qualifications hereinafter set forth, is guilty of a fraudulent practice; but in case of all such articles there shall be allowed a divergence in fineness of four one-thousandths parts from the foregoing standards.

[S13, §5077-b1; C24, 27, 31, 35, 39, §**1909;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.4]

C93, §556E.4

Referred to in §556E.6

556E.5 Other articles of silver.

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made in whole or in part of silver or of any alloy of silver and having stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed, any mark or word, other than the word "sterling" or the word "coin", indicating, or designed to indicate that the silver or alloy of silver in said article is of a greater degree of fineness than the actual fineness or quality, unless the actual fineness of the silver or alloy of silver of which said article is composed be not less by more than four one-thousandths parts than the actual fineness indicated by the said mark or word, other than the word "sterling" or "coin", stamped, branded, engraved, or imprinted upon any part of said article, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed, subject to the qualifications hereinafter set forth, is guilty of a fraudulent practice.

[S13, §5077-b1; C24, 27, 31, 35, 39, §**1910;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.5]

C93, §556E.5

Referred to in §556E.6

556E.6 Tests for articles.

In any test for the ascertainment of the fineness of any such article mentioned in this section and sections 556E.3 through 556E.5, according to the foregoing standards, the part of the article taken for the test shall be such portion as does not contain or have attached thereto any solder or alloy of inferior metal used for brazing or uniting the parts of such article, and provided further and in addition to the foregoing test and standards, that the actual fineness of the entire quantity of metal purporting to be silver contained in any article mentioned

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in sections 556E.3 through 556E.5, including all solder or alloy of inferior fineness used for brazing or uniting the parts of any such article, all such silver, alloy, or solder being assayed as one piece, shall not be less by more than ten one-thousandths parts than the fineness indicated according to the foregoing standards, by the mark stamped, branded, engraved, or imprinted upon such article, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed.

[S13, §5077-b1; C24, 27, 31, 35, 39, §**1911;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.6]

C93, §556E.6

2021 Acts, ch 76, §135; 2022 Acts, ch 1032, §97

556E.7 Gold-plated or gold-filled articles.

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made in whole or in part of inferior metal having deposited or plated thereon, or brazed or otherwise affixed thereto, a plate, plating, covering, or sheet of gold or of any alloy of gold and which article is known in the market as "rolled gold-plate", "gold-plate", "gold-filled", or "gold-electroplate", or by any similar designation, and having stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any container in which said article is enclosed, any word or mark usually employed to indicate the fineness of gold, unless said word be accompanied by other words plainly indicating that such article or part thereof is made of rolled gold-plate, or gold-plate, or gold-electroplate, or is gold-filled, as the case may be, is guilty of a fraudulent practice.

[S13, §5077-b2; C24, 27, 31, 35, 39, §**1912;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.7]

C93, §556E.7

556E.8 Silver-plated articles.

Any person making for sale, selling, or offering to sell or dispose of, or having in possession with intent to sell or dispose of, any article of merchandise made in whole or in part of inferior metal having deposited or plated thereon, or brazed or otherwise affixed thereto, a plate, plating, covering, or sheet of silver or of any alloy of silver, and which article is known in the market as "silver-plate" or "silver-electroplate", or by any similar designation, and having stamped, branded, engraved, or imprinted thereon, or upon any tag, card, or label attached thereto, or upon any container in which said article is encased or enclosed, the word "sterling" or the word "coin" either alone or in conjunction with any other words or marks, is guilty of a fraudulent practice.

[S13, §5077-b3; C24, 27, 31, 35, 39, §**1913;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.8]

C93, §556E.8

556E.9 Violation.

Every person guilty of a violation of the provisions of this chapter, and every officer, manager, director, or agent of any such person directly participating in such violation or consenting thereto, shall be guilty of a simple misdemeanor; but nothing in this chapter shall apply to articles manufactured prior to June 13, 1907.

[S13, §5077-b4; C24, 27, 31, 35, 39, §**1914;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.9]

C93, §556E.9

556E.10 "Person" defined.

The term *"person"* as used in this chapter shall embrace persons, firms, partnerships, companies, corporations, and associations.

[C24, 27, 31, 35, 39, §**1915;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §119.10]

C93, §556E.10

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CHAPTER 556F

LOST PROPERTY

Referred to in §331.508, 331.653, 602.8102(110)

556F.1 Definitions.
556F.1A Taking up vessels, rafts, logs, and lumber.
556F.2 Warrant — appraisal — return — record.
556F.3 Value under twenty dollars.
556F.4 Value exceeding twenty dollars.
556F.5 Advertisement — when title vests.
556F.6 Lost goods or money.
556F.7 When owner unknown.
556F.8 Advertisement.
556F.9 Record of publication.
556F.10 Additional publication.
556F.11 Vesting of title.
556F.12 Ownership settled.
556F.13 Compensation.
556F.14 Costs, charges, and care — assessment.
556F.15 Proceeds — forfeiture.
556F.16 Responsibility of taker-up.
556F.17 Penalty for selling.
556F.18 Failure to comply.

556F.1 Definitions.

As used in this chapter, unless the context otherwise requires, *"book"*, *"list"*, *"record"*, or *"schedule"* kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

2000 Acts, ch 1148, §1

556F.1A Taking up vessels, rafts, logs, and lumber.

If any person shall stop or take up any vessel or watercraft, or any raft of logs, or part thereof, or any logs suitable for making lumber or hewn timber, or sawed lumber, found adrift within the limits or upon the boundaries of this state, of the value of five dollars or upwards, including the cargo, tackle, rigging, and other appendages of such vessel or watercraft, such person, within five days thereafter, provided the same shall not have been previously proved and restored to the owner, shall go before some district judge, district associate judge, judicial magistrate or district court clerk where such property is found, and make affidavit setting forth the exact description of such property; where and when the same was found; whether any, and if so what cargo, tackle, rigging, or other appendages were found on board or attached thereto; and that the same has not been altered or defaced, either in whole or in part, since the taking up, either by the person or by any other person to the person's knowledge.

[C51, §876 – 878; R60, §1506; C73, §1509, 1512; C97, §2371; C24, 27, 31, 35, 39, §**12199;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.1]

94 Acts, ch 1188, §27

C95, §556F.1

C2001, §556F.1A

Section not amended; headnote revised

556F.2 Warrant — appraisal — return — record.

The district judge, district associate judge, judicial magistrate, or district court clerk shall thereupon issue a warrant, directed to some peace officer, commanding the peace officer to summon three respectable householders of the neighborhood, who shall proceed without delay to examine and appraise the property, including cargo, tackle, rigging, and other appendages if applicable, and to submit a report regarding the examination and appraisal to the magistrate, judge, or clerk issuing the warrant, who shall transmit a certified copy to the county auditor to be recorded in a lost property book in the auditor's office.

[C51, §878 – 880; R60, §1506; C73, §1509, 1512; C97, §2371; C24, 27, 31, 35, 39, §**12200;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.2]

94 Acts, ch 1188, §27

C95, §556F.2

95 Acts, ch 49, §18

Referred to in §331.502, 602.6405

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556F.3 Value under twenty dollars.

In all cases where the appraisement of any such property shall not exceed the sum of twenty dollars, the finder shall advertise the same on the door of the courthouse, and in three other of the most public places in the county, within five days after the appraisement, and if no person shall appear to claim and prove such property within six months of the time of taking up, it shall vest in the finder.

[C51, §879, 880; R60, §1507; C73, §1513; C97, §2372; S13, §2372; C24, 27, 31, 35, 39, §**12201;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.3]

94 Acts, ch 1188, §27

C95, §556F.3

556F.4 Value exceeding twenty dollars.

If the value thereof shall exceed the sum of twenty dollars, the county auditor, within five days from the time of the reception of the magistrate, judge or clerk's certificate at the auditor's office, shall cause an advertisement to be posted on the door of the courthouse, and at three other of the most public places in the county, and also a notice to be published once each week for three weeks successively, in some newspaper printed in this state; and if such property be not claimed or proved within ninety days after the advertisement of the same, as aforesaid, the finder shall deliver the same to the sheriff of the county wherein it was taken up, who shall thereupon proceed to sell it at public auction to the highest bidder for cash, having first given ten days' notice of the time and place of sale, and the proceeds of all such sales, after deducting the costs and other necessary expenses, shall be paid into the county treasury.

[C51, §881; R60, §1507; C73, §1513; C97, §2372; S13, §2372; C24, 27, 31, 35, 39, §**12202;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.4]

94 Acts, ch 1188, §27

C95, §556F.4

Referred to in §331.502

556F.5 Advertisement — when title vests.

In all cases where any vessel, watercraft, logs, or lumber shall be taken up as aforesaid, which shall be of a value less than five dollars, the finder shall advertise the same by posting a notice of such finding in three of the most public places in the neighborhood; but in such cases the finder shall keep and preserve the same in the finder's possession, and shall make restitution thereof to the owner, without fee or reward, except the same be given voluntarily when the owner claims the same, provided it shall be done in three months from such taking up or finding; but, if no owner shall claim such property within the time aforesaid, the exclusive right to it shall be vested in the finder.

[C51, §876, 877; R60, §1510; C73, §1516; C97, §2375; C24, 27, 31, 35, 39, §**12203;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.5]

94 Acts, ch 1188, §27

C95, §556F.5

556F.6 Lost goods or money.

If any person shall find any lost goods, money, bank notes, or other things of any description whatever, of the value of five dollars and over, such person shall inform the owner thereof, if known, and make restitution thereof.

[C51, §876 – 879; R60, §1508; C73, §1514; C97, §2373; C24, 27, 31, 35, 39, §**12204;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.6]

94 Acts, ch 1188, §27

C95, §556F.6

556F.7 When owner unknown.

If the owner is unknown, the finder shall, within five days after finding the property, take the money, bank notes, and a description of any other property to the county sheriff of the county or the chief of police of the city in which the property was found, and provide an

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affidavit describing the property, the time when and place where the property was found, and attesting that no alteration has been made in the appearance of the property since the finding. The sheriff or chief of police shall send a copy of the affidavit to the county auditor who shall enter a description of the property and the value of the property, as nearly as the auditor can determine it, in the auditor's lost property book, together with the copy of the affidavit of the finder.

[R60, §1508; C73, §1514; C97, §2373; C24, 27, 31, 35, 39, §**12205;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.7]

94 Acts, ch 1188, §27

C95, §556F.7

95 Acts, ch 49, §19; 2000 Acts, ch 1043, §2

Referred to in §331.502

556F.8 Advertisement.

The finder of the lost goods, money, bank notes, or other things shall give written notice of the finding of the property. The notice shall contain an accurate description of the property and a statement as to the time when and place where the same was found, and the post office address of the finder. The notice shall:

1. Be posted at the door of the courthouse in the county in which the property was found or at the city hall or police station if found within a city and in one other of the most public places in the county; and

2. If the property found exceeds forty dollars in value, the notice shall be published once each week for three consecutive weeks in some newspaper published in and having general circulation in the county.

[C51, §877, 878, 880; R60, §1509, 1510; C73, §1510, 1514 – 1516; C97, §2372, 2374; S13, §2372, 2374; C24, 27, 31, 35, 39, §**12206;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.8]

94 Acts, ch 1188, §27

C95, §556F.8

2000 Acts, ch 1043, §3

556F.9 Record of publication.

Proof of publication of said notice and of the posting thereof shall be made by affidavits of the publisher and the person posting said notices, and said affidavits shall be filed in the office of the county auditor of said county.

[C51, §886; C24, 27, 31, 35, 39, §**12207;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.9]

94 Acts, ch 1188, §27

C95, §556F.9

Referred to in §556F.10

556F.10 Additional publication.

The affidavits provided for in section 556F.9 shall be entered by the auditor in the proceedings of the board of supervisors and the same shall be published with the proceedings of said board.

[C24, 27, 31, 35, 39, §**12208;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.10]

94 Acts, ch 1188, §27

C95, §556F.10

Referred to in §331.502

556F.11 Vesting of title.

If no person appears to claim and prove ownership to said goods, money, bank notes, or other things within twelve months of the date when proof of said publication and posting is

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filed in the office of the county auditor, the right to such property shall irrevocably vest in said finder.

[C51, §879, 881; R60, §1509, 1510; C73, §1510, 1513, 1515, 1516; C97, §2372, 2374, 2375; S13, §2372, 2374; C24, 27, 31, 35, 39, §**12209;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.11]

94 Acts, ch 1188, §27

C95, §556F.11

556F.12 Ownership settled.

In any case where a claim is made to property found or taken up, and the ownership of the property cannot be agreed upon by the finder and claimant, they may make a case before any district judge, associate district judge, or judicial magistrate in the county, who may hear and adjudicate it, and if either of them refuses to make such case the other may make an affidavit of the facts which have previously occurred, and the claimant shall also verify the claim by the claimant's affidavit, and the district judge, associate district judge, or judicial magistrate may take cognizance of and try the matter on the other party having one day's notice, but there shall be no appeal from the decision. This section does not bar any other remedy given by law.

[C51, §890; R60, §1504; C73, §1517; C97, §2376; C24, 27, 31, 35, 39, §**12210;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.12]

94 Acts, ch 1188, §27

C95, §556F.12

Referred to in §602.6405

556F.13 Compensation.

As a reward for the taking up of boats and other vessels, and for finding lost goods, money, bank notes, and other things, before restitution of the property or proceeds thereof shall be made, the finder shall be entitled to ten percent upon the value thereof, and for taking up any logs or lumber, as hereinbefore described, twenty-five cents for each log not exceeding ten, twenty cents for each exceeding ten and not exceeding fifty, fifteen cents for each exceeding fifty, and fifty cents per thousand feet for sawed lumber.

[C51, §892; R60, §1514; C73, §1511, 1518; C97, §2377; C24, 27, 31, 35, 39, §**12211;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.13]

94 Acts, ch 1188, §27

C95, §556F.13

556F.14 Costs, charges, and care — assessment.

The owner shall also be required to pay the finder all such costs and charges as may have been paid by the finder for services rendered as aforesaid, including the cost of publication, together with reasonable charges for keeping and taking care of such property, which last mentioned charge, in case the finder and the owner cannot agree, shall be assessed by two disinterested householders of the neighborhood, to be appointed by some magistrate judge in the proper county, whose decision, when made, shall be binding and conclusive on all parties.

[C51, §893; R60, §1514; C73, §1518; C97, §2377; C24, 27, 31, 35, 39, §**12212;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.14]

94 Acts, ch 1188, §27

C95, §556F.14

2026 Acts, ch 1063, §4, 25

2026 amendment effective November 1, 2026; 2026 Acts, ch 1063, §25

Section amended

556F.15 Proceeds — forfeiture.

The net proceeds of sales made by the sheriff, and money or bank notes paid over to the county treasurer, as directed in this chapter, shall remain in the hands of the county treasurer in trust for the owner, if the owner applies within one year from the time the proceeds, moneys, or bank notes would have been paid over. However, if no owner appears within that time, the proceeds, moneys, or bank notes shall be forfeited, and the claim of the

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owner is forever barred, in which event the money shall be paid to the treasurer of state for deposit in the general fund of the state.

[C51, §885; R60, §1516; C73, §1519; C97, §2378; C24, 27, 31, 35, 39, §**12213;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.15]

83 Acts, ch 185, §57, 62; 83 Acts, ch 186, §10125, 10201, 10204; 94 Acts, ch 1188, §27

C95, §556F.15

556F.16 Responsibility of taker-up.

If the taker-up of any watercraft, logs, or lumber, or finder of lost goods, bank notes, or other things, takes reasonable care of the property, and any unavoidable accident happens to the property without the fault or neglect of the finder or taker-up before the owner has an opportunity of reclaiming the property, the taker-up or finder shall not be accountable for the unavoidable accident, if within ten days of the accident, the finder or taker-up certifies the accident to the county auditor, who shall make an entry of the accident in the auditor's lost property book.

[R60, §1517; C73, §1520; C97, §2379; C24, 27, 31, 35, 39, §**12214;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.16]

94 Acts, ch 1188, §27

C95, §556F.16

95 Acts, ch 49, §20

Referred to in §331.502

556F.17 Penalty for selling.

If any person shall trade, sell, loan, or take out of the limits of this state any such property taken up or found as provided in this chapter, before the person shall be vested with the right to the property, the person shall forfeit and pay double the value thereof, to be recovered by any person in an action, one half of which shall go to the plaintiff and the other half to the county.

[R60, §1518; C73, §1521; C97, §2380; C24, 27, 31, 35, 39, §**12215;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.17]

94 Acts, ch 1188, §27

C95, §556F.17

2009 Acts, ch 133, §172

556F.18 Failure to comply.

If any person shall take up any boat or vessel, or any logs or lumber, or shall find any goods, money, bank notes, or other things, and shall fail to comply with the requirements of this chapter, the person shall forfeit and pay the sum of twenty dollars, to be recovered in an action by any person who will sue for the same, one half for the use of the person suing and the other half to be deposited in the county treasury for the use of the school districts; but nothing herein contained shall prevent the owner from having and maintaining an action for the recovery of any damage the owner may sustain.

[R60, §1519; C73, §1522; C97, §2381; C24, 27, 31, 35, 39, §**12216;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §644.18]

94 Acts, ch 1188, §27

C95, §556F.18

2018 Acts, ch 1026, §163

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CHAPTER 556G

UNCLAIMED DRY CLEANING

556G.1 Unclaimed personal property held by a dry cleaning establishment.

556G.1 Unclaimed personal property held by a dry cleaning establishment.

All property deposited with a dry cleaning establishment which remains unclaimed for a period of four months after the establishment has attempted to contact the owner of the property by ordinary mail one time at the property owner's last known mailing address, may be presumed abandoned and disposed of by delivering the property to a local nonprofit charitable organization.

94 Acts, ch 1094, §1

CHAPTER 556H

UNCLAIMED DEER VENISON

556H.1 Unclaimed deer venison held by a licensed processing establishment.

556H.1 Unclaimed deer venison held by a licensed processing establishment.

All deer venison deposited with an establishment licensed pursuant to chapter 189A, which remains unclaimed for a period of two months after the establishment has attempted to contact the deer venison owner at least once by ordinary mail at the owner's last known mailing address, shall be presumed to be abandoned. The establishment may dispose of the abandoned deer venison by donating the deer venison to a local nonprofit, charitable organization. For purposes of this section, the term *"deer"* means the Cervidae or game deer excluding any farm deer as defined in section 481A.1, subsection 21, paragraph *"h"*, and all donated deer venison shall include game deer venison only and shall not be processed as a multispecies meat food product pursuant to chapter 189A.

2001 Acts, ch 23, §1

Donations of perishable food, see chapter 672

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SUBTITLE 2

REAL PROPERTY — GIFTS

CHAPTER 557

REAL PROPERTY IN GENERAL

GENERAL PRINCIPLES

557.1 Who deemed seized.
557.2 Estate in fee simple.
557.3 Conveyance passes grantor's interest.
557.4 After-acquired interest — exception.
557.5 Adverse possession.
557.6 Future estates.
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557.12 Conveyances by husband and wife.
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RECORDING OF FARM NAMES

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557.23 Vested interest.
557.24 Fee.
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GENERAL PRINCIPLES

557.1 Who deemed seized.

All persons owning real estate not held by an adverse possession shall be deemed to be seized and possessed of the same.

[C51, §1199; R60, §2207; C73, §1928; C97, §2912; C24, 27, 31, 35, 39, §**10040;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.1]

557.2 Estate in fee simple.

The term *"heirs"* or other technical words of inheritance are not necessary to create and convey an estate in fee simple.

[C51, §1200; R60, §2208; C73, §1929; C97, §2913; C24, 27, 31, 35, 39, §**10041;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.2]

557.3 Conveyance passes grantor's interest.

Every conveyance of real estate passes all the interest of the grantor therein, unless a contrary intent can be reasonably inferred from the terms used.

[C51, §1201; R60, §2209; C73, §1930; C97, §2914; C24, 27, 31, 35, 39, §**10042;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.3]

557.4 After-acquired interest — exception.

Where a deed purports to convey a greater interest than the grantor was at the time possessed of, any after-acquired interest of such grantor, to the extent of that which the deed purports to convey, inures to the benefit of the grantee. But if the spouse of such grantor joins in such conveyance for the purpose of relinquishing dower or homestead only, and

subsequently acquires an interest therein as above defined, it shall not be held to inure to the benefit of the grantee.

[C51, §1202; R60, §2210; C73, §1931; C97, §2915; C24, 27, 31, 35, 39, §**10043;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.4]

557.5 Adverse possession.

Adverse possession of real estate does not prevent any person from selling that person's interest in the same.

[C51, §1203; R60, §2211; C73, §1932; C97, §2916; C24, 27, 31, 35, 39, §**10044;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.5]

557.6 Future estates.

Estates may be created to commence at a future day.

[C51, §1204; R60, §2212; C73, §1933; C97, §2917; C24, 27, 31, 35, 39, §**10045;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.6]

557.7 Contingent remainders.

A contingent remainder shall take effect, notwithstanding any determination of the particular estate, in the same manner in which it would have taken effect if it had been an executory devise or a springing or shifting use, and shall, as well as such limitations, be subject to the rule respecting remoteness known as the rule against perpetuities, exclusive of any other supposed rule respecting limitations to successive generations or double possibilities.

[C24, 27, 31, 35, 39, §**10046;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.7]

Referred to in §557.8

557.8 Applicability.

Section 557.7, except so far as declaratory of existing law, shall apply only to instruments executed on or after July 1, 1925, and to wills and codicils revived or confirmed by a will or codicil executed on or after said date.

[C24, 27, 31, 35, 39, §**10047;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.8]

557.9 Defeating expectant estate.

No expectant estate shall be defeated or barred by an alienation or other act of the owner of the precedent estate, nor by the destruction of such precedent estate by disseizin, forfeiture, surrender, or merger; provided that on the petition of the life tenant, with the consent of the holder of the reversion, the district court may order the sale of the property in such estate and the proceeds shall be subject to the order of court until the right thereto becomes fully vested. The proceedings shall be as in an action for partition.

[C24, 27, 31, 35, 39, §**10048;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.9]

557.10 Declarations of trust.

Declarations or creations of trusts or powers in relation to real estate must be executed in the same manner as deeds of conveyance; but this provision does not apply to trusts resulting from the operation or construction of law.

[C51, §1205; R60, §2213; C73, §1934; C97, §2918; C24, 27, 31, 35, 39, §**10049;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.10]

Statute of frauds, §622.32

557.11 Conveyances by married persons.

A married person may convey or encumber any real estate or interest therein belonging to the person, and may control the same, or contract with reference thereto, to the same extent and in the same manner as other persons.

[C51, §1207; R60, §2215; C73, §1935; C97, §2919; C24, 27, 31, 35, 39, §**10050;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.11]

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557.12 Conveyances by husband and wife.

Every conveyance made by a husband and wife shall be sufficient to pass any and all right of either in the property conveyed, unless the contrary appears on the face of the conveyance.

[R60, §2255; C73, §1936; C97, §2920; C24, 27, 31, 35, 39, §**10051;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.12]

557.13 Covenants — spouse not bound.

Where either the husband or wife joins in a conveyance of real estate owned by the other, the husband or wife so joining shall not be bound by the covenants of such conveyance, unless it is expressly so stated on the face thereof.

[C73, §1937; C97, §2921; C24, 27, 31, 35, 39, §**10052;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.13]

557.14 Title and possession of mortgagor.

In absence of stipulations to the contrary, the mortgagor of real estate retains the legal title and right of possession thereto.

[C51, §1210; R60, §2217; C73, §1938; C97, §2922; C24, 27, 31, 35, 39, §**10053;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.14]

557.15 Common forms of co-ownership of real property.

1. A conveyance of real property to two or more grantees each in their own right creates a tenancy in common, unless a contrary intent is expressed in the conveyance instrument or as provided in subsection 2.

2. A conveyance of real property to two or more grantees in a conveyance instrument in any of the following circumstances creates a presumption of joint tenancy with rights of survivorship unless a contrary intent is expressed in the instrument and subject to subsection 3:

a. The instrument identifies two grantees as married to each other at the time the instrument is executed.

b. The instrument describes the conveyance to the grantees with the phrase "joint tenants", "joint tenancy", or words of similar import.

c. The instrument describes the conveyance to the grantees with the phrase "or their survivor" with reference to the grantees, or words of similar import.

3. An order of annulment, dissolution, or separate maintenance entered pursuant to section 598.21 is a muniment of title to the real property described, and severs a joint tenancy with rights of survivorship and creates a tenancy in common in equal shares, unless otherwise provided in the order.

[C51, §1206; R60, §2214; C73, §1939; C97, §2923; C24, 27, 31, 35, 39, §**10054;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.15]

2014 Acts, ch 1054, §1, 2

Section takes effect January 1, 2015, and applies to instruments executed and orders entered on or after that date; 2014 Acts, ch 1054, §2

557.16 Cotenant liable for rent.

In all cases in which any real estate is now or shall be hereafter held by two or more persons as tenants in common, and one or more of said tenants shall have been or shall hereafter be in possession of said real estate, it shall be lawful for any one or more of said tenants in common, not in possession, to sue for and recover from such tenants in possession, their proportionate part of the rental value of said real estate for the time, not exceeding a period of five years, such real estate shall have been in possession as aforesaid.

[C24, 27, 31, 35, 39, §**10055;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.16]

557.17 Partition — cotenant charged with rent.

In case of partition of such real estate held in common as aforesaid, the parties in possession shall have deducted from their distributive shares of said real estate the rental value thereof to which their cotenants are entitled.

[C24, 27, 31, 35, 39, §**10056;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.17]

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557.18 Vendor's lien.

No vendor's lien for unpaid purchase money shall be enforced in any court of this state after a conveyance by the vendee, unless such lien is reserved by conveyance, mortgage, or other instrument duly acknowledged and recorded, or unless such conveyance by the vendee is made after suit by the vendor, the vendor's executor, or assigns to enforce such lien.

[C73, §1940; C97, §2924; C24, 27, 31, 35, 39, §**10057;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.18]

Referred to in §557.19

557.19 Fraudulent conveyances.

Nothing in section 557.18 shall be construed to deprive a vendor of any remedy now existing against conveyance procured through the fraud or collusion of the vendees therein, or persons purchasing of such vendees with notice of such fraud or lien.

[C73, §1940; C97, §2924; C24, 27, 31, 35, 39, §**10058;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.19]

557.20 Rule in Shelley's case.

The rule or principle of the common law known as the rule in Shelley's case is hereby abolished and is declared not to be a part of the law of this state.

[S13, §2924-a; C24, 27, 31, 35, 39, §**10059;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.20]

557.21 Devise, bequest, or conveyance not enlarged.

No express devise, bequest, or conveyance of an estate for life, or other limited estate in real or personal property shall be enlarged or construed to pass any greater estate to the devisee, legatee, or grantee thereof by reason of any devise, bequest, or conveyance to the heirs, heirs of the body, children, or issue of such devisee, legatee, or grantee; but this section shall not in any manner or under any circumstances be so construed as to impair or affect the vested rights of any person in or to any lands or estates acquired prior to July 4, 1907.

[S13, §2924-b; C24, 27, 31, 35, 39, §**10060;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.21]

RECORDING OF FARM NAMES

557.22 Authorization.

Any owner of a farm in the state may have the name of that farm, together with a description of the owner's lands to which the name applies, recorded in the office of the county recorder of the county in which the farm is located.

[S13, §2924-c; C24, 27, 31, 35, 39, §**10061;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.22]

2003 Acts, ch 5, §3

Referred to in §331.602, 331.607, 557.24

557.23 Vested interest.

When any name shall have been recorded as the name of any farm in such county, such name shall not be recorded as the name of any other farm in the same county.

[S13, §2924-c; C24, 27, 31, 35, 39, §**10062;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.23]

Referred to in §331.602

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557.24 Fee.

A person having the name of the person's farm recorded as provided in section 557.22 shall first pay to the county recorder the fees specified in section 331.604, which shall be paid to the county treasurer as other fees are paid to the county treasurer by the recorder.

[S13, §2924-d; C24, 27, 31, 35, 39, §**10063;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.24]

85 Acts, ch 159, §6; 2009 Acts, ch 27, §32

Referred to in §331.602

557.25 Transfer of farm.

When any owner of a farm, the name of which has been recorded as hereinbefore provided, transfers by deed or otherwise the whole of such farm, such transfer may include the registered name thereof; but if the owner shall transfer only a portion of such farm, then in that event, the registered name thereof shall not be transferred to the purchaser unless so stated in the deed of conveyance.

[S13, §2924-e; C24, 27, 31, 35, 39, §**10064;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.25]

Referred to in §331.602

557.26 Cancellation — fee.

If the owner of a registered farm desires to cancel the registered name of the farm, the owner shall acknowledge cancellation of the name by execution of an instrument in writing referring to the farm name, and shall record the instrument. For the latter service the county recorder shall collect the fees specified in section 331.604, which shall be paid to the county treasurer as other fees are paid to the county treasurer by the recorder.

[S13, §2924-f; C24, 27, 31, 35, 39, §**10065;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §557.26]

85 Acts, ch 159, §7; 2009 Acts, ch 27, §33

Referred to in §331.602

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CHAPTER 557A

TIME-SHARES

Referred to in §557B.4

For cooperatives and condominiums, see chapters 499A and 499B

557A.1 Time-share Act.
557A.2 Definitions.
557A.3 Applicability to time-share programs located out-of-state.
557A.4 Action for partition.
557A.5 Status of time-share estates.
557A.6 Creation of time-share estates.
557A.7 Arrangements for management and operation of a time-share estate program.
557A.8 Developer control period.
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557A.10 Arrangement for management and operation of a time-share use program.
557A.11 Disclosure requirements.
557A.12 Additional disclosure requirements relating to exchange programs.
557A.13 Exemptions from disclosure requirements.
557A.14 Purchaser's and developer's rights relating to property report.
557A.15 Release from liens.
557A.16 Enforcement and cause of action.
557A.17 Blanket mortgage or other liens affecting a time-share interval at time of first conveyance.
557A.18 Financing of time-share programs.
557A.19 Lienholder's rights.
557A.20 Selling time-share estates — license required.

557A.1 Time-share Act.

This chapter shall be known as the *"Iowa Time-share Act"*.

85 Acts, ch 155, §1

Referred to in §557A.3

557A.2 Definitions.

In this chapter, unless the context requires otherwise:

1. *"Association"* means all of the time-share interval owners of a time-share project acting as a group, either through a nonstock nonprofit corporation or an unincorporated association, in accordance with its bylaws governing administration of the project.

2. *"Commission"* means the real estate commission.

3. *"Common expense"* means all sums lawfully assessed against an owner of a time-share interval by an association for the expenses of operating and maintaining the time-share project and for other expenses designated by the project instruments.

4. *"Developer"* means a person who is in the business of creating or selling time-share intervals in a time-share program. This definition does not include a person acting solely as a sales agent.

5. *"Exchange agent"* means a person who negotiates and arranges the exchange of time-share intervals for their owners in an exchange program involving other time-share intervals.

6. *"Managing agent"* means a person who undertakes the duties and responsibilities of the management of a time-share project.

7. *"Project instrument"* means a recordable document applicable to an entire time-share project, containing restrictions or covenants regulating the use, occupancy, or disposition of the entire project and including amendments to the document.

8. *"Property report"* means a written statement provided to the initial purchaser of a time-share interval containing the information required in sections 557A.11 and 557A.12.

9. *"Purchaser"* means a person other than a developer or lender who acquires an interest in a time-share interval.

10. *"Time-share estate"* means an ownership or leasehold estate in property devoted to a time-share fee or a time-share lease.

11. *"Time-share instrument"* means a document by whatever name denominated creating or regulating time-share programs, but excluding any law, ordinance, or government regulation.

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12. *"Time-share interval"* means a time-share estate or a time-share use.

13. *"Time-share program"* means an arrangement for time-share intervals in a time-share project in which the use, occupancy or possession of real property circulates among purchasers of the time-share intervals according to a fixed or floating time schedule on a periodic basis occurring over a period of time.

14. *"Time-share project"* means the entire real property that is subject to a time-share program.

15. *"Time-share use"* means a contractual right of exclusive occupancy which does not fall within the definition of a time-share estate including, but is not limited to, a vacation license, prepaid hotel reservation, club membership, limited partnership or vacation bond.

16. *"Unit"* means the real property or the real property improvement in a time-share project which is divided into time-share intervals.

85 Acts, ch 155, §2
Referred to in §502.201, 543B.7, 543C.1, 557A.3

557A.3 Applicability to time-share programs located out-of-state.

1. Sections 557A.4 through 557A.10 apply only to time-share programs located in Iowa.

2. Sections 557A.1, 557A.2, and 557A.11 through 557A.20 apply to any time-share program, wherever located, which is marketed in Iowa.

85 Acts, ch 155, §3; 2021 Acts, ch 80, §345

557A.4 Action for partition.

An action for partition of a unit shall not be maintained except as permitted by the time-share instrument.

85 Acts, ch 155, §4
Referred to in §557A.3

557A.5 Status of time-share estates.

1. A time-share estate is an estate in real property and has the character and incidents of an estate in fee simple at common law or an estate for years if a leasehold, except as expressly modified by this chapter.

2. A document transferring or encumbering a time-share estate shall not be rejected for recordation because of the nature or duration of the estate.

3. For purposes of title, each time-share estate constitutes a separate estate or interest in property except for real property tax purposes.

85 Acts, ch 155, §5
Referred to in §557A.3

557A.6 Creation of time-share estates.

Project instruments and time-share instruments creating time-share estates shall contain the following:

1. The name of the county in which the property is situated.

2. The legal description, street address, or other description sufficient to identify the property.

3. Identification of units and time periods by letter, name, number, or a combination.

4. Identification of time-share estates and, when applicable, the method by which additional time-share estates may be created.

5. The formula, fraction, or percentage of the common expenses and any voting rights assigned to each time-share estate and, when applicable, to each unit that is not subject to the time-share program.

6. Any restrictions on the use, occupancy, alteration, or alienation of time-share intervals.

7. The dates and conditions under which a partition may occur.

8. The ownership interest, if any, of personal property and provisions for care and replacement of the personal property.

9. Any other matters the developer deems appropriate.

85 Acts, ch 155, §6
Referred to in §557A.3

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557A.7 Arrangements for management and operation of a time-share estate program.

The time-share instruments for a time-share estate program shall prescribe reasonable arrangements for management and operation of the program and for the maintenance, repair, and furnishing of units, which shall include, but not be limited to, provisions for the following:

1. Creation of an association of time-share estate owners.
2. Adoption of bylaws for organizing and operating the association.
3. Payment of costs and expenses of operating the time-share program and owning and maintaining the units.
4. Employment and termination of employment of the managing agent.
5. Preparation and dissemination to time-share estate owners of an annual budget and of operating statements and other financial information concerning the time-share program.
6. Adoption of standards and rules of conduct for the use and occupancy of units by time-share estate owners.
7. Procedures for imposing and collecting assessments from time-share estate owners to defray the expenses of management of the time-share program and maintenance of the units.
8. Comprehensive general liability insurance for death, bodily injury, and property damage arising out of, or in connection with, the use of units by time-share estate owners, their guests, and other users.
9. Methods for providing compensating use periods or monetary compensation to a time-share estate owner if a unit cannot be made available for the period to which the time-share estate owner is entitled by schedule or by confirmed reservation.
10. Procedures for imposing a monetary penalty or suspension of a time-share estate owner's rights and privileges in the time-share program for failure of the owner to comply with the time-share instruments or the rules of the association with respect to the use of the units. The time-share estate owner shall be given notice and the opportunity to refute or explain the charges in person or in writing to the governing body or the association before a decision to impose discipline is rendered.
11. Employment of attorneys, accountants, and other professional persons as necessary to assist in the management of the time-share program and the units.

85 Acts, ch 155, §7
Referred to in §557A.3

557A.8 Developer control period.

1. The time-share instruments for a time-share estate program may provide for a period of time, known as the developer control period, during which the developer or a managing agent selected by the developer shall manage the time-share program and the units in the time-share program.
2. If the time-share instruments for a time-share estate program provide for the establishment of a developer control period, they shall include, but not be limited to, provisions for the following:

a. Termination of the developer control period by action of the association.

b. Termination of contracts for goods and services for the time-share program entered into during the developer control periods.

c. Termination of contract for managing agent entered into during developer control period.

d. A regular accounting by the developer to the association as to all matters that significantly affect the interests of owners in the time-share program.

85 Acts, ch 155, §8
Referred to in §557A.3

557A.9 Creation of time-share uses.

Project instruments and time-share instruments creating time-share uses shall contain the following:

1. Identification by name of the time-share project and street address or other description sufficient to identify the property where the time-share project is situated. The address shall be the street address if available.

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2. Identification of the time periods, type of units, and the units that are in the time-share program and the length of time that the units are committed to the time-share program.

3. In case of a time-share project, identification of which units are in the time-share program and the method by which any units may be added, deleted, or substituted.

4. Any other matters that the developer deems appropriate.

85 Acts, ch 155, §9
Referred to in §557A.3

557A.10 Arrangement for management and operation of a time-share use program.

The time-share instruments for a time-share use program shall prescribe reasonable arrangements for management and operation of the program and for the maintenance, repair, and furnishing of units which shall include, but not be limited to, provisions for the following:

1. Standards and procedures for upkeep, repair, and interior furnishing of units and for providing of janitorial, cleaning, linen, and similar services to the units during use periods.

2. Adoption of standards and rules of conduct governing the use and occupancy of units by time-share use owners.

3. Payment of the costs and expenses of operating the time-share program.

4. Selection of a managing agent to act on behalf of the developer.

5. Preparation and dissemination to time-share use owners of an annual budget and operating statements and other financial information concerning the time-share program.

6. Procedures for establishing the rights of time-share use owners to the use of units by prearrangement or under a first-reserved, first-served priority system.

7. Organization of a management advisory board consisting of time-share use owners including an enumeration of rights and responsibilities of the advisory board.

8. Procedures for imposing and collecting assessment or use fees from time-share use owners as necessary to defray costs of management of the time-share program and in providing materials and services to the units.

9. Comprehensive general liability insurance for death, bodily injury, and property damage arising out of, or in connection with, the use of units by time-share use owners, their guests, and other users.

10. Methods for providing compensating use periods or monetary compensation to a time-share use owner if a unit cannot be made available for the period to which the owner is entitled by schedule or by a confirmed reservation.

11. Procedures for imposing a monetary penalty or suspension of a time-share use owner's rights and privileges in the time-share program for failure of the owner to comply with the time-share instruments or the rules established by the developer with respect to the use of the units. The time-share use owner shall be given notice and the opportunity to refute or explain the charges in person or in writing to the management advisory board before a decision to impose discipline is rendered.

12. Procedures for disclosure at cost to requesting time-share users of a list of the names and mailing addresses of all current time-share owners in the time-share program.

85 Acts, ch 155, §10
Referred to in §557A.3

557A.11 Disclosure requirements.

1. A developer or an agent of a developer of a time-share program shall provide a current property report to a purchaser not later than ten days after the purchaser signs a purchase agreement. Prior to any sale or solicitation for sale of a time-share interval, a copy of all disclosure materials required to be given to a purchaser by this section and section 557A.12 shall be filed with the commission. The property report shall contain the following:

a. A cover sheet of the same approximate size and shape as the majority of the disclosure materials required in this section, bearing the title "Property Report" and containing the name and location of the time-share project, the name and business address of the developer and the name and business address of the developer's agent. Following this information, on the

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front of the cover sheet, but set apart from it, there shall appear four statements in boldface type, or capital letters no smaller than the largest type on the page, in the following wording:

> [1] These are the legal documents covering your rights and responsibilities as a time-share interval owner. If you do not understand any provisions contained in them, you should obtain professional advice.
>
> [2] These disclosure materials given to you as required by law may be relied upon as correct and binding. Oral statements may not be legally binding.
>
> [3] You may at any time within ..... (developer or developer's agent shall insert a number, not less than five, designating the rescission period) business days following receipt of a current property report, cancel in writing the purchase agreement and receive a full refund of any deposits made.
>
> [4] The filing of this document with the commission does not constitute approval of the sale or lease, or offer for sale or lease, by the state, commission, or any officer thereof, or indicate that the state, commission, or any officer thereof has in any way passed upon the merits of the offering.

b. A general description of the units including, but not limited to, the developer's schedule of approximate commencement and completion of all buildings, units, and amenities; or if completed, a statement that they have been completed.

c. As to all units offered by the developer in the same time-share project:

(1) The types and number of units.

(2) Identification of units that are subject to time-share intervals.

(3) The estimated number of units that may become subject to time-share intervals.

d. A brief description of the time-share project.

e. If applicable, any current budget and a projected budget to be used for the time-share intervals for one year after the date of the first transfer to a purchaser. The budget shall include, but is not limited to:

(1) A statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement.

(2) The projected liability for common expense, if any, by category of expenditures for the time-share intervals.

(3) A statement of any services not reflected in the budget that the developer provides, or expenses that the developer pays and which, upon completion of the project or the commencement of association control, would be payable by purchasers as part of their annual share of common expenses.

f. Any initial or special fee due from the purchaser at closing, together with a description of the purpose and method of calculating the fee.

g. A description of any liens, defects, or encumbrances on or affecting the title to the time-share intervals.

h. A description in general terms of any financing offered by the developer and a statement that documents showing specific terms and conditions of financing will be furnished upon request.

i. A statement of any pending lawsuits material to the time-share intervals of which a developer has actual knowledge.

j. Any restraints on alienation of any number or portion of any time-share intervals of which a developer has actual knowledge.

k. A description of the insurance coverage, or a statement that there is no insurance coverage, provided for the benefit of time-share interval owners.

l. Any current or expected fees or charges to be paid by time-share interval owners for the use of any amenities or facilities related to the property.

m. The extent to which financial arrangements have been provided for completion of all promised improvements.

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n. The extent to which a unit may become subject to a tax or other lien arising out of claims against other owners of the same unit.

2. If the time-share program has been registered under a law or rule of another state of the United States, which registration has a similar goal in the protection of prospective purchasers of time-share programs, the developer may substitute for the property report required by subsection 1 an abbreviated property report which consists of a first page to which have been attached the disclosure materials required by the other registering jurisdiction.

a. In addition to the information required to be included on the cover page under subsection 1, paragraph *"a"*, the cover page of the abbreviated report shall contain the following conspicuously noted language:

PROPERTY REPORT OF
(Name of time-share program)
IMPORTANT NOTE TO
PROSPECTIVE PURCHASERS:

The attached information has been provided by (name of time-share program) under the laws of Iowa and (other registering jurisdiction). Read it carefully before you spend any money.

b. If the commission finds that some states do not have disclosure requirements adequate to protect prospective purchasers in this state, the commission may adopt rules identifying those states and requiring the amending of the language of the first page of the abbreviated property report or the abbreviated property report from those states to insure adequate disclosure.

3. The developer shall pay a filing fee in an amount set by rule by the commission when filing the property report required in subsection 1 or 2.

4. At the same time as the developer files the property report or abbreviated property report, the developer shall provide the commission with a list of the names, addresses and phone numbers of all persons authorized to sell time-share intervals on the developer's behalf in Iowa. This list shall be periodically updated as the commission may by rule require.

85 Acts, ch 155, §11; 86 Acts, ch 1237, §36
Referred to in §557A.2, 557A.3, 557A.12, 557A.13, 557A.14

557A.12 Additional disclosure requirements relating to exchange programs.

1. When the owners of time-share intervals are to be permitted or required to become members of or participate in any program for the exchange of occupancy rights among themselves or with the owners of time-share intervals of other time-share projects or both, the developer or an agent of a developer of a time-share program, in addition to the property report required by section 557A.11 and within the same time limitation, shall provide the following disclosure materials to a purchaser:

a. The name, address and telephone number of the exchange agent and a statement as to whether that person is an affiliate of the developer.

b. Whether membership or participation, or both, in the exchange program are voluntary or mandatory.

c. The expenses, or ranges of expenses, charged to the time-share interval owners for membership in the exchange program including the expenses, if any, of exchanging as of a date not more than one year before the property report is delivered to the purchaser, and the name of the person to whom those expenses are payable.

d. Whether and how any of the expenses specified in paragraph "c" may be altered and, if any of them are to be fixed on a case-by-case basis, the manner in which they are to be fixed in each case.

2. Subsection 1 shall not apply if information on all exchange programs has been included pursuant to law or rule of the other registering jurisdiction in an abbreviated property report prepared pursuant to section 557A.11, subsection 2.

85 Acts, ch 155, §12
Referred to in §557A.2, 557A.3, 557A.11, 557A.13, 557A.14

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557A.13 Exemptions from disclosure requirements.

A person shall not be required to provide disclosure documents, as required in sections 557A.11 and 557A.12, in the following cases:

1. A transfer of a time-share interval by a time-share interval owner other than a developer or a developer's agent.
2. A disposition of units in a time-share project pursuant to a court order.
3. A disposition of units in a time-share project by a government or governmental agency.
4. A disposition of units in a time-share project by a foreclosure or deed in lieu of foreclosure.
5. A disposition to a person acquiring the time-share interval for other than personal use.
6. A disposition of a time-share interval in a time-share project situated wholly outside this state if all solicitations, negotiations, and contracts took place wholly outside this state and the contract was executed wholly outside this state.
7. A gratuitous transfer of a time-share interval.

85 Acts, ch 155, §13
Referred to in §557A.3

557A.14 Purchaser's and developer's rights relating to property report.

1. A purchaser may at any time within five business days following the receipt of all information required in sections 557A.11 and 557A.12 rescind in writing a contract of sale without stating any reason and without any liability on the purchaser's part. All payments made by the purchaser before rescission shall be refunded within thirty days after receipt of the notice of rescission as provided in subsection 3.
2. The developer may cancel the contract of purchase without penalty to either person at any time within five business days after the receipt by the purchaser of the disclosure materials required in sections 557A.11 and 557A.12. The developer shall return all payments made and the purchaser shall return all materials received in good condition, reasonable wear and tear excepted. If the materials are not returned, the developer may deduct their cost and return the balance to the purchaser.
3. If either person elects to cancel a contract pursuant to subsection 1 or 2, the person may do so by hand delivery or personal service, or electronic or prepaid United States mail to the other person or to the person's agent for service of process.
4. Material furnished under sections 557A.11 and 557A.12 may not be changed or amended following delivery to a purchaser without the prior approval of the purchaser, if the change or amendment would materially affect the rights of the purchaser. A copy of amendments shall be delivered promptly to the purchaser.
5. A developer who makes a false or misleading statement of fact that reasonably could affect the purchaser's decision to enter into the contract of sale, or omits to include a fact, in the information required to be disclosed under sections 557A.11 and 557A.12 shall be liable to the purchaser for damages, and, at the election of the purchaser, the misrepresentation shall be sufficient to void the contract for sale.
6. Rights of purchasers under this section shall not be waived in the contract of sale and an attempt to waive is void.

85 Acts, ch 155, §14
Referred to in §557A.3

557A.15 Release from liens.

1. Unless the purchaser expressly agrees, prior to the transfer other than by deed in lieu of foreclosure of a time-share interval, to take subject to or assume a lien, the developer shall record or furnish to the purchaser releases of all liens affecting that time-share interval, or shall provide a surety bond or insurance against the lien.
2. If a lien, other than an underlying mortgage or deed of trust, becomes effective against more than one time-share interval in a time-share project, a time-share interval owner is entitled to a release of the owner's time-share interval from the lien upon payment of the amount of the lien attributable to the owner's time-share interval. The amount of the payment shall be proportionate to the ratio that the time-share interval owner's liability bears to the

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liabilities of all time-share interval owners whose interests are subject to the lien. Upon receipt of payment, the lienholder shall promptly deliver to the time-share interval owner a release of the lien covering the time-share interval. After payment, the managing entity shall not assess or have a lien against that time-share interval for any portion of the expenses incurred in connection with that lien. The time-share interval owner and the lienholder may enter into an alternative arrangement.

85 Acts, ch 155, §15
Referred to in §557A.3

557A.16 Enforcement and cause of action.

1. Violations of this chapter, unfair methods of competition, and deceptive or unfair acts or practices, in the offer or sale of a time-share are unlawful. Enforcement shall be as provided in section 714.16. The terms *"unfair methods of competition"* and *"deceptive or unfair acts or practices"* include, but are not limited to, the following acts:

a. Misrepresenting or failing to disclose any material fact concerning a time-share.

b. Failing to honor and comply with all provisions of a time-share instrument entered into with a purchaser.

c. Including any time-share instrument provisions purporting to waive any right or benefit provided for purchasers under this chapter.

d. Receiving from a prospective purchaser any money or other valuable consideration before the purchaser signs a time-share instrument.

e. Misrepresenting the amount of time or period of time the time-share unit will be available to a purchaser.

f. Misrepresenting the location of the offered time-share unit.

g. Misrepresenting the size, nature, extent, qualities, or characteristics of the offered time-share unit.

h. Misrepresenting the nature or extent of any services incident to the time-share unit.

i. Misrepresenting the conditions under which a purchaser may exchange occupancy rights to a time-share unit in one location for occupancy rights to a time-share unit in another location.

2. If a developer or any other person subject to this chapter violates any provision of this chapter or any provision of the project or time-share instruments, any person or class of persons damaged or otherwise adversely affected by the violation shall have a claim for appropriate relief, which shall be brought in the county in which the time-share project is located or was offered or sold, in which the time-share offeror or time-share salesperson resides or is doing business upon tender of the time-share interest sold, or in which the contract was made. The court may order the developer or other person subject to this chapter to refund the purchaser the full amount paid by the purchaser, with prejudgment interest, less a portion of the amount paid representing the portion of any benefit the purchaser actually received or had the right to receive during the time preceding the tender. In all cases, the court may provide equitable relief it considers necessary or proper. The court may also award the person or class of persons reasonable attorney's fees. This action does not limit any other remedy of the purchaser.

85 Acts, ch 155, §16
Referred to in §557A.3

557A.17 Blanket mortgage or other liens affecting a time-share interval at time of first conveyance.

The developer whose project is subject to an underlying blanket lien or encumbrance shall protect nondefaulting purchasers from foreclosure by the lienholder by obtaining from the lienholder written assurances that the lienholder will not foreclose on nondefaulting purchasers. These written assurances may be in the form of a nondisturbance clause, subordination agreement, or partial release of the lien as the time-share intervals are sold, or the developer may obtain the agreement of the lienholder to take the project, in the event

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of default by the developer, subject to the rights of the nondefaulting purchasers by entering into a financing plan or escrow agreement sufficient to protect the lienholder's interest.

85 Acts, ch 155, §17
Referred to in §557A.3

557A.18 Financing of time-share programs.

In the financing of a time-share program, the developer shall retain financial records of the schedule of payments required to be made and the payments made to any person or entity which is the holder of an underlying blanket mortgage, deed of trust, contract of sale, or other lien or encumbrance. Any transfer of the developer's interest in the time-share program to a person other than purchaser of a unit shall be subject to the obligations of the developer.

85 Acts, ch 155, §18
Referred to in §557A.3

557A.19 Lienholder's rights.

Any purchaser who fails to object and specify the invalidity or defect contained in the time-share instrument within sixty days after receipt of written notice that the developer has assigned the receivables to the lienholder may not claim that the time-share instrument is invalid, void, or voidable in any subsequent action for enforcement of the collection of the receivables by the lienholder. The notice shall be by certified mail or personal delivery and state that the developer has assigned the receivables to the lienholder and that the purchaser has sixty days within which to object and specify the invalidity or defect contained within such instrument. Any objection shall be written and delivered by certified mail or personal delivery to the lienholder.

85 Acts, ch 155, §19
Referred to in §557A.3

557A.20 Selling time-share estates — license required.

A person engaged in the business or occupation of selling time-share estates for a fee or a commission shall obtain a real estate license pursuant to chapter 543B.

85 Acts, ch 155, §20
Referred to in §557A.3

CHAPTER 557B

MEMBERSHIP CAMPGROUNDS

Referred to in §537.3310, 552A.2, 714B.10

557B.1 Definitions.
557B.2 Registration requirement.
557B.3 Application for registration — amendments — renewal.
557B.4 Exemptions.
557B.5 Effective date of registration.
557B.6 Denial, suspension, or revocation of application or registration — penalties.
557B.7 Fees.
557B.8 Disclosures to purchasers.
557B.9 Membership camping contracts.
557B.10 Purchaser's right of cancellation.
557B.11 Purchaser's remedies.
557B.12 Nondisturbance provisions.
557B.13 Advertising plans — disclosures — unlawful acts.
557B.14 Remedies.
557B.15 Exemptions by attorney general.
557B.16 Rules.

557B.1 Definitions.

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

1. *"Advertisement"* means an attempt by publication, dissemination, solicitation, or circulation to induce directly or indirectly any person to enter into an obligation or acquire a title or interest in a membership camping contract.

2. *"Affiliate"* means any person who, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified.

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3. *"Blanket encumbrance"* means any mortgage, deed of trust, option to purchase, vendor's lien or interest under a contract or agreement of sale, judgment lien, federal or state tax lien, or any other material lien or encumbrance which secures or evidences the obligation to pay money or to sell or convey all or part of a campground located in this state, made available to purchasers by the membership camping operator, and which authorizes, permits, or requires the foreclosure or other disposition of the campground. *"Blanket encumbrance"* also includes the lessor's interest in a lease of all or part of a campground which is located in this state and which is made available to purchasers by a membership camping operator. *"Blanket encumbrance"* does not include a lien for taxes or assessments levied by a public body which are not yet due and payable.

4. *"Business day"* means any day except Saturday, Sunday, or a legal holiday.

5. *"Campground"* means real property made available to persons for camping, whether by tent, trailer, camper, cabin, recreational vehicle, or similar device and includes the outdoor recreational facilities located on the real property. *"Campground"* does not include a manufactured home community or mobile home park as defined in section 435.1.

6. *"Controlling persons of a membership camping operator"* means each director and officer and each owner of twenty-five percent or more of the stock of the operator, if the operator is a corporation; and each general partner and each owner of twenty-five percent or more of the partnership or other interests, if the operator is a general or limited partnership; or other person doing business as a membership camping operator.

7. *"Membership camping contract"* means an agreement offered or sold within this state evidencing a purchaser's right to use a campground of a membership camping operator for more than thirty days during the term of the agreement.

8. *"Membership camping operator"* or *"operator"* means any person other than one who is tax exempt under section 501(c)(3) of the Internal Revenue Code, as defined in section 422.3, who owns or operates a campground and offers or sells membership camping contracts paid for by a fee or periodic payments. *"Membership camping operator"* does not include the operator of a manufactured home community or mobile home park as defined in chapter 435.

9. *"Offer"* means an inducement, solicitation, or attempt to encourage a person to acquire a membership camping contract.

10. *"Purchaser"* means a person who enters into a membership camping contract with a membership camping operator and obtains the right to use the campground owned or operated by the membership camping operator.

87 Acts, ch 181, §5; 2001 Acts, ch 153, §16

557B.2 Registration requirement.

A person shall not offer or sell a membership camping contract in this state unless one of the following is applicable:

1. The membership camping contract is covered by a membership camping registration as provided in this chapter.

2. The membership camping contract or the transaction is exempted under section 557B.4.

87 Acts, ch 181, §6

Referred to in §502.201, 557B.13

557B.3 Application for registration — amendments — renewal.

1. Filing fees, as prescribed in section 557B.7, shall accompany the application for registration, renewal of a registration, or any amendment of a registration of membership camping contracts.

2. The application for registration shall be filed with the attorney general and shall include all of the following:

a. The membership camping operator's name and the address of its principal place of business, the form, date of organization, jurisdiction of its organization, and the name and address of each of its offices in this state.

b. A copy of the membership camping operator's articles of incorporation, partnership agreement, or joint venture agreement as contemplated or currently in effect.

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c. The name, address, and principal occupation for the past five years of the membership camping operator and of each controlling person of the membership camping operator and the extent of each such person's interest in the membership camping operator as of a specified date within thirty days prior to the filing of the application.

d. A list of affiliates of the membership camping operator, including the names and addresses of officers and directors.

e. A legal description of each campground owned or operated by the membership camping operator which is represented to be available for use by purchasers and a statement identifying the existing amenities at each campground and the planned amenities represented as to be available for use by purchasers in the future at each campground. If future amenities are represented, the statement must include the estimated cost and schedule for completion of those amenities.

f. A brief description of the membership camping operator's ownership of or other right to use the campground properties or facilities represented to be available for use by purchasers, together with a brief description of any material encumbrance, the duration of any lease, real estate contract, license, franchise, reciprocal agreement, or other agreement entitling the membership camping operator to use the property and any material provisions of the agreements which restrict a purchaser's use of the property.

g. If a blanket encumbrance materially adversely affects a campground, a legal description of the encumbrance and a description of the steps taken to protect purchasers in accordance with section 557B.12 in case of failure to discharge the encumbrance.

h. A brief description of all payments of a purchaser under a membership camping contract, including initial fees and any further fees, charges, or assessments, together with any provision for changing the payments.

i. A description of any restraints on the transfer of membership camping contracts, including a complete description of any resale agreement or policy.

j. A brief description of the policies relating to the availability of camping sites and whether reservations are required.

k. A brief description of any grounds for forfeiture of a purchaser's membership camping contract.

l. A sample copy of each membership camping contract to be offered or sold in this state and the purchase price of each type, and if the price varies, the reason for the variance.

m. A sample copy of each instrument which a purchaser will be required to execute, and a copy of the disclosure statement required by section 557B.8.

n. A statement of the total number of membership camping contracts for each campground intended to be sold in this state and the method used to determine this number, including a statement of commitment that this number will not be exceeded unless it is disclosed by an amendment to the registration.

o. A summary or copy of the articles, bylaws, rules, restrictions, or covenants regulating the purchaser's use of each campground and the facilities located on each property, including a statement of whether and how the articles, bylaws, rules, restrictions, or covenants may be changed.

p. A brief description of any reciprocal agreement allowing purchasers to use camping sites, facilities, or other properties owned or operated by any person other than the membership camping operator with whom the purchaser has entered into a membership camping contract.

q. Financial statements of the membership camping operator prepared in accordance with generally accepted accounting principles which shall include a financial statement for the most recent fiscal year audited by an independent certified public accountant, and an unaudited financial statement for the most recent fiscal quarter. The attorney general may waive the requirement for an audited statement if the statement has been prepared by an independent certified public accountant and the attorney general is satisfied with the reliability of the statement and with the ability of the membership camping operator to meet future commitments.

3. The application shall be signed by the membership camping operator or an officer or a general partner of the membership camping operator, or by another person holding a power

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of attorney for this purpose from the membership camping operator. If the application is signed pursuant to a power of attorney, a copy of the power of attorney must be included with the application.

4. An application for registration shall be amended within twenty-five days of any material change in the information included in the application. A material change includes any change which significantly reduces or terminates either the applicant's or the purchaser's right to use the campground or any of the facilities described in the membership camping contract, but does not include minor changes covering the use of the campground, its facilities, or the reciprocal program.

5. The registration of the membership camping operator must be renewed annually by filing an application for renewal with the required fee not later than thirty days prior to the anniversary of the current registration. The application shall include all changes which have occurred in the information included in the application previously filed.

6. Registration with the attorney general does not constitute approval or endorsement by the attorney general of the membership camping operator, the membership camping contract, or the campground, and any attempt by the membership camping operator to indicate that registration constitutes such approval or endorsement is unlawful.

87 Acts, ch 181, §7; 2013 Acts, ch 30, §175
Referred to in §557B.6, 557B.8, 557B.13

557B.4 Exemptions.

The following transactions are exempt from registration:

1. An offer, sale, or transfer by any one person of not more than one membership camping contract in any twelve-month period.

2. An offer or sale by a government, government agency, or other subdivision of government.

3. A bona fide pledge of a membership camping contract.

4. Transactions subject to regulation pursuant to chapter 557A.

87 Acts, ch 181, §8
Referred to in §502.201, 557B.2

557B.5 Effective date of registration.

1. The application for registration automatically becomes effective upon the expiration of forty-five calendar days following filing of a completed application with the attorney general unless one of the following occurs:

a. The application is denied under section 557B.6.

b. The attorney general grants the registration effective as of an earlier date.

c. The applicant consents to a delay of the effective date.

2. If the attorney general requests additional information with respect to the application, the application becomes effective upon the expiration of fifteen business days following the filing with the attorney general of the additional information unless an order pursuant to section 557B.6 is issued or unless declared effective on an earlier date by order of the attorney general.

87 Acts, ch 181, §9; 2013 Acts, ch 30, §261

557B.6 Denial, suspension, or revocation of application or registration — penalties.

1. The attorney general may by order deny, suspend, or revoke a membership camping operator's application or registration or impose a penalty of not more than five thousand dollars or a combination of suspension or revocation and penalty, if the attorney general finds that the order is for the protection of prospective purchasers or purchasers of membership camping contracts and that one of the following applies:

a. The membership camping operator's advertising or sales techniques or trade practices have been or are deceptive, false, or misleading.

b. The membership camping operator is not financially responsible or has insufficient capital to warrant its offering or selling membership camping contracts in this state. The attorney general may require a surety bond or, if one is unobtainable, other evidence of financial assurances satisfactory to the attorney general.

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c. The membership camping operator's application for registration or an amendment to the registration is incomplete in a material respect.

d. The membership camping operator has failed to file timely amendments to the application for registration as required by section 557B.3.

e. The membership camping operator has failed to comply with any provision of this chapter that materially affects the rights of purchasers, prospective purchasers, or owners of membership camping contracts.

f. The membership camping operator has made a false or misleading representation or concealed material facts in any document or information filed with the attorney general.

g. The membership camping operator has represented or is representing to purchasers in connection with the offer to sell membership camping contracts that a particular facility is planned, without reasonable expectation that the facility will be completed within a reasonable time or without the apparent means to ensure its completion.

2. An order denying, suspending, or revoking a registration or imposing a penalty shall be sent by certified mail, return receipt requested, to the applicant or registrant. The applicant or registrant has thirty calendar days from the date of mailing the order to request a hearing pursuant to chapter 17A. If a hearing is not requested within thirty days and is not ordered by the attorney general, the order shall remain in effect until modified or vacated by the attorney general. However, if the attorney general finds that the public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in the order, summary suspension of a membership camping operator's registration may be ordered. If the membership camping operator desires to contest the summary order, the membership camping operator must request a hearing within fifteen calendar days of service of the summary order. If so requested, the hearing must be instituted within twenty calendar days of the request and the contest of the summary order must be promptly determined.

87 Acts, ch 181, §10; 88 Acts, ch 1134, §99, 100; 2013 Acts, ch 30, §261
Referred to in §557B.5

557B.7 Fees.

Each application for registration of an offer or sale of membership camping contracts and each application for amendment or renewal of a registration shall be accompanied by a fee determined by the attorney general which shall be sufficient to defray the costs of administering this chapter.

87 Acts, ch 181, §11
Referred to in §557B.3

557B.8 Disclosures to purchasers.

1. A membership camping operator who is subject to the registration requirements of section 557B.3 shall provide a disclosure statement to a purchaser or prospective purchaser before the person signs a membership camping contract or gives any money or thing of value for the purchase of a membership camping contract.

2. The front cover or first page of the disclosure statement shall contain only the following, in the order stated:

a. "MEMBERSHIP CAMPING OPERATOR'S DISCLOSURE STATEMENT" printed at the top in boldface type of a minimum size of ten points.

b. The name and principal business address of the membership camping operator and any material affiliate of the membership camping operator.

c. A statement that the membership camping operator is in the business of offering for sale membership camping contracts.

d. A statement, printed in boldface type of a minimum size of ten points, which reads as follows:

> This disclosure statement contains important matters to be considered in the execution of a membership camping contract. The membership camping operator is required by law to deliver to you a copy of this disclosure statement before you execute a membership camping contract. The statements contained in this document are

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only summary in nature. You as a prospective purchaser should review all references, exhibits, contract documents, and sales materials. You should not rely upon any oral representations as being correct. Refer to this document and to the accompanying exhibits for correct representations. The membership camping operator is prohibited from making any representations which conflict with those contained in the contract and this disclosure statement.

e. A statement, printed in boldface type of a minimum size of ten points, which reads as follows:

If you execute a membership camping contract, you have the unqualified right to cancel the contract. This right of cancellation cannot be waived. The right to cancel expires at midnight on the third business day following the date on which the contract was executed or the date of receipt of this disclosure statement, whichever event occurs later. To cancel the membership camping contract, you as the purchaser must hand deliver or mail notice of your intent to cancel to the membership camping operator at the address shown in the membership camping contract, postage prepaid. The membership camping operator is required by law to return all moneys paid by you in connection with the execution of the membership camping contract, upon your proper and timely cancellation of the contract and return of all membership and reciprocal use program materials furnished at the time of purchase.

3. The following pages of the disclosure statement shall contain all of the following in the order stated:

a. The name, principal occupation, and address of every director, partner, or controlling person of the membership camping operator.

b. A brief description of the nature of the purchaser's right or license to use the campground and the facilities which are to be available for use by purchasers.

c. A brief description of the membership camping operator's experience in the membership camping business, including the length of time the operator has been in the membership camping business.

d. The location of each of the campgrounds which is to be available for use by purchasers and a brief description of the facilities at each campground which are currently available for use by purchasers. Facilities which are planned, incomplete, or not yet available for use shall be clearly identified as incomplete or unavailable. A brief description of any facilities that are or will be available to nonpurchasers shall also be provided. The description shall include, but need not be limited to, the number of campsites in each park, the number of campsites in each park with full or partial hookups, swimming pools, tennis courts, recreation buildings, restrooms and showers, laundry rooms, trading posts, and grocery stores.

e. The fees and charges that purchasers are or may be required to pay for the use of the campground or any facilities.

f. Any initial or special fee due from the purchaser, together with a description of the purpose and method of calculating the fee.

g. The extent to which financial arrangements, if any, have been provided for the completion of facilities, together with a statement of the membership camping operator's obligation to complete planned facilities. The statement shall include a description of any restrictions or limitations on the membership camping operator's obligation to begin or to complete the facilities.

h. The names of the managing entity, if any, and the significant terms of any management contract, including but not limited to, the circumstances under which the membership camping operator may terminate the management contract.

i. A summary or copy, whether by way of supplement or otherwise, of the rules, restrictions, or covenants regulating the purchaser's use of the campground and the facilities

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which are to be available for use by the purchaser, including a statement of whether and how the rules, restrictions, or covenants may be changed.

j. A brief description of the policies covering the availability of camping sites, the availability of reservations and the conditions under which they are made.

k. A brief description of any grounds for forfeiture of a purchaser's membership camping contract.

l. A statement of whether the membership camping operator has the right to withdraw permanently from use, all or any portion of any campground devoted to membership camping and, if so, the conditions under which the withdrawal is to be permitted.

m. A statement describing the material terms and conditions of any reciprocal program to be available to the purchaser, including a statement concerning whether the purchaser's participation in any reciprocal program is dependent on the continued affiliation of the membership camping operator with that reciprocal program and whether the membership camping operator reserves the right to terminate such affiliation.

n. As to all memberships offered by the membership camping operator at each campground, all of the following:

(1) The form of membership offered.

(2) The types of duration of membership along with a summary of the major privileges, restrictions, and limitations applicable to each type.

(3) Provisions that have been made for public utilities at each campsite including water, electricity, telephone, and sewage facilities.

o. A statement of the assistance, if any, that the membership camping operator will provide to the purchaser in the resale of membership camping contracts and a detailed description of how any such resale program is operated.

p. The following statement, printed in boldface type of a minimum size of ten points:

> Registration of the membership camping operator with the Iowa attorney general does not constitute an approval or endorsement by the attorney general of the membership camping operator, the membership camping contract, or the campground.

4. The membership camping operator shall promptly amend the disclosure statement to reflect any material change and shall promptly file any such amendments with the attorney general.

87 Acts, ch 181, §12; 2013 Acts, ch 30, §176
Referred to in §557B.3, 557B.10

557B.9 Membership camping contracts.

The membership camping operator shall deliver to the purchaser a fully executed copy of a membership camping contract, in writing, which contract shall include at least the following information:

1. The name of the membership camping operator and the address of its principal place of business.

2. The actual date the membership camping contract is executed by the purchaser.

3. The total financial obligation imposed on the purchaser by the contract, including the initial purchase price and any additional charge the purchaser may be required to pay.

4. A statement that the membership camping operator is required by law to provide each purchaser with a copy of the membership camping operator's disclosure statement prior to execution of the contract and that failure to do so is a violation of the law.

5. The full name of each salesperson involved in the execution of the membership camping contract.

6. In immediate proximity to the space reserved for the purchaser's signature, a conspicuous statement printed in boldface type of a minimum size of ten points:

> You the purchaser may cancel this contract without any penalty or obligation at any time within three business days following the date of execution of the contract or the receipt of the disclosure statement from the membership camping operator, whichever event

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occurs later. To cancel the contract, hand deliver or mail a postage prepaid written cancellation to the membership camping operator at the address listed on this contract. Upon cancellation and return of all membership and reciprocal use program materials furnished at the time of purchase, you will receive a refund of all money paid within thirty calendar days after the membership camping operator receives notice of your cancellation.

87 Acts, ch 181, §13

557B.10 Purchaser's right of cancellation.

A purchaser has the right to cancel a membership camping contract within three business days following the date the contract is executed or within three business days following the date of delivery of the written disclosure statement required by section 557B.8, whichever event is later.

1. The right to cancel may not be waived and any attempt to obtain such a waiver is unlawful.

2. A purchaser may cancel the contract by hand delivering a written statement of cancellation or by mailing such a statement to the membership camping operator. The cancellation is deemed effective upon mailing.

3. Upon cancellation and return of all membership and reciprocal use materials furnished at the time of purchase, the membership camping operator shall refund to the purchaser all payment and other consideration given by the purchaser. The refund shall be made within thirty calendar days after the membership camping operator receives notice of the cancellation and may, where payment has been made by credit card, be made by an appropriate credit to the purchaser's account. If the membership camping operator fails to refund the payment or other consideration given within the thirty-day period, it is presumed that the membership camping operator is willfully and wrongfully retaining the payment or other consideration. The willful retention of a payment or other consideration in violation of this section renders the membership camping operator liable for double the amount of that portion of the payment or other consideration wrongfully withheld from the purchaser together with reasonable attorney fees and court costs.

4. The membership camping operator or salesperson shall orally inform the purchaser at the time the contract is executed of the right to cancel the contract as provided in this section.

87 Acts, ch 181, §14

557B.11 Purchaser's remedies.

A purchaser's remedy for errors in or omissions from the membership camping contract, the materials delivered to the purchaser at the time of sale, or any of the disclosures required in section 557B.13 is limited to a right of cancellation and refund of the payment made or consideration given by the purchaser. However, this limitation does not apply to errors or omissions from the contract or disclosures or other requirements of this chapter which are part of a scheme to willfully misstate or omit the information required. Reasonable attorney fees shall be awarded to the prevailing party in any action under this section.

87 Acts, ch 181, §15

557B.12 Nondisturbance provisions.

1. With respect to any property in this state acquired and put into operation by a membership camping operator after July 1, 1987, the membership camping operator shall not offer or execute a membership camping contract in this state granting the right to use the property until the following requirements are met:

a. Each person holding an interest in a voluntary blanket encumbrance has executed and delivered a nondisturbance agreement which includes all of the following provisions:

(1) That the rights of the holder or holders of the blanket encumbrance in the affected campground are subordinate to the rights of purchasers.

(2) That any person who acquires the affected campground or any portion of the

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campground by the exercise of any right of sale or foreclosure contained in the blanket encumbrance takes the campground subject to the rights of purchasers.

(3) That the holder or holders of the blanket encumbrance shall not use or cause the campground to be used in a manner which interferes with the right of purchasers to use the campground and its facilities in accordance with the terms and conditions of the membership camping contract.

b. Each hypothecation lender which has a lien on, or security interest in, the membership camping operator's ownership interest in the campground has executed and delivered a nondisturbance agreement and recorded the agreement in the office of the clerk of the district court of the county in which the campground is located. In addition, each person holding an interest in a blanket encumbrance superior to the interest held by the hypothecation lender has executed, delivered, and recorded an instrument stating that such person will give the hypothecation lender notice of, and at least thirty days to cure, any default under the blanket encumbrance before the person commences any foreclosure action affecting the campground. For the purposes of this section:

(1) *"Hypothecation lender"* means a financial institution which provides a major hypothecation loan to a membership camping operator.

(2) *"Major hypothecation loan"* is a loan or line of credit secured by substantially all of the contracts receivable arising from the membership camping operator's sale of membership camping contracts.

(3) *"Nondisturbance agreement"* means an instrument by which a hypothecation lender agrees to conditions substantially the same as those set forth in paragraph *"a"*.

2. In lieu of compliance with subsection 1, a surety bond or letter of credit satisfying the requirements of this subsection may be delivered to and accepted by the attorney general. The surety bond or letter of credit shall be issued to the attorney general for the benefit of purchasers and shall be in an amount which is not less than one hundred five percent of the remaining principal balance of every indebtedness secured by a blanket encumbrance affecting the campground. The bond shall be issued by a surety which is authorized to do business in this state and which has sufficient net worth to satisfy the indebtedness. The aggregate liability of the surety for all damages shall not exceed the amount of the bond. The letter of credit shall be irrevocable, shall be drawn upon a bank, savings and loan, or financial institution, and shall be in form and content acceptable to the attorney general. The bond or letter of credit shall provide for payment of all amounts secured by the blanket encumbrance including costs, expenses, and legal fees of the lienholder, if for any reason the blanket encumbrance is enforced. The bond or letter of credit may be reduced at the option of the membership camping operator periodically in proportion to the reductions of the amounts secured by the blanket encumbrance.

3. The nondisturbance agreement shall be recorded in the real estate records of the county in which the campground is located.

87 Acts, ch 181, §16
Referred to in §557B.3

557B.13 Advertising plans — disclosures — unlawful acts.

1. Any advertisement, communication, or sales literature relating to membership camping contracts, including oral statements by a salesperson or any other person, shall not contain:

a. Any untrue statement of material fact or any omission of material fact which would make the statements misleading in light of the circumstances under which the statements were made.

b. Any statement or representation that the membership camping contracts are offered without risk or that loss is impossible.

c. Any statement or representation or pictorial presentation of proposed improvements or nonexistent scenes without clearly indicating that the improvements are proposed and the scenes do not exist.

2. A person shall not by any means, as part of an advertising program, offer any item of value as an inducement to the recipient to visit a location, attend a sales presentation, or

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contact a sales agent, unless the person clearly and conspicuously discloses in writing in the offer in readily understandable language each of the following:

a. The name and street address of the owner of the real or personal property or the provider of the services which are the subject of such visit, sales presentation, or contact with a sales agent.

b. A general description of the business of the owner or provider identified and the purpose of any requested visit, sales presentation, or contact with a sales agent, including a general description of the facilities or proposed facilities or services which are the subject of the sales presentation.

c. A statement of the odds, in Arabic numerals, of receiving each item offered.

d. All restrictions, qualifications, and other conditions that must be satisfied before the recipient is entitled to receive the item, including all of the following:

(1) Any deadline by which the recipient must visit the location, attend the sales presentation, or contact the sales agent in order to receive the item.

(2) The approximate duration of any visit and sales presentation.

(3) Any other conditions, such as a minimum age qualification, a financial qualification, or a requirement that if the recipient is married both husband and wife must be present in order to receive the item.

e. A statement that the owner or provider reserves the right to provide a rain check or a substitute or like item, if these rights are reserved.

f. A statement that a recipient who receives an offered item may request and will receive evidence showing that the item provided matches the item randomly or otherwise selected for distribution to that recipient.

g. All other rules, terms, and conditions of the offer, plan, or program.

3. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not offer any item if the person knows or has reason to know that the offered item will not be available in a sufficient quantity based on the reasonably anticipated response to the offer.

4. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not fail to provide any offered item which a recipient is entitled to receive, unless the failure to provide the item is due to a higher than reasonably anticipated response to the offer which caused the item to be unavailable and the offer discloses the reservation of a right to provide a rain check or a like or substitute item if the offered item is unavailable.

5. If the person making an offer subject to registration under sections 557B.2 and 557B.3 is unable to provide an offered item because of limitations of supply not reasonably foreseeable or controllable by the person making the offer, the person making the offer shall inform the recipient of the recipient's right to receive a rain check for the item offered or receive a like or substitute item of equal or greater value at no additional cost or obligation to the recipient.

6. If a rain check is provided, the person making an offer subject to registration under sections 557B.2 and 557B.3, within a reasonable time, and in any event not later than ninety calendar days after the rain check is issued, shall deliver the agreed item to the recipient's address without additional cost or obligation to the recipient, unless the item for which the rain check is provided remains unavailable because of limitations of supply not reasonably foreseeable or controllable by the person making the offer. If the item is unavailable for these reasons, the person, not later than thirty days after the expiration of the ninety-day period, shall deliver a like or substitute item of equal or greater retail value to the recipient.

7. On the request of a recipient who has received or claims a right to receive any offered item, the person making an offer subject to registration under sections 557B.2 and 557B.3 shall furnish to the recipient sufficient evidence showing that the item provided matches the item randomly or otherwise selected for distribution to that recipient.

8. A person making an offer subject to registration under sections 557B.2 and 557B.3, or the person's employee or agent, shall not do any of the following:

a. Misrepresent the size, quantity, identity, or quality of any prize, gift, money, or other item of value offered.

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b. Misrepresent in any manner the odds of receiving a particular gift, prize, amount of money, or other item of value.

c. Represent directly or by implication that the number of participants has been significantly limited or that any person has been selected to receive a particular prize, gift, money, or other item of value, unless this fact is true.

d. Label any offer a notice of termination or notice of cancellation.

e. Misrepresent, in any manner, the offer, plan, or program.

87 Acts, ch 181, §17
Referred to in §557B.11

557B.14 Remedies.

1. A violation of this chapter or the commission of any act declared to be unlawful under this chapter constitutes a violation of section 714.16, subsection 2, paragraph *"a"*, and the attorney general has all the powers enumerated in that section to enforce the provisions of this chapter.

2. In addition, the attorney general may seek civil penalties of not more than ten thousand dollars for each violation of or the commission of any act declared to be unlawful under this chapter. Each day of continued violation constitutes a separate offense.

3. Any person who fails to pay the filing fees required by this chapter and continues to sell membership camping contracts is liable civilly in an action brought by the attorney general for a penalty in an amount equal to treble the unpaid fees.

4. The provisions of this chapter are cumulative and nonexclusive and do not affect any other available remedy at law or equity, except as otherwise provided in sections 502.201, 537.3310, and 552A.2.

87 Acts, ch 181, §18; 93 Acts, ch 60, §25

557B.15 Exemptions by attorney general.

The attorney general may, by rule or order, exempt any person from all or part of the requirements of this chapter if the attorney general finds the requirements unnecessary for the protection of purchasers. In determining exemptions from this chapter, the attorney general shall consider all of the following:

1. The duration of the membership camping contracts involved.
2. The number of membership camping contracts being offered by the operator.
3. The amount of the purchase price of the membership camping contracts.

87 Acts, ch 181, §19

557B.16 Rules.

The attorney general may prescribe rules in accordance with this chapter as deemed necessary to carry out the provisions of this chapter.

87 Acts, ch 181, §20

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CHAPTER 557C

MINERAL INTERESTS

Referred to in §331.602

557C.1	Lapse of mineral interests — prevention.	557C.4	Statement of claim — recorder's duty.
557C.2	Definitions.	557C.5	Reservation in other conveyance.
557C.2A	Active mineral interests.	557C.6	Exemption.
557C.3	Statement of claim — filing requirement.		

557C.1 Lapse of mineral interests — prevention.

A mineral interest is abandoned if it has not been active in accordance with section 557C.2A for a period of twenty years after its creation, transfer, or preservation, unless a statement of

claim is filed in accordance with section 557C.3. Title to an abandoned mineral interest vests in the owner of the surface estate in the land in, or under, which the mineral interest is located on the date of abandonment. Upon the filing of a statement of claim within the specified period, the mineral interest shall be deemed to have been preserved for an additional period of twenty years, or a shorter period as may be specified in the instrument creating the interest.

91 Acts, ch 183, §2; 2026 Acts, ch 1176, §7, 14
Referred to in §557C.3
Section amended

557C.2 Definitions.

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

1. *"Book"*, *"list"*, *"record"*, or *"schedule"* kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

2. *"Severed mineral interest"* means an interest created by an instrument that creates or transfers, either by grant, assignment, reservation, or otherwise, an interest of any kind in coal, any naturally occurring gases, oil, or other gaseous, liquid, or solid hydrocarbons; oil shale; gemstones; metals; fissionable or nonfissionable ore; or steam or other geothermal resources. *"Severed mineral interest"* does not include an interest in any resource listed in the definition of *"mineral"* under section 208.2.

91 Acts, ch 183, §3; 2000 Acts, ch 1148, §1; 2021 Acts, ch 76, §136; 2026 Acts, ch 1176, §8, 14
Subsection 2 amended

557C.2A Active mineral interests.

A severed mineral interest is active when any one of the following conditions exists:

1. Minerals are produced or explored by the record owner of the mineral interest, or the rightful assignees or lessees of the record owner of the severed mineral interest, or pursuant to a pooling order issued by the department of natural resources pursuant to chapter 458A.

2. Operations are conducted for extraction, withdrawal, injection, storage, or disposal of water, gas, or other fluid substances to produce or enhance the production of minerals by or with the express permission of the record holder of the mineral interest, or pursuant to a pooling order issued by the department of natural resources pursuant to chapter 458A.

3. For solid minerals, there is a production from a well or a common vein or seam with the express permission, including such permission as provided for in an instrument of lease or other form of assignment, of the record owner of the severed mineral interest, or pursuant to a pooling order issued by the department of natural resources pursuant to chapter 458A.

4. Any valid conveyance, lease, mortgage, assignment, private distribution, termination of joint tenancy interest affidavit, termination of life estate affidavit, or any judgment or decree that makes specific references to the record owner's severed mineral interest is recorded within the last twenty years in the recorder's office for the county in which the severed mineral interest is located.

5. The severed mineral interest is subject to a written agreement or pooling order issued by the department of natural resources pursuant to chapter 458A.

6. A statement of claim is filed in accordance with section 557C.3.

2026 Acts, ch 1176, §9, 14
Referred to in §557C.1
NEW section

557C.3 Statement of claim — filing requirement.

The statement of claim provided in section 557C.1 shall be filed by the owner of the severed mineral interest prior to the end of the twenty-year period set forth in section 557C.1 or by July 1, 1994, whichever is later. The statement of claim shall contain the name and address of the owner of the severed mineral interest, and a description of the real estate on, or under, which the severed mineral interest is located. The statement of claim shall be filed in the office of the recorder in the county in which the real estate is located.

91 Acts, ch 183, §4; 2026 Acts, ch 1176, §10, 14
Referred to in §557C.1, 557C.2A, 557C.4, 557C.6
Section amended

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557C.4 Statement of claim — recorder's duty.

Upon the filing of the statement of claim provided for in section 557C.3 in the recorder's office for the county where the real estate on, or under, which the severed mineral interest exists is located, the recorder shall record the statement of claim and index the entries required to be made pursuant to section 557C.3 and any applicable entries specified in sections 558.49 and 558.52.

91 Acts, ch 183, §5; 2007 Acts, ch 101, §3; 2026 Acts, ch 1176, §11, 14
Section amended

557C.5 Reservation in other conveyance.

A reservation of a mineral interest or an exception of a mineral interest, contained in a conveyance of the interest out of which it is carved, by a nonowner of the mineral interest shall not be deemed to satisfy the requirements of this chapter or as a revival of a severed mineral interest otherwise extinguished under this chapter.

91 Acts, ch 183, §6; 2026 Acts, ch 1176, §12, 14
Section amended

557C.6 Exemption.

The filing of the statement of claim required under section 557C.3 to preserve the severed mineral interest shall not be required of an owner if the severed mineral interest was separately taxed for real estate tax purposes at any time after July 1, 1971, the tax was paid, the mineral interest has not been subject to a tax sale, and the severed mineral interest has not been conveyed to the owner of the surface estate pursuant to sections 331.310 or 458A.20.

91 Acts, ch 183, §7; 2026 Acts, ch 1176, §13, 14
Section amended

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CHAPTER 558

CONVEYANCES

Referred to in §9B.2, 331.607, 455H.206, 455H.301, 554E.4, 598.21, 622.1

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558.1 "Instruments affecting real estate" defined — revocation.

All instruments containing a power to convey, or in any manner relating to real estate, including certified copies of petitions in bankruptcy with or without the schedules appended, of decrees of adjudication in bankruptcy, and of orders approving trustees' bonds in bankruptcy, and a jobs training agreement entered into under chapter 260E between an employer and community college which contains a description of the real estate affected, shall be held to be *"instruments affecting real estate"*. An instrument affecting real estate, when acknowledged or certified and recorded as in this chapter prescribed, cannot be revoked as to third parties by any act of the parties by whom it was executed, until the instrument containing such revocation is acknowledged and filed for record in the same office in which the instrument containing such power is recorded, except that uniform commercial code financing statements and financing statement changes as provided in chapter 554 need not be thus acknowledged.

[C51, §1226; R60, §2234; C73, §1969; C97, §2957; C24, 27, 31, 35, 39, §**10066;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.1]

93 Acts, ch 180, §90; 2005 Acts, ch 3, §96; 2014 Acts, ch 1132, §34; 2015 Acts, ch 30, §175

Referred to in §9B.2, 554E.4, 558A.1

558.1A Definition. Repealed by 2003 Acts, ch 44, §113.

558.1B Definitions.

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

1. *"Book"*, *"list"*, *"record"*, or *"schedule"* kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

2. *"Grantee"* means the name of the transferee in the transaction used to create the recording index. For other instruments affecting real estate, *"grantee"* includes but is not limited to a buyer, mortgagee, lender, assignee, lessee, or party to an affidavit who is not the affiant.

3. *"Grantor"* means the name of the transferor in the transaction used to create the recording index. For other instruments affecting real estate, *"grantor"* includes but is not limited to a seller, mortgagor, borrower, assignor, lessor, or affiant.

2000 Acts, ch 1148, §1; 2010 Acts, ch 1023, §1

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558.2 Corporation having seal.

In the execution of any written instrument conveying, encumbering, or affecting real estate by a corporation that has adopted a corporate seal, the seal of such corporation may but need not be attached or affixed to such written instrument.

[C51, §974; R60, §1823; C73, §2112; C97, §3068; S13, §3068; C24, 27, 31, 35, 39, §**10067;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.2]

96 Acts, ch 1154, §1

Seals generally, §537A.1

558.3 Corporation not having seal.

If the corporation has not adopted a corporate seal, such fact may but need not be stated in such written instrument.

[S13, §3068; C24, 27, 31, 35, 39, §**10068;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.3]

96 Acts, ch 1154, §2

558.4 Reserved.

558.5 Contract for deed — presumption of abandonment.

1. When the record shows that a contract or bond for a deed was executed more than ten years earlier, the contract or bond shall be deemed abandoned by the vendee and void and the land shall be freed from any lien or defect on account of the contract or bond in any of the following situations:

a. The record does not indicate the contract or bond has been performed and more than ten years have elapsed since the contract or bond by its terms was to be performed.

b. A performance date for the contract or bond is not stated in the contract or bond or any extensions thereof and more than twenty years have elapsed from the date the contract or bond was executed.

2. This section shall apply to a contract or bond described in this section if the contract or bond is not filed of record but is referred to in another instrument which is filed of record. The contract or bond shall be deemed abandoned by the vendee ten years from the date that the contract or bond is to be performed according to the recorded instrument. However, if the recorded instrument does not refer to a performance date for the contract or bond, the contract or bond shall be deemed abandoned twenty years after the date that the instrument containing the reference is recorded.

3. This section shall not apply to a vendee or a vendee's successor in interest if the vendee or the vendee's successor in interest is in possession of the property or has been continuously paying the total amount due, as defined in section 445.1, of the taxes levied against the property for the preceding five years.

[S13, §2963-j; C24, 27, 31, 35, 39, §**10070;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.5]

91 Acts, ch 183, §8; 2013 Acts, ch 83, §1

558.6 Given names — variation — effect.

When there is a difference between the given names or initials in which title is taken, and the given names or initials of the grantor in a succeeding conveyance, and the surnames in both instances are written the same or sound the same, the conveyances or the record of them is presumptive evidence that the surname in the several conveyances and instruments refers to the same person.

[S13, §2963-k; C24, 27, 31, 35, 39, §**10071;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.6]

84 Acts, ch 1067, §46

558.7 Assignment of certificate of entry deemed deed.

An assignment shall have the same force and effect as a deed of conveyance and shall be conclusively presumed to carry all right, title, and interest of the patentee of the real estate,

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the same as though a deed of conveyance had been subsequently executed by the patentee or assignor to a subsequent grantor, when the record shows:

1. That the original entry, certificate of entry, receipt, or duplicate thereof has been assigned;

2. That prior or subsequent to such assignment, the United States or state issued a patent or conveyance to the assignor;

3. That no deed of conveyance appears on record from the person who made the original entry or assignor to the assignee; and

4. That the present record owner holds title under such assignment.

[S13, §2963-n; C24, 27, 31, 35, 39, §**10072;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.7]

2023 Acts, ch 66, §142

558.8 Affidavits explanatory of title — presumption.

Affidavits explaining any defect in the chain of title to any real estate may be recorded as instruments affecting the same, but no one except the owner in possession of such real estate shall have the right to file such affidavit. Such affidavit or the record thereof, including all such affidavits now of record, shall raise a presumption from the date of recording that the purported facts stated therein are true; after the lapse of three years from the date of such recording, such presumption shall be conclusive.

[C51, §1226; R60, §2234; C73, §1969; C97, §2957; S13, §2963-i; C24, 27, 31, 35, 39, §**10073;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.8]

558.9 Railroad land grants — duty to record.

Every railroad company which owns or claims real estate in this state, granted by the government of the United States or this state to aid in the construction of its railroad, where it has not already done so, shall place on file and cause to be recorded, in each county wherein the real estate granted is situated, evidence of its title or claim of title, whether the same consists of patents from the United States, certificates from the secretary of the interior, or governor of this state, or the proper land office of the United States or this state. Where no patent was issued, reference shall be made in said certificate to the Acts of Congress, and the Acts of the legislature of this state, granting such lands, giving the date thereof, and date of their approval under which claim of title is made.

[C97, §2939; C24, 27, 31, 35, 39, §**10074;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.9]

558.10 Patents covering land in different counties.

Where the certificate of the secretary of the interior or the patents cover real estate situated in more than one county, the secretary of state shall, upon the application of any railroad company or its grantee, prepare and furnish, to be recorded, a list of all the real estate situated in any one county so granted, patented, or certified; and all such evidences of title shall be entered by the auditor upon the index, transfer, and plat books.

[C97, §2939; C24, 27, 31, 35, 39, §**10075;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.10]

558.11 Record — constructive notice.

The evidence of title shall be filed with the recorder of deeds of the county in which the real estate is situated, who shall record the same, and place an abstract thereof upon the index of deeds. The recording thereof shall be constructive notice to all persons, as provided in other cases of entries upon said index, and the recorder shall receive the same fees therefor as for recording other instruments.

[C97, §2940; C24, 27, 31, 35, 39, §**10076;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.11]

Referred to in §554E.4
Fees, §331.604

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558.12 Transcript of instruments.

A person interested in a parcel of real estate may procure from a county recorder in this state a transcript of any instrument affecting real estate which is of record in that recorder's office. The transcript shall be certified by the recorder.

[S13, §2938-a; C24, 27, 31, 35, 39, §**10077;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.12]

90 Acts, ch 1081, §2

Referred to in §558.13

558.13 Transcript recorded.

A transcript of the record of any instrument affecting real estate, certified as provided in section 558.12, shall be entitled to record in the office of the recorder of any other county in which is situated any of the real estate affected by such instrument. The effect of the recording of transcript shall be the same as the recording of the original instrument.

[S13, §2938-a; C24, 27, 31, 35, 39, §**10078;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.13]

558.14 Grantor described as "spouse" or "heir" — presumption.

All conveyances or the record title thereof of real estate executed more than ten years earlier, wherein the grantor or grantors described themselves as the surviving spouse, heir at law, heirs at law, surviving spouse and heir at law, or surviving spouse and heirs at law, of some person deceased in whom the record title or ownership of said real estate previously vested, shall be conclusive evidence of the facts so recited as far as they relate to the right of the grantor or grantors to convey, as fully as if the record title of said grantor or grantors had been established by due probate proceedings in the county wherein the real estate is situated.

[S13, §2963-e; C24, 27, 31, 35, 39, §**10079;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.14]

91 Acts, ch 183, §9

558.15 Official stamps of nonresident public notaries — presumption.

Any official stamp purporting to have been affixed to any instrument in writing, by any notary public as provided in chapter 9B residing elsewhere than in this state, shall be prima facie evidence that the words thereon engraved conform to the requirements of the law of the place where such certificate purports to have been made.

[S13, §2943-a; C24, 27, 31, 35, 39, §**10080;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.15]

2001 Acts, ch 38, §6; 2001 Acts, ch 176, §45, 46; 2012 Acts, ch 1050, §47, 60

558.16 and 558.17 Reserved.

558.18 Certification — effect.

When any such records are copied, the officer to whose office the original records belong shall compare the copy so made with the original, and when found correct, shall attach the officer's certificate in each volume or book of such copied records, to the effect that the officer has compared such copies with the original and they are true and correct, and such copied records shall thereupon have the same force and effect in all respects as the original records.

[R60, §2261, 2262; C73, §1974, 1975; C97, §2963; C24, 27, 31, 35, 39, §**10083;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.18]

558.19 Forms of conveyance.

The following or other equivalent forms of conveyance, varied to suit circumstances, are sufficient for the purposes herein contemplated:

1. *For a quitclaim deed.*

> For the consideration of ..... dollars, I hereby quitclaim to ..... all my interest in the following tract of real estate (describing it).

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2. *For a deed in fee simple without warranty.*

For the consideration of ..... dollars, I hereby convey to ..... the following tract of real estate (describing it).

3. *For a deed in fee with warranty.* The same as the last preceding form, adding the words:

And I warrant the title against all persons whomsoever (or other words of warranty, as the party may desire).

4. *For a mortgage.* The same as deed of conveyance, adding the following:

To be void upon condition that I pay, etc.

[C51, §1232; R60, §2240; C73, §1970; C97, §2958; C24, 27, 31, 35, 39, §**10084;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.19]

558.20 Acknowledgments.

The acknowledgment of any deed, conveyance, or other instrument in writing by which real estate in this state is conveyed or encumbered, whether made within this state, outside this state, outside the United States, or under federal authority, shall comply with the provisions of chapter 9B.

[C51, §1217; R60, §2226; C73, §1955; C97, §2942; S13, §2942; C24, 27, 31, 35, 39, §**10085;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.20]

2004 Acts, ch 1052, §1; 2012 Acts, ch 1050, §48, 60

Referred to in §602.8102(78)

Certain acknowledgments legalized, §589.4, 589.5

558.21 through 558.30 Repealed by 2004 Acts, ch 1052, §10. See §558.20.

558.31 Proof of execution and delivery in lieu of acknowledgment.

Proof of the due and voluntary execution and delivery of a deed or other instrument may be made before any officer authorized to take acknowledgments, by one competent person other than the vendee or other person to whom the instrument is executed, in the following cases:

1. If the grantor dies before making the acknowledgment.
2. If the grantor's attendance cannot be procured.
3. If, having appeared, the grantor refuses to acknowledge the execution of the instrument.

[C51, §1220, 1221; R60, §2228; C73, §1959; C97, §2949; C24, 27, 31, 35, 39, §**10095;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.31]

Referred to in §558.33

558.32 Contents of certificate.

The certificate endorsed by the officer upon a deed or other instrument thus proved must state:

1. The title of the officer taking the proof.
2. That it was satisfactorily proved that the grantor was dead, or that for some other reason the grantor's attendance could not be procured in order to make the acknowledgment, or that, having appeared, the grantor refused to acknowledge the same.
3. The name of the witness by whom proof was made, and that it was proved by the witness that the instrument was executed and delivered by the person whose name is thereunto subscribed as a party.

[C51, §1222; R60, §2230; C73, §1960; C97, §2950; C24, 27, 31, 35, 39, §**10096;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.32]

558.33 Subpoenas.

An officer having power to take the proof of execution and delivery of a deed or other instrument under section 558.31 may issue the necessary subpoenas, and compel the

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attendance of witnesses residing within the county, in the manner provided for the taking of depositions.

[C51, §1225; R60, §2233; C73, §1965; C97, §2956; C24, 27, 31, 35, 39, §**10097;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.33]

2020 Acts, ch 1063, §314

Enforcing attendance, §622.84, 622.102

558.34 Use of seal.

The certificate of proof or acknowledgment may be given under seal or otherwise, according to the mode by which the officer making the same usually authenticates the officer's formal acts.

[C51, §1223; R60, §2231; C73, §1961; C97, §2951; C24, 27, 31, 35, 39, §**10098;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.34]

558.35 Married persons.

The acknowledgment of a married person, when required by law, may be taken in the same form as if the person were sole, and without any examination separate and apart from the person's spouse.

[C97, §2960; C24, 27, 31, 35, 39, §**10099;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.35]

558.36 Attorney in fact.

The execution of any deed, mortgage, or other instrument in writing, executed by any attorney in fact, may be acknowledged by the attorney executing the same.

[R60, §2251; C73, §1962; C97, §2952; C24, 27, 31, 35, 39, §**10100;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.36]

558.37 through 558.39 Repealed by 2004 Acts, ch 1052, §10.

558.40 Liability of officer.

Any officer, who knowingly misstates a material fact in any of the certificates mentioned in this chapter or chapter 9B, shall be liable for all damages caused thereby, and shall be guilty of a serious misdemeanor.

[C51, §1224; R60, §2232; C73, §1964; C97, §2955; C24, 27, 31, 35, 39, §**10104;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.40]

2004 Acts, ch 1052, §2; 2012 Acts, ch 1050, §49, 60

558.41 Recording.

1. *Effect of recording.* An instrument affecting real estate is of no validity against subsequent purchasers for a valuable consideration, without notice, or against the state or any of its political subdivisions during and after condemnation proceedings against the real estate, unless the instrument is filed and recorded in the county in which the real estate is located, as provided in this chapter.

2. *Priority.* An interest in real estate evidenced by an instrument so filed shall have priority over any lien that is given equal precedence with ordinary taxes under chapter 260E or 260F, or its successor provisions, except for a lien under chapter 260E or 260F upon the real estate described in an instrument or job training agreement filed in the office of the recorder of the county in which the real estate is located prior to the filing of a conflicting instrument affecting the real estate, and a subordinate lien under chapter 260E or 260F may be divested or discharged by judicial sale or by other available legal remedy notwithstanding any provision to the contrary contained in chapter 260E or 260F, or its successor provisions. Nothing in this section shall abrogate the collection of, or any lien for, unpaid property taxes which have attached to real estate pursuant to chapter 445, including taxes levied against tangible property that is assessed and taxed as real property pursuant to chapter 427A, or the collection of, or any lien for, unpaid taxes for which notice of lien has been properly recorded pursuant to section 422.26.

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3. *Prohibitions against recording unenforceable.* A provision contained in a residential real estate installment sales contract which prohibits the recording of the contract, or the recording of a memorandum of the contract, is unenforceable by any party to the contract.

4. *Termination of life estate.* Upon the termination of a life estate interest through the death of the holder of the life estate, any surviving holder or successor in interest shall prepare a change of title or affidavit for tax purposes and shall deliver such instrument to the county recorder of the county in which each parcel of real estate is located.

[C51, §1211; R60, §2220; C73, §1941; C97, §2925; C24, 27, 31, 35, 39, §**10105;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.41]

93 Acts, ch 33, §1; 93 Acts, ch 180, §91; 98 Acts, ch 1120, §2; 2004 Acts, ch 1144, §3; 2006 Acts, ch 1031, §7

558.42 Acknowledgment as condition precedent.

A document shall not be deemed lawfully recorded, unless it has been previously acknowledged or proved in the manner prescribed in chapter 9B, except that affidavits, and certified copies of petitions in bankruptcy with or without the schedules appended, of decrees of adjudication in bankruptcy, and of orders approving trustees' bonds in bankruptcy, and uniform commercial code financing statements and financing statement changes as provided in chapter 554 need not be thus acknowledged.

[C51, §1212; R60, §2221; C73, §1942; C97, §2926; C24, 27, 31, 35, 39, §**10106;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.42]

90 Acts, ch 1205, §60; 91 Acts, ch 211, §12; 2004 Acts, ch 1052, §3; 2005 Acts, ch 3, §97; 2012 Acts, ch 1050, §50, 60

558.43 Definitions. Repealed by 2016 Acts, ch 1073, §186. See §558.44, subsection 1.

558.44 Mandatory recordation of conveyances and leases of agricultural land.

1. As used in this section, unless the context otherwise requires:

a. "Agricultural land" means agricultural land as defined in section 9H.1.

b. "Beneficial ownership" includes interests held by a nonresident alien individual directly or indirectly holding or acquiring a ten percent or greater share in the partnership, limited partnership, corporation, or trust, or directly or indirectly through two or more such entities. In addition, *"beneficial ownership"* shall include interests held by all nonresident alien individuals if the nonresident alien individuals in the aggregate directly or indirectly hold or acquire twenty-five percent or more of the partnership, limited partnership, corporation, or trust.

c. "Conveyance" means all deeds and all contracts for the conveyance of an estate in real property except those contracts to be fulfilled within six months from the date of execution thereof.

d. "Nonresident alien" means:

(1) An individual who is not a citizen of the United States and who is not domiciled in the United States.

(2) A corporation incorporated under the law of any foreign country.

(3) A corporation organized in the United States, beneficial ownership of which is held, directly or indirectly, by nonresident alien individuals.

(4) A trust organized in the United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.

(5) A partnership or limited partnership organized in the United States or elsewhere if beneficial ownership is held, directly or indirectly, by nonresident alien individuals.

2. Every conveyance or lease of agricultural land, except leases not to exceed five years in duration with renewals, conveyances or leases made by operation of law, and distributions made from estates to heirs or devisees shall be recorded by the grantee or lessee with the county recorder not later than one hundred eighty days after the date of conveyance or lease.

3. For an instrument of conveyance of agricultural land deposited with an escrow agent, the fact of deposit of that instrument of conveyance with the escrow agent as well as the name and address of the grantor and grantee shall be recorded, by a document executed by the

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escrow agent, with the county recorder not later than one hundred eighty days from the date of the deposit with the escrow agent. For an instrument of conveyance of agricultural land delivered by an escrow agent, that instrument shall be recorded with the county recorder not later than one hundred eighty days from the date of delivery of the instrument of conveyance by the escrow agent.

4. At the time of recordation of the conveyance or lease of agricultural land, except a lease not exceeding five years in duration with renewals, conveyances or leases made by operation of law and distributions made from estates of decedents to heirs or devisees, to a nonresident alien as grantee or lessee, such conveyance or lease shall disclose, in an affidavit to be recorded therewith as a precondition to recordation, the name, address, and citizenship of the nonresident alien. In addition, if the nonresident alien is a partnership, limited partnership, corporation, or trust, the affidavit shall also disclose the names, addresses, and citizenship of the nonresident alien individuals who are the beneficial owners of such entities. However, any partnership, limited partnership, corporation, or trust which has a class of equity securities registered with the United States securities and exchange commission under section 12 of the Securities Exchange Act of 1934 as amended to January 1, 1978, need only state that fact on the affidavit.

5. Failure to record a conveyance or lease of agricultural land required to be recorded by this section by the grantee or lessee within the specified time limit is punishable by a fine not to exceed one hundred dollars per day for each day of violation. The county recorder shall record a conveyance or lease of agricultural land presented for recording even though not presented within one hundred eighty days after the date of conveyance or lease. The county recorder shall forward to the county attorney a copy of each such conveyance or lease of agricultural land recorded more than one hundred eighty days from the date of conveyance. The county attorney shall initiate action in the district court to enforce the provisions of this section. Failure to timely record shall not invalidate an otherwise valid conveyance or lease.

6. If a real estate contract or lease is required to be recorded under this section, the requirement is satisfied by recording either the entire real estate contract or lease or a memorandum of the contract or lease containing at least the names and addresses of all parties named in the contract or lease, a description of all real property and interests therein subject to the contract or lease, the length of the contract or initial term of the lease, and in the case of a lease a statement as to whether any of the named parties have or are subject to renewal rights, and if so, the event or condition upon which renewal occurs, the number of renewal terms and the length of each, and in the case of a real estate contract a statement as to whether the seller is entitled to the remedy of forfeiture and as to the dates upon which payments are due. This subsection is effective July 1, 1980, for all contracts and leases of agricultural land made on or after July 1, 1980.

7. The provisions of this section, except as otherwise provided, are effective July 1, 1979, for all conveyances and leases of agricultural land made on or after July 1, 1979.

[C79, 81, §558.44]

2015 Acts, ch 29, §102; 2016 Acts, ch 1073, §161

Referred to in §331.602, 331.756(62)

558.45 Notation of assignment or release on index.

Where any mortgage, contract, or other instrument constituting an encumbrance upon real estate shall be assigned or released by a separate instrument, it shall be the duty of the recorder to make a notation where the instrument was originally indexed, indicating the nature of such assignment or release and a document reference number of the record where the same is recorded.

[C27, 31, 35, §10108-a1; C31, 35, §10115-c1; C39, §**10108.1, 10115.1;** C46, 50, 54, 58, 62, 66, §558.45, 558.56; C71, 73, 75, 77, 79, 81, §558.45]

2001 Acts, ch 44, §22

558.46 Mandatory recording of certain residential real estate installment sales contracts.

1. Every real estate installment sales contract transferring an interest in residential property shall be recorded by the contract seller with the county recorder in the county in

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which the real estate is situated not later than ninety days from the date the contract was signed by the contract seller and contract purchaser.

2. Failure to record a real estate contract required to be recorded by this section by the contract seller within the specified time limit is punishable by a fine not to exceed one hundred dollars per day for each day of violation. The county recorder shall record a real estate contract presented for recording even though not presented within ninety days of the signing of the contract. The county recorder shall forward to the county attorney a copy of each real estate contract recorded more than ninety days from the date the contract was signed by the contract seller and contract purchaser. The county attorney shall initiate action in the district court to enforce the provisions of this section. Fines collected pursuant to this subsection shall be deposited in the general fund of the county.

3. Failure to timely record shall not invalidate an otherwise valid real estate contract. However, a contract seller is prohibited from initiating forfeiture proceedings on the basis of a failure to comply with the terms of a real estate contract, if the contract has not been recorded.

4. If a real estate contract is required to be recorded under this section, the requirement is satisfied by recording either the entire real estate contract or a memorandum of the contract containing at least the names and addresses of all parties named in the contract, a description of all real property and interests in the real property subject to the contract, the length of the contract, and a statement as to whether the seller is entitled to the remedy of forfeiture and as to the dates upon which payments are due.

5. For the purposes of this section, *"residential property"* includes multiresidential property.

6. This section applies to residential real estate installment sales contracts entered into before, on, or after July 1, 1998. However, such contracts entered into before July 1, 1998, shall not be subject to the fine in subsection 2.

7. If a contract seller is subject to the requirements of section 558.70, the contract must be recorded within thirty days rather than ninety days and the recording requirement is only satisfied by recording the real estate contract rather than a memorandum of the contract.

98 Acts, ch 1120, §1; 2002 Acts, ch 1136, §3, 6; 2010 Acts, ch 1058, §1, 2; 2013 Acts, ch 123, §29, 30; 2021 Acts, ch 20, §12, 14, 15; 2026 Acts, ch 1115, §80 – 82

Subsection 5 applies to assessment years beginning on or after January 1, 2027; 2026 Acts, ch 1115, §82
Subsection 5 effective January 1, 2027; 2026 Acts, ch 1115, §81
NEW subsection 5 and former subsections 5 and 6 renumbered as 6 and 7

558.47 Reserved.

558.48 Transfer fee covenant — prohibition.

1. For purposes of this section, unless the context otherwise requires:

a. "Transfer" means the sale, gift, conveyance, assignment, inheritance, or other transfer of ownership interest in real property located in this state.

b. (1) *"Transfer fee"* means a fee or charge payable upon the transfer of an interest in real property, or payable for the right to make or accept a transfer of an interest in real property, regardless of whether the fee or charge is a fixed amount or is determined as a percentage of the value of the property, the purchase price, or other consideration given for the transfer.

(2) *"Transfer fee"* does not include any of the following:

(a) Any consideration payable by the transferee to the transferor for the interest in real property being transferred.

(b) Any commission payable to a licensed real estate broker for the transfer of real property under an agreement between the broker and the transferee or transferor.

(c) Any interest, charges, fees, or other amounts payable by a borrower to a lender under a loan secured by a mortgage against real property, including but not limited to any fee payable to the lender for consenting to an assumption of the loan or a transfer of the real property subject to the mortgage, any fees or charges payable to the lender for estoppel letters or certificates, and any other consideration allowed by law and payable to the lender in connection with the loan.

(d) Any rent, reimbursement, charge, fee, or other amount payable by a lessee to a lessor

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under a lease, including but not limited to any fee payable to the lessor for consenting to an assignment, subletting, encumbrance, or transfer of the lease.

(e) Any consideration payable to the holder of an option to purchase an interest in real property or the holder of a right of first refusal or first offer to purchase an interest in real property for waiving, releasing, or not exercising the option or right upon the transfer of the property to another person.

(f) Any tax, fee, charge, assessment, fine, or other amount payable to or imposed by a governmental authority.

c. "*Transfer fee covenant*" means a declaration or covenant purporting to affect real property which requires or purports to require the payment of a transfer fee to the declarant or other person specified in the covenant or declaration, or to their successors or assigns, upon a subsequent transfer of an interest in the real property.

2. A transfer fee covenant shall not run with the title to real property and is not binding on or enforceable at law or in equity against any subsequent owner, purchaser, or mortgagee of any interest in the real property as an equitable servitude or otherwise. Any lien purporting to secure the payment of a transfer fee under a transfer fee covenant is void and unenforceable.

2010 Acts, ch 1152, §1, 2

558.49 Index records.

The recorder must keep index records to show the following:

1. Each grantor.
2. Each grantee.
3. The date and time when the instrument was filed with the recorder.
4. The date of the instrument.
5. The nature of the instrument.
6. The document reference number where the record of the instrument may be found.
7. The description of the real estate affected by the instrument.

[C51, §1213; R60, §2222; C73, §1943; C97, §2935; S13, §2935; C24, 27, 31, 35, 39, §**10109;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.49]

2001 Acts, ch 44, §23, 24; 2006 Acts, ch 1031, §8; 2010 Acts, ch 1023, §2

Referred to in §10A.108, 96.14, 359A.10, 422.26, 437A.11, 437A.22, 437B.7, 437B.18, 448.17, 468.623, 468.626, 557C.4, 558.55, 561.4, 614.17, 614.18, 614.35

558.50 and 558.51 Repealed by 2001 Acts, ch 44, §33.

558.52 Alphabetical arrangement.

The entries shall show the names of the respective grantors and grantees, arranged in alphabetical order. When the instrument is executed by a personal representative, guardian, referee, commissioner, receiver, sheriff, or other person acting in a representative capacity, the recorder shall enter upon the index the name and representative capacity of each person executing the instrument and the owner of the property if disclosed in the instrument.

[C51, §1215; R60, §2224; C73, §1945; C97, §2937; C24, 27, 31, 35, 39, §**10112;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.52]

2001 Acts, ch 44, §25

Referred to in §10A.108, 96.14, 359A.10, 422.26, 437A.11, 437A.22, 437B.7, 437B.18, 448.17, 468.623, 468.626, 557C.4, 558.55, 561.4, 614.17, 614.18, 614.35

558.53 and 558.54 Repealed by 2001 Acts, ch 44, §33.

558.55 Filing and indexing — constructive notice.

The recorder must endorse upon every instrument properly filed for recording in the recorder's office, the day, hour, and minute when filed for recording and the document reference number, and enter in the index the entries required to be entered pursuant to

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sections 558.49 and 558.52. The recording and indexing shall constitute constructive notice to all persons of the rights of the grantees conferred by the instruments.

[C51, §1214; R60, §2223; C73, §1944; C97, §2936; C24, 27, 31, 35, 39, §**10115;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.55]

2001 Acts, ch 44, §26; 2007 Acts, ch 101, §4; 2009 Acts, ch 27, §34

Referred to in §6B.3

558.56 Reserved.

558.57 Entry on auditor's transfer books.

After the recorder has accepted for recording and indexed any deed, real estate installment contract, or other instrument unconditionally conveying real estate or altering a real estate contract by assigning the buyer's or seller's interest, changing the name of the buyer or seller, changing the legal description of the property, forfeiting or canceling the contract, or making other significant changes, the auditor shall make the proper entries upon the transfer books in the auditor's office.

[C73, §1952, 1953; C97, §2932, 2934; C24, 27, 31, 35, 39, §**10116;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.57]

85 Acts, ch 159, §8; 86 Acts, ch 1079, §2; 2000 Acts, ch 1058, §56; 2001 Acts, ch 143, §5; 2004 Acts, ch 1144, §4; 2006 Acts, ch 1031, §9

Referred to in §331.507, 558.58

558.58 Recorder to collect and deliver to auditor.

1. *a.* At the time of filing a deed, real estate installment contract, or other instrument mentioned in section 558.57, the recorder shall collect, and note payment of, the recording fee and the auditor's transfer fee, as provided by law, except as provided in subsection 2.

b. After the recorder has accepted the instrument for recording, the instrument shall be indexed and then delivered to the auditor to be placed on the auditor's transfer books.

2. When the person required to pay a fee relating to a real estate transaction is a governmental subdivision or agency, the recorder, at the request of the governmental subdivision or agency, shall bill the governmental subdivision or agency for the fees required to be paid. The governmental subdivision or agency shall pay the fees and taxes due within thirty days after the date of filing.

[C24, 27, 31, 35, 39, §**10117;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.58]

86 Acts, ch 1079, §3; 2000 Acts, ch 1058, §56; 2001 Acts, ch 143, §6; 2006 Acts, ch 1031, §10; 2013 Acts, ch 30, §261

Referred to in §331.602, 598.21, 633.480, 633.481

558.59 Final record.

Every instrument shall be recorded as soon as practicable, after which the recorder shall complete the entries to show the document reference number where the record is to be found.

[C51, §1216; R60, §2225; C73, §1946; C97, §2938; C24, 27, 31, 35, 39, §**10118;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.59]

2001 Acts, ch 44, §27

558.60 Transfer and index books.

1. The county auditor shall keep in the county auditor's office books for the transfer of real estate, which shall consist of a transfer book, index book, and plat book. As used in this context, "*book*" means the method of data storage and retrieval utilized by the county auditor.

2. The auditor shall index the real estate transfers by block and lot or by township, range, section, section quarter, and subdivision, as occasion may require. The transfer books shall show all of the following:

a. Each grantor.

b. Each grantee.

c. The date of the instrument.

d. The nature of the instrument.

e. The document reference number where the record of the instrument may be found.

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f. The description of the real estate conveyed.

[C73, §1948; C97, §2927; C24, 27, 31, 35, 39, §**10119;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.60]

2006 Acts, ch 1031, §11; 2013 Acts, ch 30, §261

Referred to in §331.508, 558.66

558.61 and 558.62 Repealed by 2006 Acts, ch 1031, §16. See §558.60.

558.63 Book of plats — how kept.

The auditor shall keep the book of plats showing the number of lot and block, or township and range, divided into sections and subdivisions as occasion may require, and shall designate thereon each piece of real estate and the name of the owner. The plats shall be lettered or numbered so that they may be conveniently referred to in the transfer book.

[C73, §1950; C97, §2929; C24, 27, 31, 35, 39, §**10122;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.63]

2006 Acts, ch 1031, §12

Referred to in §331.508

558.64 Entries of transfers. Repealed by 2006 Acts, ch 1031, §16. See §558.60.

558.65 Council's approval of certain plats.

No conveyances or plats of additions to any city or subdivision of any lands lying within or adjacent to any city in which streets and alleys and other public grounds are sought to be dedicated to public use, or other conveyances in which streets and alleys are sought to be conveyed to such city, shall be so entered, unless such conveyances, plats, or other instruments have endorsed thereon the approval of the council of such city, the certificates of such approval to be made by the city clerk.

[S13, §2930; C24, 27, 31, 35, 39, §**10124;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.65]

Referred to in §331.508

Plats, see also chapter 354

558.66 Updating county administrative records.

1. Upon the receipt of an instrument that satisfies the requirements of this section and the payment of the applicable fees authorized in section 331.507, subsection 2, the auditor shall enter the updated or corrected real estate ownership information in the transfer books and index required by section 558.60.

2. In the case of an instrument filed with the recorder that satisfies the requirements of this section, the recorder shall collect the applicable fees authorized under section 331.507, subsection 2, and section 331.604 and pay such fees to the treasurer as provided in section 331.902, subsection 3.

3. Each of the following instruments shall be accepted by the recorder for the purpose of updating the county transfer books and index if a conveyance has not occurred:

a. A certificate issued by the clerk of the district court or clerk of the supreme court indicating that the title to real estate has been finally established in any named person by judgment or decree or by will.

b. An affidavit of or on behalf of a surviving joint tenant or a person who owns the remainder interest. The affidavit shall include the following:

(1) The name of the affiant.

(2) The name of the surviving joint tenant or owner of the remainder interest, as applicable, in whose name the county records should reflect ownership of title.

(3) The name of the deceased joint tenant or life tenant and such person's date of death.

(4) The legal description of the real estate located in the county.

(5) The description and date of filing and recording of the conveyance instrument by which the surviving joint tenant or owner of the remainder interest acquired title.

(6) The document reference number of the instrument establishing title, if applicable.

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(7) A request that the auditor enter the information on the transfer books and index pursuant to subsection 1.

c. An affidavit by or for a person, other than an individual, following a merger, consolidation, name change, or change of fiduciary. The affidavit shall include the following, as applicable:

(1) The former name of the person.

(2) The new name of the person.

(3) The legal description of the real estate located in the county.

(4) A description of the merger, consolidation, name change, or change of fiduciary.

(5) A request that the auditor enter the information on the transfer books and index pursuant to subsection 1.

d. Articles of merger, consolidation, or name change as required by another provision of law if the legal description of the real estate is attached thereto.

4. An instrument recorded pursuant to this section is not a muniment of title.

[C97, §2931; C24, 27, 31, 35, 39, §**10125;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.66]

85 Acts, ch 159, §9; 86 Acts, ch 1079, §4; 90 Acts, ch 1035, §1; 91 Acts, ch 86, §1; 93 Acts, ch 109, §14; 2000 Acts, ch 1058, §56; 2006 Acts, ch 1129, §3; 2009 Acts, ch 27, §35; 2011 Acts, ch 21, §1; 2012 Acts, ch 1023, §82; 2021 Acts, ch 162, §1, 2

Referred to in §331.508
Title established or changed — certificate; §602.8102(10)

558.67 Correction of books and instruments.

The auditor from time to time shall correct any error appearing in the transfer books, and shall notify the grantee of any error in description discovered in any instrument filed for transfer, and permit the same to be corrected by the parties before completing such transfer.

[C73, §1954; C97, §2933; C24, 27, 31, 35, 39, §**10126;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.67]

Referred to in §331.508, 614.21

558.68 Perpetuities.

1. A nonvested interest in property is not valid unless it must vest, if at all, within twenty-one years after one or more lives in being at the creation of the interest and any relevant period of gestation.

2. *a.* In determining whether a nonvested interest would violate the rule against perpetuities in subsection 1, the period of the rule shall be measured by actual events rather than by possible events, in any case in which that would validate the interest. For this purpose, if an examination of the facts in existence at the time the period of the rule begins to run reveals a life or lives in being within twenty-one years after whose deaths the nonvested interest will necessarily vest, if it ever vests, that life or lives are the measuring lives for purposes of the rule against perpetuities with respect to that nonvested interest and that nonvested interest is valid under the rule.

b. If no such life or lives can be ascertained at the time the period of the rule begins to run, the measuring lives for purposes of the rule are all of the following:

(1) The creator of the nonvested interest, if the period of the rule begins to run in the creator's lifetime.

(2) Those persons alive when the period begins to run, if reasonable in number, who have been selected by the creator of the interest to measure the validity of the nonvested interest or, if none, those persons, if reasonable in number, who have a beneficial interest whether vested or nonvested in the property in which the nonvested interest exists, the grandparents of all such beneficiaries and the issue of such grandparents alive when the period of the rule begins to run, and those persons who are the potential appointees of a special power of appointment exercisable over the property in which the nonvested interests exist who are the grandparents or issue of the grandparents of the donee of the power and alive when the period of the rule begins to run.

(3) Those other persons alive when the period of the rule begins to run, if reasonable

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in number, who are specifically mentioned in describing the beneficiaries of the property in which the nonvested interest exists.

(4) The donee of a general or special power of appointment if the donee is alive when the period of the rule begins to run and if the exercise of that power could affect the nonvested interest.

3. A nonvested interest that would violate the rule against perpetuities whether its period is measured by actual or by possible events shall be judicially reformed to most closely approximate the intention of the creator of the interest in order that the nonvested interest will vest, even though it may not become possessory, within the period of the rule.

4. This section is applicable to all nonvested interests created on, before, or after July 1, 1983.

5. This section shall not impair the validity of an environmental covenant established pursuant to chapter 455I.

6. This section shall not extinguish, limit, or impair the validity of a document or instrument specified in section 499A.23 or 499B.21, or any property interests created by such document or instrument.

[C51, §1191; R60, §2199; C73, §1920; C97, §2901; C24, 27, 31, 35, 39, §**10127;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §558.68]

83 Acts, ch 20, §1; 2005 Acts, ch 102, §17; 2014 Acts, ch 1095, §4, 6

Referred to in §455I.9, 499A.23, 499B.21

558.69 Groundwater hazard statement — requirements — liability.

1. With each declaration of value submitted to the county recorder under chapter 428A, except as specified in subsection 8, there shall be submitted a groundwater hazard statement stating all of the following:

a. Whether any known private burial site is situated on the property, and if a known private burial site is situated on the property, the statement shall state the approximate location of the site.

b. That no known wells are situated on the property, or if known wells are situated on the property, the statement must state the approximate location of each known well and its status with respect to section 455B.190 or 460.302.

c. That no known disposal site for solid waste, as defined in section 455B.301, which has been deemed to be potentially hazardous by the department of natural resources, exists on the property, or if such a known disposal site does exist, the location of the site on the property.

d. That no known underground storage tank, as defined in section 455B.471, subsection 17, exists on the property, or if a known underground storage tank does exist, the type and size of the tank, and any known substance in the tank.

e. That no known hazardous waste as defined in section 455B.411, subsection 3, exists on the property, or if known hazardous waste does exist, that the waste is being managed in accordance with rules adopted by the department of natural resources.

f. That no known private sewage disposal system exists on the property or, if such private sewage disposal system exists, that the system has been inspected pursuant to section 455B.172, subsection 11, or that the property is not subject to inspection due to its exclusion from a regulated transfer pursuant to section 455B.172, subsection 11, paragraph *"a"*.

2. The groundwater hazard statement shall be signed by at least one of the sellers or their agents.

3. A buyer of property shall be provided with a copy of the submitted groundwater hazard statement, if required under this section, by the seller.

4. The land application of sludges or soils resulting from the remediation of underground storage tank releases accomplished in compliance with department of natural resources rules without a permit is not required to be reported as the disposal of solid waste or hazardous waste.

5. The director of the department of natural resources shall prescribe the form of the groundwater hazard statement.

6. The county recorder shall transmit the groundwater hazard statements to the department of natural resources. Groundwater hazard statements may be transmitted

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electronically to the department or may be presented to the department through a browser interface provided through the county land record information system. The form and timing of the transmittal shall be determined by the department and the county recorders.

7. The owner of the property is responsible for the accuracy of the information submitted on the groundwater hazard statement. The owner's agent and the preparer of the groundwater hazard statement shall not be liable for the accuracy of information provided by the owner of the property unless the owner's agent or the preparer of the groundwater hazard statement has direct knowledge contrary to the submitted statement. The provisions of this subsection do not limit liability which may be imposed under a contract or under any other law.

8. *a.* If there are no conditions present, as described in subsection 1, then a groundwater hazard statement shall not be submitted. In lieu of the submission of a groundwater hazard statement, any deed, instrument, or writing by which any real property in this state shall be granted, assigned, transferred, or otherwise conveyed shall include on the first page of the deed, instrument, or writing the following statement:

> There is no known private burial site, well, solid waste disposal site, underground storage tank, hazardous waste, or private sewage disposal system on the property as described in Iowa Code section 558.69, and therefore the transaction is exempt from the requirement to submit a groundwater hazard statement.

b. The owner of the property is responsible for the accuracy of the statement provided in paragraph *"a"*.

c. The owner's agent and the preparer of a statement included pursuant to paragraph *"a"* shall not be liable for information pertaining to the statement unless the owner's agent or the preparer has direct knowledge contrary to the included statement.

9. *a.* If a required declaration of value is not accompanied by a groundwater hazard statement, if required under this section, or if the first page of the deed, instrument, or writing by which any real property in this state shall be granted, assigned, transferred, or otherwise conveyed does not include the statement provided in subsection 8, paragraph *"a"*, if required under this section, the county recorder shall refuse to record the deed, instrument, or writing.

b. A recording in violation of this subsection shall not be the basis for invalidating the deed, instrument, or writing.

10. Notwithstanding section 331.604 or any other provision of law to the contrary, the county recorder shall not charge or collect a fee for the submission or filing of a groundwater hazard statement.

87 Acts, ch 225, §307; 88 Acts, ch 1169, §16, 17; 90 Acts, ch 1235, §42; 99 Acts, ch 140, §1; 2006 Acts, ch 1014, §9; 2010 Acts, ch 1120, §6; 2011 Acts, ch 9, §8; 2019 Acts, ch 89, §7; 2022 Acts, ch 1028, §1 – 4

Referred to in §331.606B

558.70 Contract disclosure statement required for certain residential real estate installment sales.

1. Prior to executing a residential real estate installment sales contract, the contract seller shall deliver a written contract disclosure statement to the contract purchaser which shall clearly set forth the following information:

a. If the real estate subject to the contract has been separately assessed for property tax purposes, the current assessed value of the real estate.

b. (1) A complete description of any property taxes due and payable on the real estate and a complete description of any special assessment on the real estate and the term of the assessment.

(2) Information on whether any property taxes or special assessments are delinquent and whether any tax sale certificates have been issued for delinquent property taxes or special assessments on the real estate.

c. A complete description of any mortgages or other liens encumbering or secured by the

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real estate, including the identity and address of the current owner of record with respect to each such mortgage or lien, as well as a description of the total outstanding balance and due date under any such mortgage or lien.

d. A complete amortization schedule for all payments to be made pursuant to the contract, which amortization schedule shall include information on the portion of each payment to be applied to principal and the portion to be applied to interest.

e. If the contract requires a balloon payment, a complete description of the balloon payment, including the date the payment is due, the amount of the balloon payment, and other terms related to the balloon payment. For purposes of this paragraph, a *"balloon payment"* is any scheduled payment that is more than twice as large as the average of earlier scheduled payments.

f. The annual rate of interest to be charged under the contract.

g. A statement that the purchaser has a right to seek independent legal counsel concerning the contract and any matters pertaining to the contract.

h. A statement that the purchaser has a right to receive a true and complete copy of the contract after it has been executed by all parties to the contract.

i. The mailing address of each party to the contract.

j. If the contract is subject to forfeiture, a statement that if the purchaser does not comply with the terms of the contract, the purchaser may lose all rights in the real estate and all sums paid under the contract.

2. The contract disclosure statement shall be dated and signed by each party to the contract, and the contract purchaser shall be provided a complete copy of the contract at the time the disclosure statement is delivered to the contract purchaser pursuant to subsection 1.

3. Within five days after a residential real estate installment sales contract has been executed by all parties to the contract, the contract seller shall mail a true and correct copy of the contract by regular first class mail to the last known address of each contract purchaser. However, this requirement is satisfied as to any purchaser who acknowledges in writing that the purchaser has received a true and correct copy of the fully executed contract.

4. This section applies to a contract seller who entered into four or more residential real estate contracts in the three hundred sixty-five days previous to the contract seller signing the contract disclosure statement. For purposes of this subsection, two or more entities sharing a common owner or manager are considered a single contract seller. This section does not apply to a person or organization listed in section 535B.2, subsections 1 through 6.

5. A violation of this section affects title to property only as provided in section 558.71.

6. For purposes of this section, *"residential real estate"* means a residential dwelling containing no more than two single-family dwelling units, which is not located on a tract of land used for agricultural purposes as defined in section 535.13.

7. This section and any rules adopted to administer this section shall not limit or abridge any duty, requirement, obligation, or liability for disclosure created by any other provision of law, or under a contract between the parties.

2002 Acts, ch 1136, §1, 6; 2005 Acts, ch 83, §9, 10; 2007 Acts, ch 22, §99; 2008 Acts, ch 1160, §36

Referred to in §558.46, 558.71, 558A.4, 714.8

558.71 Civil liabilities.

1. A contract purchaser injured by a violation of section 558.70 may within one year of the execution of the contract bring an equitable action in the district court of record where the real estate is located to obtain relief as follows:

a. The court may rescind a contract that remains in existence at the time the action is commenced, and award restitution to the contract purchaser determined in accordance with the standards for damages specified in paragraph *"b"*.

b. If the contract has been terminated by any means prior to commencement of the action, the contract purchaser may recover a money judgment against the original contract seller for a sum equal to all amounts the contract purchaser paid to the contract seller, plus the reasonable value of any improvements to the real estate made by the contract purchaser, plus any other proximately caused or incidental damages, less the fair rental value of the real

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estate for the period of time the contract purchaser was in possession of the real estate. For the purposes of this paragraph, the fair rental value of the real estate shall be based on the fair rental value of the real estate as of the date the real estate installment sales contract was executed by all parties to the contract.

2. A contract purchaser alleging a violation of section 558.70 bears the burden of establishing such violation by a preponderance of the evidence.

3. An order of rescission or a money judgment awarded shall not affect any rights or responsibilities arising from any conveyance or encumbrance made by either the contract purchaser or the contract seller prior to the filing of a lis pendens in the action in which such relief is sought, unless it is established by clear and convincing evidence that the recipient of such conveyance or encumbrance had prior knowledge that the contract was executed in violation of the requirements of section 558.70.

4. In an action in which a contract purchaser obtains relief under this section, the court shall also award to such contract purchaser reasonable attorney fees incurred in bringing the action.

2002 Acts, ch 1136, §2, 6; 2017 Acts, ch 54, §76
Referred to in §558.70

558.72 Real estate transfers by certain entities.

1. As used in this section, unless the context otherwise requires:

a. "Entity" means any of the following:

(1) A partnership, limited liability partnership, or foreign limited liability partnership as provided in chapter 486A.

(2) A limited partnership, foreign limited partnership, limited liability limited partnership, or foreign limited liability limited partnership as provided in chapter 488.

(3) A limited liability company or foreign limited liability company as provided in chapter 489.

(4) A corporation or foreign corporation as provided in chapter 490 or a nonprofit corporation or foreign nonprofit corporation as provided in chapter 504.

(5) A cooperative association as provided in chapter 497 or 498; an association, corporation, or foreign corporation as provided in chapter 499; a cooperative as provided in chapter 499A; a cooperative as provided in chapter 501; or a cooperative or foreign cooperative as provided in chapter 501A.

(6) An unincorporated nonprofit association as provided in chapter 501B.

b. "Instrument transferring an interest in real estate" means a deed, real estate contract, lease, easement, mortgage, deed of trust, or any other instrument used to effect the transfer of an interest in real estate situated in this state by any act to sell, transfer, convey, assign, lease, mortgage, or encumber the interest in the real estate.

2. An instrument transferring an interest in real estate situated in this state by an entity, unless clearly and conspicuously provided to the contrary in the instrument, includes a warranty to the transferee by the person executing the instrument of all of the following:

a. That the transferor entity is in existence at the time of the transfer.

b. That the person executing the instrument has been duly authorized by the transferor entity to execute the instrument on behalf of the entity.

c. That the person executing the instrument has the legal capacity to execute the instrument.

d. That the person knows of no facts or legal claims that might impair the validity of the transfer, including whether the instrument was given in the ordinary course of business.

3. An action to invalidate a transfer of real estate by deed or real estate contract by an entity shall be subject to the time limitations set forth in section 614.14A.

2013 Acts, ch 108, §5
Referred to in §614.14A

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CHAPTER 558A

REAL ESTATE DISCLOSURES

Referred to in §543B.9

558A.1 Definitions.
558A.2 Procedures.
558A.3 Good faith and amendments.
558A.4 Required information.
558A.4A Independent home inspection report — persons authorized to issue.
558A.5 Agency.
558A.6 Liability under the chapter.
558A.7 Chapter is not limiting.
558A.8 Validity of a transfer.

558A.1 Definitions.

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

1. *"Agent"* means an individual designated by a transferee to accept delivery of a disclosure statement from a transferor.

2. *"Broker"* means a real estate broker licensed pursuant to chapter 543B.

3. *"Commission"* means the real estate commission created pursuant to section 543B.8.

4. *"Lead service line"* means a service line that is made of lead. A galvanized service line is considered a lead service line if the line ever was or is currently downstream of any lead service line or service line of unknown material. For the purposes of this subsection, *"downstream"* means the section of the service line between a lead service line and the water meter.

5. *"Salesperson"* means a salesperson licensed pursuant to chapter 543B.

6. *"Service line"* means the pipe connecting the water main to the interior plumbing in a building. For the purposes of this subsection, *"service line"* includes the pipe from the water main to the water meter, not including interior plumbing.

7. *"Transfer"* means the transfer or conveyance by sale, exchange, real estate contract, or any other method by which real estate and improvements are purchased, if the property includes at least one but not more than four dwelling units. However, a transfer does not include any of the following:

a. A transfer made pursuant to a court order, including but not limited to a transfer under chapter 633 or 633A, the execution of a judgment, the foreclosure of a real estate mortgage pursuant to chapter 654, the forfeiture of a real estate contract under chapter 656, a transfer by a trustee in bankruptcy, a transfer by eminent domain, or a transfer resulting from a decree for specific performance.

b. A transfer to a mortgagee by a mortgagor or successor in interest who is in default, a transfer by a mortgagee who has acquired real property as a result of a deed in lieu of foreclosure or has acquired real property under chapter 654 or 655A, or a transfer back to a mortgagor exercising a right of first refusal pursuant to section 654.16A.

c. A transfer by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust. This exemption shall not apply to a transfer of real estate in which the fiduciary is a living natural person and was an occupant in possession of the real estate at any time within the twelve consecutive months immediately preceding the date of transfer.

d. A transfer between joint tenants or tenants in common.

e. A transfer made to a spouse, or to a person within the third degree of consanguinity or affinity of a person making the transfer.

f. A transfer between spouses resulting from a decree of dissolution of marriage, a decree of legal separation, or a property settlement agreement which is incidental to the decree, including a decree ordered pursuant to chapter 598.

g. A transfer to or from the state, a political subdivision of the state, another state, or the United States.

h. A transfer by quitclaim deed.

i. A transfer by a power of attorney.

8. *"Transferee"* means a person who is acquiring real property as provided in an

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instrument containing the power to transfer real estate, including an instrument described in section 558.1.

9. *"Transferor"* means a person who is transferring real property as provided in an instrument containing the power to transfer real estate, including an instrument described in section 558.1.

93 Acts, ch 30, §3; 2006 Acts, ch 1030, §70; 2006 Acts, ch 1055, §5; 2010 Acts, ch 1120, §7; 2017 Acts, ch 71, §14, 15; 2020 Acts, ch 1046, §1, 2; 2025 Acts, ch 144, §1, 3; 2026 Acts, ch 1040, §107

Subsection 4 amended

558A.2 Procedures.

1. A person interested in transferring real property, or a broker or salesperson acting on behalf of the person, shall deliver a written disclosure statement to a person interested in being transferred the real property. The disclosure statement must be delivered prior to either the transferor making a written offer for the transfer of the real property, or accepting a written offer for the transfer of the real property.

2. The disclosure statement shall be made by personal delivery, certified or registered mail, or electronic delivery to the transferee or to the transferee's agent. If delivery is electronic, acknowledgment of receipt shall be provided pursuant to rules adopted by the commission. The delivery may be made to the spouse of the transferee, unless otherwise provided by the parties. If the disclosure statement is not timely delivered, the transferee may withdraw the offer or revoke the acceptance without liability, within three days following personal delivery of the statement or five days following electronic delivery or delivery by mail.

3. The disclosure statement may be filed with the county recorder with instruments affecting the transfer of real estate. However, the failure to file the statement shall not cause a defect in the title to the property.

93 Acts, ch 30, §4; 2017 Acts, ch 71, §16

Referred to in §558A.5

558A.3 Good faith and amendments.

1. All information required by this section and rules adopted by the commission shall be disclosed in good faith. If at the time the disclosure is required to be made, information required to be disclosed is not known or available to the transferor, and a reasonable effort has been made to ascertain the information, an approximation of the information may be used. The information shall be identified as an approximation. The approximation shall be based on the best information available at the time.

2. A disclosure statement shall be amended, if information disclosed in the statement is or becomes inaccurate or misleading, or is supplemented. The amended statement shall be subject to the same procedures as the original disclosure statement as provided in this chapter. However, the statement is not required to be amended if either of the following applies:

a. The information disclosed in conformance with this chapter is subsequently rendered inaccurate as a result of an act, occurrence, or agreement subsequent to the delivery of the disclosure statement.

b. The information is based on information of a public agency, including the state, a political subdivision of the state, or the United States. The information shall be deemed to be accurate and complete, unless the transferor or the broker or salesperson has actual knowledge of an error, inaccuracy, or omission, or fails to exercise ordinary care in obtaining the information.

93 Acts, ch 30, §5

558A.4 Required information.

1. *a.* The disclosure statement shall include information relating to the condition and important characteristics of the property and structures located on the property, including significant defects in the structural integrity of the structure and the presence of lead service lines, as provided in rules which shall be adopted by the real estate commission pursuant to

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section 543B.9. The rules may require the disclosure to include information relating to the property's zoning classification; the condition of plumbing, heating, or electrical systems; or the presence of pests.

b. The disclosure statement may include a report or written opinion prepared by a person qualified to make judgment based on education or experience, as provided by rules adopted by the commission, including but not limited to a professional land surveyor licensed pursuant to chapter 542B, a geologist, a structural pest control operator licensed pursuant to section 206.6, or a building contractor. The report or opinion on a matter within the scope of the person's practice, profession, or expertise shall satisfy the requirements of this section or rules adopted by the commission regarding that matter required to be disclosed. If the report or opinion is in response to a request made for purposes of satisfying the disclosure statement, the report or opinion shall indicate which part of the disclosure statement the report or opinion satisfies.

2. *a.* A transferor subject to the requirements of section 558.70 shall recommend in writing that the transferee obtain an independent home inspection report to provide full and complete information as required to be disclosed under this section and under rules adopted by the real estate commission pursuant to section 543B.9.

b. A transferor subject to section 558.70 shall provide the real estate disclosure statement required by this chapter at least seven days before the real estate installment sales contract is executed by all parties to the contract.

93 Acts, ch 30, §6; 96 Acts, ch 1204, §11; 2002 Acts, ch 1136, §4, 6; 2008 Acts, ch 1110, §1; 2011 Acts, ch 25, §143; 2012 Acts, ch 1009, §30; 2025 Acts, ch 144, §2, 3

Referred to in §136B.2, 558A.6, 714.8

558A.4A Independent home inspection report — persons authorized to issue.

1. A person shall not issue an independent home inspection report unless the person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B.

2. A home inspector shall conduct a home inspection with the degree of care that a reasonably prudent home inspector would exercise, which shall be based on the standards of practice and code of ethics of a national home inspectors association.

3. *a.* A home inspector, employer of a home inspector, or a person who controls or has a financial interest in the employer of a home inspector, who does any of the following commits an unlawful practice under section 714.16, subsection 2, paragraph *"a"*:

(1) Performs or offers to perform for an additional fee any repairs to a structure with respect to which the home inspector has prepared a home inspection report within the preceding twelve months. This subparagraph does not apply to remediation for radon or wood-destroying insects.

(2) Inspects for a fee any property in which the home inspector, the employer of the home inspector, or person who controls or has a financial interest in the employer of a home inspector has an interest in the transfer of the property, including but not limited to receipt of a commission as a licensee under chapter 543B, unless the interest in the transfer of the property is disclosed in writing to the buyer before the home inspection is performed and the buyer signs an acknowledgment of receipt of the disclosure.

(3) Offers or delivers a commission, referral fee, or kickback to the seller of the inspected property or to a licensee under chapter 543B for either or both of the seller and the buyer for the referral of business to the home inspector, the employer of the home inspector, or person who controls or has a financial interest in the employer of a home inspector.

(4) Accepts an engagement to perform a home inspection or to prepare a home inspection report in which the engagement or the fee payable for the inspection is contingent upon the conclusions in the report, preestablished or prescribed findings, or the closing of the transaction.

b. Paragraph *"a"* does not apply to a home warranty company that is affiliated with or retains a home inspector if the home warranty company performs repairs pursuant to claims made under a home warranty contract.

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c. In addition to any remedies available for a violation of section 714.16, subsection 2, paragraph *"a"*, the owner of a property on which repairs are performed in violation of paragraph *"a"*, subparagraph (1), shall be entitled to a full refund of any moneys paid for those repairs, and any promissory note or other obligation to pay given to the person performing those repairs shall be void.

4. An independent home inspection report must be in writing and must include all of the following:

a. A description of the scope of the inspection, including an identification of the structural elements, systems, and subsystems covered by the report.

b. A description of any material defects noted during the inspection, along with any recommendation that certain experts be retained to determine the extent of the defects and any corrective action that should be taken. A material defect that poses an unreasonable risk to people on the property must be conspicuously identified as such.

c. All of the following statements, set forth conspicuously:

(1) "A home inspection is intended to assist in evaluation of the overall condition of the dwelling. The inspection is based on observation of the visible and apparent condition of the structure and its components on the date of inspection."

(2) "The results of this home inspection are not intended to make any representation regarding the presence or absence of latent or concealed defects that are not reasonably ascertainable in a competently performed home inspection. No warranty or guarantee is expressed or implied."

(3) "If the person conducting your home inspection is not a licensed structural engineer or other professional whose license authorizes the rendering of an opinion as to the structural integrity of a building or its other component parts, you may be advised to seek a professional opinion as to any defects or concerns mentioned in the report."

(4) "The home inspection report is not to be construed as an appraisal and may not be used as such for any purpose."

5. Except as otherwise required by law, a home inspector shall not deliver a home inspection report to any person other than the client of the home inspector without the client's consent. The seller shall have the right, upon request, to receive without charge from the buyer or the buyer's authorized agent those portions of a home inspection report that relate to the remediation requests made by the buyer or the buyer's authorized agent. If the buyer or the buyer's authorized agent fails to provide the applicable portions of the inspection report to the seller, the seller may cancel the purchase contract for the inspected property without penalty.

6. A home inspector shall not express either orally or in writing an estimate of the cost to repair a defect found during a home inspection, except that such an estimate may be included in an independent home inspection report if all of the following apply:

a. The report identifies the source of the estimate.

b. The estimate is stated as a range of costs.

c. The report states that the parties should consider obtaining an estimate from a contractor who performs the type of repair involved.

7. A home inspector shall maintain insurance against errors and omissions in the performance of a home inspection and general liability, with coverages of not less than one hundred thousand dollars per occurrence and five hundred thousand dollars in the aggregate, and with deductibles of not more than two thousand five hundred dollars.

a. Except as provided in paragraph *"b"*, a home inspector shall maintain insurance under this subsection for at least one year after the latest home inspection report the home inspector delivers.

b. Paragraph *"a"* does not apply to a home inspection report that was delivered prior to July 1, 2025.

8. A buyer shall be entitled to rely in good faith, without independent investigation, on a written representation that a person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B.

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9. A contract with a person to provide a home inspection shall not limit the liability of the person providing the home inspection for gross negligence or willful misconduct, or waive or modify a provision of this section. However, the scope of a home inspection, the services to be performed, and the systems and conditions to be inspected or excluded from inspection may be defined by a contract between the person providing the home inspection and the client.

10. *a.* A home inspector who does not maintain insurance in violation of subsection 7 or who falsely represents that the person is a home inspector, a person who holds a license or registration in good standing to perform home inspections in another state, an architect licensed pursuant to chapter 544A, or a professional engineer licensed pursuant to chapter 542B, is guilty of the following:

(1) For a first offense, a simple misdemeanor.

(2) For a second or subsequent offense, a serious misdemeanor.

b. A person who violates a provision of subsection 4 is guilty of a simple misdemeanor punishable by a fine not to exceed five hundred dollars.

11. For purposes of this section:

a. "Home inspection" means a noninvasive visual examination of some combination of the mechanical, electrical, or plumbing systems or the structural and essential components of a residential dwelling, that is intended to identify material defects in those systems and components and is performed for a fee in connection with or in preparation for a proposed or possible residential real estate transfer. *"Home inspection"* includes a consultation regarding the property that is represented to be a home inspection or that is described by a similar term. *"Home inspection"* does not include an examination of a single system or component of a residential dwelling or an examination that is limited to inspection for or of one or more of the following:

(1) Wood-destroying insects.

(2) Underground tanks and wells.

(3) Septic systems.

(4) Swimming pools and spas.

(5) Alarm systems.

(6) Air and water quality.

(7) Tennis courts and playground equipment.

(8) Pollutants.

(9) Toxic chemicals and environmental hazards.

b. "Home inspection report" means a written report of the results of a home inspection.

c. "Home inspector" means a member in good standing of a national home inspectors association, or a person supervised by a member in good standing of a national home inspectors association who agrees to be responsible for the contents of any home inspection report produced by the person.

d. "National home inspectors association" means a national association of home inspectors that meets all of the following requirements:

(1) Operates on a nonprofit basis and does not operate as a franchise.

(2) Has members in more than ten states.

(3) Requires that a person shall not become a full member unless the person has performed or participated in more than one hundred home inspections and has passed a psychometrically sound examination testing knowledge of the proper procedures for conducting a home inspection.

(4) Requires that its members comply with a code of conduct and attend continuing professional education classes as an ongoing condition of membership.

2025 Acts, ch 19, §1; 2026 Acts, ch 1055, §3
Subsection 5 amended

558A.5 Agency.

1. A person other than a broker or salesperson acting in the capacity of an agent in the transfer of real property shall not be deemed to be an agent of the transferor or transferee for purposes of this chapter, unless the person is granted powers of attorney or is empowered as

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an agent, as expressly provided in writing, and is subject to any other applicable requirements as provided by law.

2. A broker or salesperson representing the transferor shall deliver the disclosure statement to the transferee as required in section 558A.2, unless the transferor or transferee has instructed the broker or salesperson otherwise in writing.

93 Acts, ch 30, §7

558A.6 Liability under the chapter.

A person who violates this chapter shall be liable to a transferee for the amount of actual damages suffered by the transferee, but subject to the following limitations:

1. The transferor, or a broker or salesperson, shall not be liable under this chapter for the error, inaccuracy, or omission in information required in a disclosure statement, unless that person has actual knowledge of the inaccuracy, or fails to exercise ordinary care in obtaining the information.

2. The person submitting a report or opinion within the scope of the person's practice, profession, or expertise, as provided in section 558A.4, for purposes of satisfying the disclosure statement, shall not be liable under this chapter for any matter other than a matter within the person's practice, profession, or expertise, and which is required by the disclosure statement, unless the person failed to use care ordinary in the person's profession, practice, or area of expertise in preparing the information.

93 Acts, ch 30, §8

558A.7 Chapter is not limiting.

The duties imposed upon persons under this chapter or under rules adopted by the real estate commission shall not limit or abridge any duty, requirement, obligation, or liability for disclosure created by another provision of law, or under a contract between parties.

93 Acts, ch 30, §9

558A.8 Validity of a transfer.

A transfer under this chapter shall not be invalidated solely because of a failure of a person to comply with a provision of this chapter.

93 Acts, ch 30, §10

CHAPTER 558B

UNFAIR REAL ESTATE SERVICE AGREEMENTS

558B.1 Definitions.
558B.2 Unfair service agreements — penalties.

558B.1 Definitions.

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

1. *a. "Common interest community"* means real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. *"Common interest community"* includes a planned community, a cooperative under chapter 499A, and a horizontal property regime under chapter 499B.

b. "Common interest community" does not include any of the following:

(1) A covenant that requires the owners of separate parcels of real estate to share costs or other obligations related to a wall, driveway, well, or other similar structure, unless all such owners consent in writing to the creation of a common interest community.

(2) Real estate described in paragraph *"a"* if all units are owned by a single owner.

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2. *"Consumer"* means a natural person being provided a service under a service agreement, or the natural person's legal representative.

3. *"Record"* means presentation of a document to a county recorder in this state for official placement in the public land records.

4. *"Residential real estate"* means real property located in this state which is used primarily for personal, family, or household purposes and is improved by one to four dwelling units.

5. *"Service agreement"* means a contract under which a person agrees to provide a service in connection with the maintenance of, the purchase of, or the sale of, residential real estate.

2023 Acts, ch 47, §1

558B.2 Unfair service agreements — penalties.

1. A service agreement shall be considered unfair under this section if a service that is covered by the service agreement is not required to be completely performed within one year after the date on which the service agreement is executed, and the service agreement has any of the following characteristics:

a. The service agreement purports to run with the land or to be binding on future owners of interests in the residential real estate that is the subject of the service agreement.

b. The service agreement permits assignment of the right to provide service under the service agreement without requiring notice to, and the consent of, the owner of the residential real estate that is the subject of the service agreement.

c. The service agreement purports to create a lien, encumbrance, or other real property security interest on the residential real estate that is the subject of the service agreement.

2. If a service agreement is unfair under this section, the service agreement shall be unenforceable.

3. If a person enters into an unfair service agreement with a consumer, the person commits an unlawful practice under section 714.16.

4. *a.* A person shall not cause an unfair service agreement, or a notice or memorandum of an unfair service agreement, to be recorded.

b. A person who causes an unfair service agreement, or a notice or memorandum of an unfair service agreement, to be recorded commits an aggravated misdemeanor.

c. A county recorder may refuse to record an unfair service agreement.

d. If an unfair service agreement is recorded, the recorded service agreement shall not provide actual or constructive notice against an otherwise bona fide purchaser or creditor, or actual or constructive notice against heirs or other successors-in-interest to the residential real estate that is the subject of the recorded service agreement.

e. If an unfair service agreement or a notice or memorandum of an unfair service agreement is recorded, any person with an interest in the residential real estate that is the subject of the service agreement may apply to a district court in the county in which the service agreement is recorded for a court order declaring the service agreement unenforceable.

f. If an unfair service agreement or a notice or memorandum of an unfair service agreement is recorded, any person with an interest in the residential real estate that is the subject of the recorded service agreement may recover actual damages, costs, and attorney fees as may be proven against the person who caused the unfair service agreement or the notice or memorandum of the unfair service agreement to be recorded.

5. This section does not apply to any of the following:

a. A home warranty or similar agreement that covers the cost of maintenance for a fixed period of time of a major home system including but not limited to plumbing, electrical, heating, ventilation, or air conditioning.

b. An insurance contract.

c. An option or a right of refusal to purchase residential real estate.

d. A maintenance or repair agreement entered into by the homeowners' association of a common interest community.

e. A mortgage loan, or a commitment to make or to receive a mortgage loan.

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f. A security agreement under the uniform commercial code related to the sale or rental of personal property or fixtures.

g. Water, sewer, electrical, telephone, cable, internet, or any other utility service providers.

6. This section shall not be construed to impair a person's rights established by a mechanics' lien under chapter 572.

2023 Acts, ch 47, §2
Referred to in §714.16

CHAPTER 559

POWER OF APPOINTMENT

See chapter 633E

559.1	Release by donee of power.	559.5	Disclaimer.
559.2	Definition — scope of power.	559.6	Delivery.
559.3	Release by one donee exclusive of others.	559.7	Other lawful means.
		559.8	Declaration of common law.
559.4	Limiting release.	559.9	Applicability.

559.1 Release by donee of power.

1. A power to appoint which is exercisable by deed, by will, by deed or will, or otherwise, in whole or to any extent in favor of the donee of the power, the donee's estate, the donee's creditors, the creditors of the donee's estate, or others, is releasable, either with or without consideration, by written instrument executed by the donee. If such instrument shall be executed and acknowledged in the manner provided for the execution and acknowledgment of instruments affecting real estate and recorded with the county recorder in the county in which the donee of the power resides or the county of last residence of the donor of the power of the county in which any real estate which may be subject to the power is located, such recording shall be deemed a sufficient delivery of such release.

2. A power to appoint described in this section is releasable with respect to the whole or any part of the property subject to such power and is also releasable in such manner as to reduce or limit the persons or objects, or classes of persons or objects in whose favor such power would otherwise be exercisable.

3. It is hereby declared that such releases are in accordance with the public policy of this state and are valid and effectual when made.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.1]
2018 Acts, ch 1026, §164
Referred to in §559.6

559.2 Definition — scope of power.

The term *"power to appoint"* as used in this chapter, shall mean and include all powers which are in substance and effect powers of appointment, regardless of the language used in creating them and whether they are:

1. General, special, or otherwise.
2. Vested, contingent, or conditional.
3. In gross, appendant, simply collateral, in trust or in the nature of a trust or otherwise.
4. Exercisable by an instrument amending, revoking, altering, or terminating a trust or an estate, or an interest thereunder or otherwise.
5. Exercisable presently or in the future.
6. Exercisable in an individual or a fiduciary capacity whether alone or in conjunction with one or more other persons or corporations.
7. Powers to invade or consume property.

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8. Powers remaining after one or more partial releases have heretofore or hereafter been made with respect to a power to appoint.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.2]

2013 Acts, ch 30, §159; 2014 Acts, ch 1026, §121; 2014 Acts, ch 1092, §125

559.3 Release by one donee exclusive of others.

If a power to appoint is or may be exercisable by two or more persons either in an individual or fiduciary capacity in conjunction with one another or successively, a release or disclaimer of the power in whole or in part executed by any one of the donees of the power shall be effective to release or disclaim, to the extent therein provided, all right of such person to exercise or to participate in the exercise of the said power, but unless the instrument creating the power otherwise provides, shall not prevent or limit the exercise or participation in the exercise thereof by the other donee or donees.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.3]

559.4 Limiting release.

A release of a power to appoint may also be made for life or lives or for a specified period of time.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.4]

559.5 Disclaimer.

A donee of a power to appoint may disclaim the same at any time, wholly or in part, in the same manner and to the same extent as the donee might release it.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.5]

559.6 Delivery.

A release or disclaimer may be delivered to any of the following:

1. Any person who could be adversely affected by the exercise of the power.
2. Any trustee of the property to which the power relates.
3. Any person specified for such purpose in the instrument creating the power.
4. The county recorder as provided in section 559.1.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.6]

2013 Acts, ch 30, §160

559.7 Other lawful means.

Nothing contained in this chapter shall prevent the release of any power to appoint or the disclaimer thereof in any lawful manner.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.7]

559.8 Declaration of common law.

This chapter shall be deemed declaratory of the common law of this state and it shall be liberally construed so as to effectuate the intent that all powers to appoint whatsoever shall be releasable.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.8]

559.9 Applicability.

This chapter shall apply to releases and disclaimers heretofore or hereafter delivered.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §559.9]

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CHAPTER 560

OCCUPYING CLAIMANTS

Eviction or distress for rent during military service; §29A.101

560.1	Right to improvements.	560.5	Tenants in common.
560.2	"Color of title" defined.	560.6	Waste by claimant.
560.3	Petition — trial — appraisement.		
560.4	Rights of parties to property.	560.7	Option to remove improvements.

560.1 Right to improvements.

Where an occupant of real estate has color of title thereto and has in good faith made valuable improvements thereon, and is thereafter adjudged not to be the owner, no execution shall issue to put the owner of the land in possession of the same, after the filing of a petition as hereinafter provided, until the provisions of this chapter have been complied with.

[C51, §1233; R60, §2264; C73, §1976; C97, §2964; C24, 27, 31, 35, 39, §**10128;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.1]

560.2 "Color of title" defined.

Persons of each of the classes hereinafter enumerated shall be deemed to have color of title within the meaning of this chapter, but nothing contained herein shall be construed as giving a tenant color of title against the tenant's landlord:

1. *Purchaser at judicial or tax sale.* A purchaser in good faith at any judicial or tax sale made by the proper officer, whether said officer had sufficient authority to make said sale or not, unless want of authority in such officer was known to the purchaser at the time of the sale.

2. *Occupancy for five years.* A person who has alone or together with those under whom the person claims, occupied the premises for a period of five years continuously.

3. *Occupancy and improvements.* A person whose occupancy of the premises has been for a shorter period than five years, if during such occupancy the occupant or those under whom the person claims have, with the knowledge or consent of the real owner, express or implied, made any valuable improvements thereon.

4. *Occupancy and payment of taxes.* A person whose occupancy of the premises has been for a shorter period than five years, if such occupant or those under whom the person claims have at any time during such occupancy paid the ordinary county taxes thereon for any one year, and two years have elapsed without a repayment or offer of repayment of the same by the owner thereof, and such occupancy has continued to the time the action is brought by which the recovery of the real estate is obtained.

5. *Occupancy under state or federal law or contract.* A person who has settled upon any real estate and occupied the same for three years under or by virtue of any law, or contract with the proper officers of the state or of the United States for the purchase thereof and shall have made valuable improvements thereon.

[C51, §1239, 1240; R60, §2268, 2269; C73, §1982 – 1984; C97, §2967, 2968; C24, 27, 31, 35, 39, §**10129;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.2]

560.3 Petition — trial — appraisement.

The petition of the occupant must set forth the grounds upon which the occupant seeks relief, and state as accurately as practicable the value of the real estate, exclusive of the improvements made thereon by the claimant or the claimant's grantors, and the value of such improvements. The issue joined thereon must be tried as in ordinary actions and the value of the real estate and of such improvements separately ascertained.

[C51, §1234, 1235; R60, §2265, 2266; C73, §1977, 1978; C97, §2965; C24, 27, 31, 35, 39, §**10130;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.3]

560.4 Rights of parties to property.

The owner of the land may thereupon pay to the clerk of the court, for the benefit of the occupying claimant, the appraised value of the improvements and take the property and an

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execution may issue for the purpose of putting the owner of the land in possession thereof. Should the owner fail to make such payment within such reasonable time as the court may fix, the occupying claimant may pay to the clerk of the court, within such time as the court may fix, for the use of the owner of the land, the value of the property exclusive of the improvements and take and retain the property together with the improvements.

[C51, §1236 – 1238, 1243; R60, §2267, 2272; C73, §1979 – 1981, 1986; C97, §2966, 2970; C24, 27, 31, 35, 39, §**10131;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.4]

Referred to in §560.5

560.5 Tenants in common.

Should the owner of the land fail to pay for the improvements and the occupying claimant fail to pay for the land within the time fixed by the court as provided in section 560.4, the parties shall be held to be tenants in common of all the real estate including the improvements, each holding an undivided interest proportionate to the values ascertained on the trial.

[C51, §1236 – 1238; R60, §2267; C73, §1979 – 1981; C97, §2966; C24, 27, 31, 35, 39, §**10132;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.5]

560.6 Waste by claimant.

If the occupying claimant has committed any injury to the real estate by cutting timber or otherwise, the owner may set the same off against any claim for improvements made by such claimant.

[C51, §1241; R60, §2270; C73, §1985; C97, §2969; C24, 27, 31, 35, 39, §**10133;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.6]

560.7 Option to remove improvements.

Any person having improvements on any real estate granted to the state in aid of any work of internal improvement, whose title thereto is questioned by another, may remove such improvements without other injury to such real estate at any time before that person is evicted therefrom, or that person may have the benefit of this chapter by proceeding as herein directed.

[C73, §1987; C97, §2971; C24, 27, 31, 35, 39, §**10134;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §560.7]

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CHAPTER 561

HOMESTEAD

Referred to in §425.11, 624.23, 657A.2

561.1	"Homestead" defined.	561.12	Life possession in lieu of dower.
561.2	Extent and value.	561.13	Conveyance or encumbrance.
561.3	Dwelling and appurtenances.	561.14	Devise.
561.4	Selecting — platting.	561.15	Removal of spouse or children.
561.5	Platted by officer having execution.	561.16	Exemption.
		561.17	Reserved.
561.6	Platting under order of court.	561.18	Descent.
561.7	Changes — nonconsenting spouse.	561.19	Exemption in hands of issue.
		561.20	New homestead exempt.
561.8	Referees to determine exemption.	561.21	Debts for which homestead liable.
561.9	Referring back — marking off — costs.	561.22	Notice of homestead exemption waiver requirement.
561.10	Change of circumstances.	561.23	through 561.25 Reserved.
561.11	Occupancy by surviving spouse.	561.26	Definitions.

561.1 "Homestead" defined.

1. The homestead must embrace the house used as a home by the owner, and, if the owner has two or more houses thus used, the owner may select which the owner will retain.

It may contain one or more contiguous lots or tracts of land, with the building and other appurtenances thereon, habitually and in good faith used as part of the same homestead.

2. As used in this chapter, *"owner"* includes but is not limited to the person, or the surviving spouse of the person, occupying the homestead as a beneficiary of a trust that includes the property in the trust estate.

[C51, §1250, 1251; R60, §2282, 2283; C73, §1994, 1995; C97, §2977; C24, 27, 31, 35, 39, §**10135;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.1]

2007 Acts, ch 134, §3, 28

Referred to in §624.23

561.2 Extent and value.

If within a city plat, it must not exceed one-half acre in extent, otherwise it must not contain in the aggregate more than forty acres, but if, in either case, its value is less than five hundred dollars, it may be enlarged until it reaches that amount.

[C51, §1252; R60, §2284; C73, §1996; C97, §2978; S13, §2978; C24, 27, 31, 35, 39, §**10136;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.2]

Referred to in §624.23

561.3 Dwelling and appurtenances.

It must not embrace more than one dwelling house, or any other buildings except such as are properly appurtenant thereto, but a shop or other building situated thereon, actually used and occupied by the owner in the prosecution of the owner's ordinary business, and not exceeding three hundred dollars in value, is appurtenant thereto.

[C51, §1253; R60, §2285; C73, §1997; C97, §2978; S13, §2978; C24, 27, 31, 35, 39, §**10137;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.3]

Referred to in §624.23

561.4 Selecting — platting.

The owner, husband or wife, or a single person, may select the homestead and cause it to be platted, but a failure to do so shall not render the same liable when it otherwise would not be, and a selection by the owner shall control. When selected, it shall be designated by a legal description, or if impossible it shall be marked off by permanent, visible monuments, and the description shall give the direction and distance of the starting point from some corner of the dwelling, which description, with the plat, shall be filed and recorded by the recorder of the proper county in the manner provided in sections 558.49 and 558.52.

[C51, §1254, 1255; R60, §2286, 2287; C73, §1998, 1999; C97, §2979; S13, §2979; C24, 27, 31, 35, 39, §**10138;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.4]

87 Acts, ch 116, §1; 2006 Acts, ch 1031, §13

Referred to in §331.607

561.5 Platted by officer having execution.

Should the homestead not be platted and recorded at the time levy is made upon real property in which a homestead is included, the officer having the execution shall give notice in writing to the owner or owners if found within the county, to plat and record the same within ten days after service; after which time the officer shall cause the homestead to be platted and recorded, and the expense shall be added to the costs in the case.

[C51, §1254; R60, §2286; C73, §1998; S13, §2979; C24, 27, 31, 35, 39, §**10139;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.5]

87 Acts, ch 116, §2

Referred to in §561.6

561.6 Platting under order of court.

Upon application made to the district court by any creditor of the owner of the homestead, or other person interested therein, such court shall hear the cause upon the proof offered, and fix and establish the boundaries thereof, and the judgment therein shall be filed and recorded in the manner provided in section 561.5.

[C97, §2980; C24, 27, 31, 35, 39, §**10140;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.6]

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561.7 Changes — nonconsenting spouse.

1. The owner may, from time to time, change the limits of the homestead by changing the metes and bounds, as well as the record of the plat and description, or vacate it.

2. The changes described in subsection 1 shall not prejudice conveyances or liens made or created prior to the changes.

3. No such change of the entire homestead, made without the concurrence of the other spouse, shall affect that spouse's rights, or those of the children.

[C51, §1256, 1257; R60, §2288, 2289; C73, §2000, 2001; C97, §2981; C24, 27, 31, 35, 39, §**10141;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.7]

2021 Acts, ch 80, §346

561.8 Referees to determine exemption.

When a disagreement takes place between the owner and any person adversely interested, as to whether any land or buildings are properly a part of the homestead, the sheriff shall, at the request of either party, summon nine disinterested persons having the qualifications of jurors. The parties then, commencing with the owner, shall in turn strike off one person each, until three remain. Should either party fail to do so, the sheriff may act for that person, and the three as referees shall proceed to examine and ascertain all the facts of the case, and report the same, with their opinion thereon, to the court from which the execution or other process may have issued within thirty days after their qualification as referees.

[C51, §1258, 1259; R60, §2290, 2291; C73, §2002, 2003; C97, §2982; C24, 27, 31, 35, 39, §**10142;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.8]

Referred to in §331.653

561.9 Referring back — marking off — costs.

The court in its discretion may refer the whole or any part of the matter back to the same or other referees, to be selected in the same manner, or as the parties agree, giving them directions as to the report required of them. When the court is sufficiently advised in the case, it shall make its decision, and may direct the homestead to be marked off anew, or a new plat and description to be made and recorded, and take such other steps as shall be lawful and expedient in attaining the purpose of this chapter. It shall also award costs in accordance with the practice in other cases, as nearly as may be.

[C51, §1260, 1261; R60, §2292, 2293; C73, §2004, 2005; C97, §2983; C24, 27, 31, 35, 39, §**10143;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.9]

Costs, chapter 625

561.10 Change of circumstances.

The extent or appurtenances of the homestead thus established may be called in question in like manner, whenever a change in value or circumstances will justify such new proceedings.

[C51, §1262; R60, §2294; C73, §2006; C97, §2984; C24, 27, 31, 35, 39, §**10144;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.10]

561.11 Occupancy by surviving spouse.

Upon the death of either spouse, the survivor may continue to possess and occupy the whole homestead until it is otherwise disposed of according to law, but the setting off of the distributive share of the survivor in the real estate of the deceased shall be such a disposal of the homestead as is herein contemplated.

[C51, §1263; R60, §2295; C73, §2007, 2008; C97, §2985; C24, 27, 31, 35, 39, §**10145;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.11]

561.12 Life possession in lieu of dower.

The survivor may elect to retain the homestead for life in lieu of such share in the real estate of the deceased.

[C73, §2008; C97, §2985; C24, 27, 31, 35, 39, §**10146;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.12]

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561.13 Conveyance or encumbrance.

1. A conveyance or encumbrance of, or contract to convey or encumber the homestead, if the owner is married, is not valid, unless and until the spouse of the owner executes the same or a like instrument, or a power of attorney for the execution of the same or a like instrument, except as provided in subsection 3. However, when the homestead is conveyed or encumbered along with or in addition to other real estate, it is not necessary to particularly describe or set aside the tract of land constituting the homestead, whether the homestead is exclusively the subject of the contract or not, but the contract may be enforced as to real estate other than the homestead at the option of the purchaser or encumbrancer.

2. If a spouse who holds only homestead rights and surviving spouse's statutory share in the homestead specifically relinquishes homestead rights in an instrument, including a power of attorney constituting the other spouse as the husband's or wife's attorney in fact, as provided in section 597.5, it is not necessary for the spouse to join in the granting clause of the same or a like instrument.

3. A conveyance or encumbrance or a contract to convey or encumber the homestead is not invalid under subsection 1 if any of the following apply:

a. The nonsigning spouse's interest is terminated by a decree of dissolution of marriage or other order of the court.

b. The nonsigning spouse's right of recovery is barred by section 614.15.

c. The encumbrance is a purchase money mortgage as defined in section 654.12B.

d. A court sitting in equity enters a decree holding that invalidating the conveyance or encumbrance or a contract to convey or encumber the homestead would, directly or indirectly, unjustly enrich the nonsigning spouse.

4. For the purposes of this section, *"nonsigning spouse"* means a spouse who has not executed a conveyance or encumbrance or a contract to convey or encumber the homestead, the same or a like instrument, or a power of attorney for the execution of the same or a like instrument.

[C51, §1247; R60, §2279; C73, §1990; C97, §2974; C24, 27, 31, 35, 39, §**10147;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.13; 81 Acts, ch 181, §1]

91 Acts, ch 106, §1; 2007 Acts, ch 68, §1, 2; 2011 Acts, ch 11, §1

Referred to in §597.5, 614.14, 633B.204

561.14 Devise.

Subject to the rights of the surviving spouse, the homestead may be devised like other real estate of the testator.

[C51, §1266; R60, §2298; C73, §2010; C97, §2987; C24, 27, 31, 35, 39, §**10148;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.14]

561.15 Removal of spouse or children.

Neither spouse can remove the other nor the children from the homestead without the consent of the other.

[C51, §1462; R60, §2514; C73, §2215; C97, §3166; C24, 27, 31, 35, 39, §**10149;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.15]

Referred to in §232.82, 598.33

561.16 Exemption.

The homestead of every person is exempt from judicial sale where there is no special declaration of statute to the contrary. Persons who reside together as a single household unit are entitled to claim in the aggregate only one homestead to be exempt from judicial sale. A single person may claim only one homestead to be exempt from judicial sale. For purposes of this section, *"household unit"* means all persons of whatever ages, whether or not related, who habitually reside together in the same household as a group.

[C51, §1245; R60, §2277; C73, §1988; C97, §2972, 2973; C24, 27, 31, 35, 39, §**10150;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.16; 81 Acts, ch 182, §1]

87 Acts, ch 116, §3

Referred to in §64.15, 64.15A, 809A.4

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561.17 Reserved.

561.18 Descent.

If there be no survivor, the homestead descends to the issue of either spouse according to the rules of descent, unless otherwise directed by will.

[C51, §1264; R60, §2296; C73, §2008; C97, §2985; C24, 27, 31, 35, 39, §**10152;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.18]

561.19 Exemption in hands of issue.

Where the homestead descends to the issue of either spouse the homestead shall be held exempt from any antecedent debts of the issue's parents or antecedent debts of the issue, except those of the owner of the homestead contracted prior to acquisition of the homestead or those created under section 249A.53 relating to the recovery of medical assistance payments.

[C51, §1264; R60, §2296; C73, §2008; C97, §2985; C24, 27, 31, 35, 39, §**10153;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.19]

95 Acts, ch 68, §6; 96 Acts, ch 1034, §53

561.20 New homestead exempt.

Where there has been a change in the limits of the homestead, or a new homestead has been acquired with the proceeds of the old, the new homestead, to the extent in value of the old, is exempt from execution in all cases where the old or former one would have been.

[C51, §1257; R60, §2289; C73, §2001; C97, §2981; C24, 27, 31, 35, 39, §**10154;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.20]

561.21 Debts for which homestead liable.

The homestead may be sold to satisfy debts of each of the following classes:

1. Those contracted prior to its acquisition, but then only to satisfy a deficiency remaining after exhausting the other property of the debtor, liable to execution.

2. Those created by written contract by persons having the power to convey, expressly stipulating that it shall be liable, but then only for a deficiency remaining after exhausting all other property pledged by the same contract for the payment of the debt.

3. *a.* Those secured by a mechanic's lien under chapter 572, including reasonable attorney fees as provided under section 572.32, subsection 1.

b. Those incurred for work done or material furnished, including principal and interest on any note securing the purchase of such material, exclusively for the improvement of the homestead.

4. If there is no survivor or issue, for the payment of any debts to which it might at that time be subjected if it had never been held as a homestead.

[C51, §1248, 1249, 1265; R60, §2280, 2281, 2297; C73, §1991 – 1993, 2009; C97, §2975, 2976, 2986; C24, 27, 31, 35, 39, §**10155;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §561.21]

2020 Acts, ch 1075, §1, 2

Referred to in §624.23
Homestead acquired with pension funds, §627.9
Liability for assistance furnished poor person, §252.14

561.22 Notice of homestead exemption waiver requirement.

1. *a.* Except as otherwise provided in subsection 2, if a homestead exemption waiver is contained in a written contract affecting agricultural land as defined in section 9H.1, or dwellings, buildings, or other appurtenances located on the land, the contract must contain a statement in substantially the following form, in boldface type of a minimum size of ten points, and be signed and dated by the person waiving the exemption at the time of the execution of the contract:

> I understand that homestead property is in many cases protected from the claims of creditors and exempt from judicial sale; and that by signing this contract, I voluntarily give up my right to this

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protection for this property with respect to claims based upon this contract.

b. A principal or deputy state, county, or city officer shall not be required to waive the officer's homestead exemption in order to be bonded as required pursuant to chapter 64.

2. This section shall not apply to a written contract affecting agricultural land of less than forty acres.

86 Acts, ch 1214, §8; 87 Acts, ch 67, §1; 89 Acts, ch 153, §3; 2005 Acts, ch 86, §1

561.23 through 561.25 Reserved.

561.26 Definitions.

As used in this chapter, unless the context otherwise requires, *"book"*, *"list"*, *"record"*, or *"schedule"* kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

2000 Acts, ch 1148, §1

CHAPTER 562

OWNER-LESSOR AND TENANT-LESSEE

Landlord's lien, chapter 570
Eviction or distress for rent during military service; termination of leases; §29A.101

562.1 Apportionment of rent.
562.1A Definitions.
562.2 Double rental value — liability.
562.3 Attornment to stranger.
562.4 Tenant at will — notice to terminate.
562.5 Termination of farm tenancies.
562.5A Farm tenancy — right to take part of a harvested crop's aboveground plant.
562.6 Agreement for termination.
562.7 Notice — how and when served.
562.8 Termination of life estate — farm tenancy.
562.9 Termination of life estate — nonfarm tenancy.
562.10 Rental value.

562.1 Apportionment of rent.

The executor of a tenant for life who leases real estate so held, and dies on or before the day on which the rent is payable, and a person entitled to rent dependent on the life of another may recover the proportion of rent which had accrued at the time of the death of such life tenant.

[C51, §1267; R60, §2299; C73, §2011; C97, §2988; C24, 27, 31, 35, 39, §**10156;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.1]

562.1A Definitions.

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

1. *"Animal feeding operation"* means the same as defined in section 459.102.
2. *"Farm tenancy"* means a leasehold interest in land held by a person who produces crops or provides for the care and feeding of livestock on the land, including by grazing or supplying feed to the livestock.
3. *"Livestock"* means the same as defined in section 717.1.

2006 Acts, ch 1077, §1; 2013 Acts, ch 44, §1
Referred to in §422.7(14)(f)

562.2 Double rental value — liability.

A tenant serving notice of intention to quit leased premises at a time named, and holding over after the time, and a tenant or the tenant's assignee willfully holding over after the term,

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and after notice to quit, shall pay double the rental value of the leased premises during the time the tenant holds over to the person entitled to the rent.

[C51, §1268; R60, §2300; C73, §2012; C97, §2989; C24, 27, 31, 35, 39, §**10157;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.2]

83 Acts, ch 132, §1

562.3 Attornment to stranger.

The payment of rent, or delivery of possession of leased premises, to one not the lessor, is void, and shall not affect the rights of such lessor, unless made with the lessor's consent, or in pursuance of a judgment or decree of court or judicial sale to which the lessor was a party.

[C51, §1269; R60, §2301; C73, §2013; C97, §2990; C24, 27, 31, 35, 39, §**10158;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.3]

562.4 Tenant at will — notice to terminate.

A person in the possession of real estate, with the assent of the owner, is presumed to be a tenant at will until the contrary is shown, and thirty days' notice in writing must be served upon either party or a successor of the party before termination of the tenancy. However, if a rent is reserved payable at intervals of less than thirty days, the length of notice need not be greater than the interval.

[C51, §1208, 1209; R60, §2216, 2218; C73, §2014, 2015; C97, §2991; C24, 27, 31, 35, 39, §**10159;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.4]

83 Acts, ch 132, §2

Referred to in §562.9

Three-day forcible entry notice, §648.3 and 648.4

562.5 Termination of farm tenancies.

In the case of a farm tenancy, the notice must fix the termination of the farm tenancy to take place on the first day of March, except in cases of a mere cropper, whose farm tenancy shall terminate when the crop is harvested. However, if the crop is corn, the termination shall not be later than the first day of December, unless otherwise agreed upon.

[R60, §2218; C73, §2015; C97, §2991; C24, 27, 31, 35, 39, §**10160;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.5]

2006 Acts, ch 1077, §2

Forcible entry provisions, §648.3 and 648.4

562.5A Farm tenancy — right to take part of a harvested crop's aboveground plant.

Unless otherwise agreed to in writing by a lessor and farm tenant, a farm tenant may take any part of the aboveground part of a plant associated with a crop, at the time of harvest or after the harvest, until the farm tenancy terminates as provided in this chapter.

2010 Acts, ch 1027, §1

562.6 Agreement for termination.

If a written agreement is made fixing the time of the termination of a tenancy, the tenancy shall terminate at the time agreed upon, without notice. Except for a farm tenant who is a mere cropper or a person who holds a farm tenancy with an acreage of less than forty acres where an animal feeding operation is the primary use of the acreage, a farm tenancy shall continue beyond the agreed term for the following crop year and otherwise upon the same terms and conditions as the original lease unless written notice for termination is served upon either party or a successor of the party in the manner provided in section 562.7, whereupon the farm tenancy shall terminate March 1 following. However, the tenancy shall not continue because of an absence of notice if there is default in the performance of the existing rental agreement.

[R60, §2218; C73, §2015; C97, §2991; C24, 27, 31, 35, 39, §**10161;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.6]

83 Acts, ch 132, §3; 2006 Acts, ch 1077, §3; 2013 Acts, ch 44, §2; 2016 Acts, ch 1089, §1

Referred to in §562.8

Forcible entry provisions, §648.3 and 648.4

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562.7 Notice — how and when served.

Written notice shall be served upon either party or a successor of the party by using one of the following methods:

1. By delivery of the notice, on or before September 1, with acceptance of service to be signed by the party to the lease or a successor of the party, receiving the notice.

2. By serving the notice, on or before September 1, personally, or if personal service has been tried and cannot be achieved, by publication, on the same conditions, and in the same manner as is provided for the service of original notices, except that when the notice is served by publication no affidavit is required. Service by publication is completed on the day of the last publication.

3. By mailing the notice before September 1 by certified mail. Notice served by certified mail is made and completed when the notice is enclosed in a sealed envelope, with the proper postage on the envelope, addressed to the party or a successor of the party at the last known mailing address and deposited in a mail receptacle provided by the United States postal service.

[C73, §2016; C97, §2991; C24, 27, 31, 35, 39, §**10162;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §562.7]

83 Acts, ch 132, §4

Referred to in §562.6, 562.8
Forcible entry provisions, §648.3 and 648.4
Original notice, R.C.P. 1.302 – 1.315

562.8 Termination of life estate — farm tenancy.

Upon the termination of a life estate, a farm tenancy granted by the life tenant shall continue until the following March 1 except that if the life estate terminates between September 1 and the following March 1 inclusively, then the farm tenancy shall continue for that year as provided by section 562.6 and continue until the holder of the successor interest serves notice of termination of the interest in the manner provided by section 562.7. However, if the lease is binding upon the holder of the successor interest by the provision of a trust or by specific commitment of the holder of the successor interest, the lease shall terminate as provided by that provision or commitment. This section does not abrogate the common law doctrine of emblements.

[C79, 81, §562.8]

83 Acts, ch 132, §5

Referred to in §562.10

562.9 Termination of life estate — nonfarm tenancy.

Upon the termination of a life estate, a tenancy granted by the life tenant which is not a farm tenancy shall continue until one of the following first occurs:

1. The date previously agreed upon for termination of the tenancy without notice.

2. If the tenant is a tenant at will, upon the expiration of the period provided by section 562.4.

3. If the tenancy is for less than one year, sixty days after the end of the month in which the life estate terminated.

4. If the tenancy is for a year or more, one year after the end of the month in which the life estate terminated. However, if the lease is binding upon the holder of the successor interest by the provision of a trust or by specific commitment of the holder of the successor interest, the lease shall terminate as provided by that provision or commitment.

[C79, 81, §562.9]

Referred to in §562.10

562.10 Rental value.

The holder of the interest succeeding a life estate who is required by section 562.8 or 562.9 to continue a tenancy shall be entitled to a rental amount equal to the prevailing fair market rental amount in the area. If the parties cannot agree on a rental amount, either party may petition the district court for a declaratory judgment setting the rental amount. The costs of the action shall be divided equally between the parties.

[C79, 81, §562.10]

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CHAPTER 562A

UNIFORM RESIDENTIAL LANDLORD AND TENANT LAW

Referred to in §216.8B, 231B.18, 231C.19, 331.301, 364.3, 543B.7A

Eviction or distress for rent during military service; termination of leases; §29A.101

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ARTICLE I
GENERAL PROVISIONS AND DEFINITIONS

PART 1
SHORT TITLE, CONSTRUCTION, APPLICATION, AND SUBJECT MATTER OF THE ACT

562A.1 Short title.

This chapter shall be known and may be cited as the "*Uniform Residential Landlord and Tenant Act*".

[C79, 81, §562A.1]

562A.2 Purposes — rules of construction.

1. This chapter shall be liberally construed and applied to promote its underlying purposes and policies.

2. Underlying purposes and policies of this chapter are:

a. To simplify, clarify, modernize and revise the law governing the rental of dwelling units and the rights and obligations of landlord and tenant; and

b. To encourage landlord and tenant to maintain and improve the quality of housing.

c. To ensure that the right to the receipt of rent is inseparable from the duty to maintain the premises.

[C79, 81, §562A.2]

2014 Acts, ch 1026, §122

562A.3 Supplementary principles of law applicable.

Unless displaced by the provisions of this chapter, the principles of law and equity in this state, including the law relating to capacity to contract, mutuality of obligations, principal and agent, real property, public health, safety and fire prevention, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, or other validating or invalidating cause, shall supplement its provisions.

[C79, 81, §562A.3]

562A.4 Administration of remedies — enforcement.

1. The remedies provided by this chapter shall be administered so that the aggrieved party may recover appropriate damages. The aggrieved party has a duty to mitigate damages.

2. A right or obligation declared by this chapter is enforceable by action unless the provision declaring it specifies a different and limited effect.

[C79, 81, §562A.4]

PART 2
SCOPE AND JURISDICTION

562A.5 Exclusions from application of chapter.

Unless created to avoid the application of this chapter, the following arrangements are not governed by this chapter:

1. Residence at an institution, public or private, if incidental to detention or the provision of medical, geriatric, educational, counseling, religious, or similar service.

2. Occupancy under a contract of sale of a dwelling unit or the property of which it is a part, if the occupant is the purchaser or a person who succeeds to the purchaser's interest.

3. Occupancy by a member of a fraternal or social organization in the portion of a structure operated for the benefit of the organization.

4. Transient occupancy in a hotel, motel or other similar lodgings.

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5. Occupancy by an employee of a landlord whose right to occupancy is conditional upon employment in and about the premises.

6. Occupancy by an owner of a condominium unit or a holder of a proprietary lease in a cooperative.

7. Occupancy under a rental agreement covering premises used by the occupant primarily for agricultural purposes.

8. Occupancy in housing owned by a nonprofit organization whose purpose is to provide transitional housing for persons released from drug or alcohol treatment facilities and in housing for homeless persons.

[C79, 81, §562A.5]

95 Acts, ch 125, §2

PART 3

GENERAL DEFINITIONS AND PRINCIPLES OF INTERPRETATION — NOTICE

562A.6 General definitions.

Subject to additional definitions contained in subsequent articles of this chapter which apply to specific articles or its parts, and unless the context otherwise requires, in this chapter:

1. *"Building and housing codes"* include a law, ordinance, or governmental regulation concerning fitness for habitation, or the construction, maintenance, operation, occupancy, use, or appearance of a premises or dwelling unit.

2. *"Business"* includes a corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, and any other legal or commercial entity.

3. *"Dwelling unit"* means a structure or the part of a structure that is used as a home, residence, or sleeping place.

4. *"Good faith"* means honesty in fact in the conduct of the transaction concerned.

5. *"Landlord"* means the owner, lessor, or sublessor of the dwelling unit or the building of which it is a part, and it also means a manager of the premises who fails to disclose as required by section 562A.13.

6. *"Owner"* means one or more persons, jointly or severally, in whom is vested:

a. All or part of the legal title to property; or

b. All or part of the beneficial ownership and a right to present use and enjoyment of the premises, and the term includes a mortgagee in possession.

7. *"Premises"* means a dwelling unit and the structure of which it is a part and facilities and appurtenances of it and grounds, areas and facilities held out for the use of tenants generally or whose use is promised to the tenant.

8. *"Presumption"* means that the trier of fact must find the existence of the fact presumed unless and until evidence is introduced which would support a finding of its nonexistence.

9. *"Reasonable attorney fees"* means fees determined by the time reasonably expended by the attorney and not by the amount of the recovery on behalf of the tenant or landlord.

10. *"Rent"* means a payment to be made to the landlord under the rental agreement.

11. *"Rental agreement"* means an agreement written or oral, and a valid rule, adopted under section 562A.18, embodying the terms and conditions concerning the use and occupancy of a dwelling unit and premises.

12. *"Rental deposit"* means a deposit of money to secure performance of a residential rental agreement, other than a deposit which is exclusively in advance payment of rent.

13. *"Resident"* means an occupant of a dwelling unit who is at least eighteen years of age.

14. *"Roomer"* means a person occupying a dwelling unit that lacks a major bathroom or kitchen facility, in a structure where one or more major facilities are used in common by occupants of the dwelling unit and other dwelling units. Major facility in the case of a bathroom means toilet, or either a bath or shower, and in the case of a kitchen means refrigerator, stove or sink.

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15. *"Single family residence"* means a structure maintained and used as a single dwelling unit. Notwithstanding that a dwelling unit shares one or more walls with another dwelling unit, it is a single family residence if it has direct access to a street or thoroughfare and shares neither heating facilities, hot water equipment, nor any other essential facility or service with another dwelling unit.

16. *"Tenant"* means a person entitled under a rental agreement to occupy a dwelling unit to the exclusion of another.

17. *"Transitional housing"* means temporary or nonpermanent housing.

[C79, 81, §562A.6]

95 Acts, ch 125, §3; 2013 Acts, ch 97, §2

Referred to in §135O.1, 331.301, 331.304, 364.3

562A.7 Unconscionability.

1. If the court, as a matter of law, finds that:

a. A rental agreement or any provision of it was unconscionable when made, the court may refuse to enforce the agreement, enforce the remainder of the agreement without the unconscionable provision, or limit the application of an unconscionable provision to avoid an unconscionable result.

b. A settlement in which a party waives or agrees to forego a claim or right under this chapter or under a rental agreement was unconscionable at the time it was made, the court may refuse to enforce the settlement, enforce the remainder of the settlement without the unconscionable provision, or limit the application of an unconscionable provision to avoid any unconscionable result.

2. If unconscionability is put into issue by a party or by the court upon its own motion the parties shall be afforded a reasonable opportunity to present evidence as to the setting, purpose, and effect of the rental agreement or settlement to aid the court in making the determination.

[C79, 81, §562A.7]

562A.8 Notice.

1. Notices required under this chapter, except those notices identified in section 562A.29A, shall be served as follows:

a. A landlord shall serve notice on a tenant by one or more of the following methods:

(1) Hand delivery to the tenant.

(2) Delivery evidenced by an acknowledgment of delivery that is signed and dated by a resident of the dwelling unit who is at least eighteen years of age. Delivery under this subparagraph shall be deemed to provide notice to all tenants of the dwelling unit.

(3) Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

(4) Mailing by both regular mail and certified mail, as defined in section 618.15, to the address of the dwelling unit or to an address provided by the tenant for mailing.

(5) Posting on the primary entrance door of the dwelling unit. A notice posted according to this subparagraph shall be posted within the applicable time period for serving notice and shall include the date the notice was posted.

(6) A method of providing notice that results in the notice actually being received by the tenant.

b. A tenant shall serve notice on a landlord by one or more of the following methods:

(1) Hand delivery to the landlord or the landlord's agent designated under section 562A.13.

(2) Delivery evidenced by an acknowledgment of delivery that is signed and dated by the landlord or the landlord's agent designated under section 562A.13.

(3) Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

(4) Delivery to an employee or agent of the landlord at the landlord's business office.

(5) Mailing by both regular mail and certified mail, as defined in section 618.15, to the

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address of the landlord's business office or to an address designated by the landlord for mailing.

(6) A method of providing notice that results in the notice actually being received by the landlord.

2. Notice served by mail under this section is deemed completed four days after the notice is deposited in the mail and postmarked for delivery, whether or not the recipient signs a receipt for the notice.

[C79, 81, §562A.8]

96 Acts, ch 1203, §1, 2; 99 Acts, ch 155, §5, 14; 2010 Acts, ch 1017, §1, 11

Referred to in §562A.30

562A.8A Computation of time.

The calculation of all time periods required under this chapter shall be made in accordance with section 4.1, subsection 34.

99 Acts, ch 155, §6, 14

PART 4

GENERAL PROVISIONS

562A.9 Terms and conditions of rental agreement.

1. The landlord and tenant may include in a rental agreement, terms and conditions not prohibited by this chapter or other rule of law including rent, term of the agreement, and other provisions governing the rights and obligations of the parties.

2. In absence of agreement, the tenant shall pay as rent the fair rental value for the use and occupancy of the dwelling unit.

3. Rent shall be payable without demand or notice at the time and place agreed upon by the parties. Unless otherwise agreed, rent is payable at the dwelling unit and periodic rent is payable at the beginning of any term of one month or less and otherwise in equal monthly installments at the beginning of each month. Unless otherwise agreed, rent shall be uniformly apportionable from day-to-day.

4. For rental agreements in which the rent does not exceed seven hundred dollars per month, a rental agreement shall not provide for a late fee that exceeds twelve dollars per day or a total amount of sixty dollars per month. For rental agreements in which the rent is greater than seven hundred dollars per month, a rental agreement shall not provide for a late fee that exceeds twenty dollars per day or a total amount of one hundred dollars per month.

5. Unless the rental agreement fixes a definite term, the tenancy shall be week-to-week in case of a roomer who pays weekly rent, and in all other cases month-to-month.

[C79, 81, §562A.9]

2013 Acts, ch 97, §3

Referred to in §562A.34

562A.10 Effect of unsigned or undelivered rental agreement.

1. If a landlord does not sign and deliver a written rental agreement signed and delivered to the landlord by the tenant, acceptance of rent without reservation by the landlord gives the rental agreement the same effect as if it had been signed and delivered by the landlord.

2. If a tenant does not sign and deliver a written rental agreement signed and delivered to the tenant by the landlord, acceptance of possession without reservation gives the rental agreement the same effect as if it had been signed and delivered by the tenant.

3. If a rental agreement given effect by the operation of this section provides for a term longer than one year, it is effective only for one year.

[C79, 81, §562A.10]

562A.11 Prohibited provisions in rental agreements.

1. A rental agreement shall not provide that the tenant or landlord does any of the following:

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a. Agrees to waive or to forego rights or remedies under this chapter provided that this restriction shall not apply to rental agreements covering single family residences on land assessed as agricultural land and located in an unincorporated area.

b. Authorizes a person to confess judgment on a claim arising out of the rental agreement.

c. Agrees to pay the other party's attorney fees.

d. Agrees to the exculpation or limitation of any liability of the other party arising under law or to indemnify the other party for that liability or the associated costs.

2. If the landlord receives rental assistance payments under a rental assistance agreement administered by the United States department of agriculture under the multifamily housing rental assistance program under Tit. V of the federal Housing Act of 1949, Pub. L. No. 81-171, or receives housing assistance payments under a housing assistance payment contract administered by the United States department of housing and urban development under the housing choice voucher program, the new construction program, the substantial rehabilitation program, or the moderate rehabilitation program under section 8 of the United States Housing Act of 1937, Pub. L. No. 75-412, a rental agreement shall not contain a provision or impose a rule that requires a person to agree, as a condition of tenancy, to a prohibition or restriction on the lawful ownership, use, or possession of a firearm, a firearm component, or ammunition within the tenant's specific rental unit. A landlord may impose reasonable restrictions related to the possession, use, or transportation of a firearm, a firearm component, or ammunition within common areas as long as those restrictions do not circumvent the purpose of this subsection. A tenant shall exercise reasonable care in the storage of a firearm, a firearm component, or ammunition. This subsection does not apply to any prohibition or restriction that is required by federal or state law, rule, or regulation.

3. A provision prohibited by this section included in a rental agreement is unenforceable. If a landlord willfully uses a rental agreement containing provisions known by the landlord to be prohibited, a tenant may recover actual damages sustained by the tenant and not more than three months' periodic rent and reasonable attorney fees.

[C79, 81, §562A.11]

2021 Acts, ch 35, §22

Referred to in §562A.16

ARTICLE II
LANDLORD OBLIGATIONS

562A.12 Rental deposits.

1. A landlord shall not demand or receive as a security deposit an amount or value in excess of two months' rent.

2. All rental deposits shall be held by the landlord for the tenant, who is a party to the agreement, in a bank or savings and loan association or credit union which is insured by an agency of the federal government. Rental deposits shall not be commingled with the personal funds of the landlord. Notwithstanding the provisions of chapter 543B, all rental deposits may be held in a trust account, which may be a common trust account and which may be an interest-bearing account. Any interest earned on a rental deposit during the first five years of a tenancy shall be the property of the landlord.

3. *a.* A landlord shall, within thirty days from the date of termination of the tenancy and receipt of the tenant's mailing address or delivery instructions, return the rental deposit to the tenant or furnish to the tenant a written statement showing the specific reason for withholding of the rental deposit or any portion thereof. If the rental deposit or any portion of the rental deposit is withheld for the restoration of the dwelling unit, the statement shall specify the nature of the damages. The landlord may withhold from the rental deposit only such amounts as are reasonably necessary for the following reasons:

(1) To remedy a tenant's default in the payment of rent or of other funds due to the landlord pursuant to the rental agreement.

(2) To restore the dwelling unit to its condition at the commencement of the tenancy, ordinary wear and tear excepted.

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(3) To recover expenses incurred in acquiring possession of the premises from a tenant who does not act in good faith in failing to surrender and vacate the premises upon noncompliance with the rental agreement and notification of such noncompliance pursuant to this chapter.

b. In an action concerning the rental deposit, the burden of proving, by a preponderance of the evidence, the reason for withholding all or any portion of the rental deposit shall be on the landlord.

4. A landlord who fails to provide a written statement within thirty days of termination of the tenancy and receipt of the tenant's mailing address or delivery instructions shall forfeit all rights to withhold any portion of the rental deposit. If no mailing address or instructions are provided to the landlord within one year from the termination of the tenancy the rental deposit shall revert to the landlord and the tenant will be deemed to have forfeited all rights to the rental deposit.

5. *a.* Upon termination of a landlord's interest in the dwelling unit, the landlord or an agent of the landlord shall, within a reasonable time, transfer the rental deposit, or any remainder after any lawful deductions to the landlord's successor in interest and notify the tenant of the transfer and of the transferee's name and address or return the deposit, or any remainder after any lawful deductions to the tenant.

b. Upon the termination of the landlord's interest in the dwelling unit and compliance with the provisions of this subsection, the landlord shall be relieved of any further liability with respect to the rental deposit.

6. Upon termination of the landlord's interest in the dwelling unit, the landlord's successor in interest shall have all the rights and obligations of the landlord with respect to the rental deposits, except that if the tenant does not object to the stated amount within twenty days after written notice to the tenant of the amount of rental deposit being transferred or assumed, the obligations of the landlord's successor to return the deposit shall be limited to the amount contained in the notice. The notice shall contain a stamped envelope addressed to the landlord's successor.

7. The bad-faith retention of a deposit by a landlord, or any portion of the rental deposit, in violation of this section shall subject the landlord to punitive damages not to exceed twice the monthly rental payment in addition to actual damages.

8. The court may, in any action on a rental agreement, award reasonable attorney fees to the prevailing party.

[C75, 77, §562.9 – 562.14; C79, 81, §562A.12]

93 Acts, ch 154, §13; 2010 Acts, ch 1017, §2, 11; 2013 Acts, ch 30, §261; 2013 Acts, ch 97, §4; 2014 Acts, ch 1026, §123

Referred to in §562A.21, 562A.25

562A.13 Disclosure.

1. The landlord or a person authorized to enter into a rental agreement on behalf of the landlord shall disclose to the tenant in writing at or before the commencement of the tenancy the name and address of:

a. The person authorized to manage the premises.

b. An owner of the premises or a person authorized to act for and on behalf of the owner for the purpose of service of process and for the purpose of receiving and receipting for notices and demands.

2. The information required to be furnished by this section shall be kept current and this section extends to and is enforceable against a successor landlord, owner, or manager.

3. A person who fails to comply with subsection 1 becomes an agent of each person who is a landlord for the purpose of:

a. Service of process and receiving and receipting for notices and demands.

b. Performing the obligations of the landlord under this chapter and under the rental agreement and expending or making available for that purpose all rent collected from the premises.

4. The landlord or any person authorized to enter into a rental agreement on the landlord's

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behalf shall fully explain utility rates, charges and services to the prospective tenant before the rental agreement is signed unless paid by the tenant directly to the utility company.

5. Each tenant shall be notified, in writing, of any rent increase at least thirty days before the effective date. Such effective date shall not be sooner than the expiration date of original rental agreement or any renewal or extension thereof.

6. The landlord or a person authorized to enter into a rental agreement on behalf of the landlord shall disclose to each tenant in writing before the commencement of the tenancy if the property is listed in the comprehensive environmental response compensation and liability information system maintained by the federal environmental protection agency.

[C79, 81, §562A.13]
2004 Acts, ch 1071, §1
Referred to in §562A.6, 562A.8

562A.14 Landlord to supply possession of dwelling unit.

At the commencement of the term, the landlord shall deliver possession of the premises to the tenant in compliance with the rental agreement and section 562A.15. The landlord may bring an action for possession against a person wrongfully in possession and may recover the damages provided in section 562A.34, subsection 4.

[C79, 81, §562A.14]
Referred to in §562A.22

562A.15 Landlord to maintain fit premises.

1. *a.* The landlord shall:

(1) Comply with the requirements of applicable building and housing codes materially affecting health and safety.

(2) Make all repairs and do whatever is necessary to put and keep the premises in a fit and habitable condition.

(3) Keep all common areas of the premises in a clean and safe condition. The landlord shall not be liable for any injury caused by any objects or materials which belong to or which have been placed by a tenant in the common areas of the premises used by the tenant.

(4) Maintain in good and safe working order and condition all electrical, plumbing, sanitary, heating, ventilating, air-conditioning, and other facilities and appliances, including elevators, supplied or required to be supplied by the landlord.

(5) Provide and maintain appropriate receptacles and conveniences, accessible to all tenants, for the central collection and removal of ashes, garbage, rubbish, and other waste incidental to the occupancy of the dwelling unit and arrange for their removal.

(6) Supply running water and reasonable amounts of hot water at all times and reasonable heat, except where the building that includes the dwelling unit is not required by law to be equipped for that purpose, or the dwelling unit is so constructed that heat or hot water is generated by an installation within the exclusive control of the tenant and supplied by a direct public utility connection.

b. If the duty imposed by paragraph "*a*", subparagraph (1), is greater than a duty imposed by another subparagraph of paragraph "*a*", the landlord's duty shall be determined by reference to paragraph "*a*", subparagraph (1).

2. The landlord and tenant of a single family residence may agree in writing that the tenant perform the landlord's duties specified in subsection 1, paragraph "*a*", subparagraphs (5) and (6), and also specified repairs, maintenance tasks, alterations, and remodeling, but only if the transaction is entered into in good faith.

3. The landlord and tenant of a dwelling unit other than a single family residence may agree that the tenant is to perform specified repairs, maintenance tasks, alterations, or remodeling only:

a. If the agreement of the parties is entered into in good faith and is set forth in a separate writing signed by the parties and supported by adequate consideration;

b. If the agreement does not diminish or affect the obligation of the landlord to other tenants in the premises.

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4. The landlord shall not treat performance of the separate agreement described in subsection 3 as a condition to an obligation or performance of a rental agreement.

[C79, 81, §562A.15]
2013 Acts, ch 30, §177
Referred to in §562A.14, 562A.21, 562A.23, 562A.27, 562A.36

562A.16 Limitation of liability.

1. Unless otherwise agreed, a landlord, who conveys premises that include a dwelling unit subject to a rental agreement in a good faith sale to a bona fide purchaser, is relieved of liability under the rental agreement and this chapter as to events occurring subsequent to written notice to the tenant of the conveyance.

2. A manager of premises that includes a dwelling unit is relieved of liability under the rental agreement and this chapter as to events occurring after written notice to the tenant of the termination of the person's management.

3. Except in cases of willful, reckless, or gross negligence, a landlord is not liable in a civil action for personal injury, death, property damage, or other damages resulting from or arising out of an occurrence involving a firearm, a firearm component, or ammunition that the landlord is required to allow on the property under section 562A.11.

[C79, 81, §562A.16]
2021 Acts, ch 35, §23

ARTICLE III

TENANT OBLIGATIONS

562A.17 Tenant to maintain dwelling unit.

The tenant shall:

1. Comply with all obligations primarily imposed upon tenants by applicable provisions of building and housing codes materially affecting health and safety.

2. Keep that part of the premises that the tenant occupies and uses as clean and safe as the condition of the premises permit.

3. Dispose from the tenant's dwelling unit all ashes, rubbish, garbage, and other waste in a clean and safe manner.

4. Keep all plumbing fixtures in the dwelling unit or used by the tenant as clean as their condition permits.

5. Use in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other facilities and appliances including elevators in the premises.

6. Not deliberately or negligently destroy, deface, damage, impair or remove a part of the premises or knowingly permit a person to do so. If damage, defacement, alteration, or destruction of property by the tenant is intentional, the tenant may be criminally charged with criminal mischief pursuant to chapter 716.

7. Act in a manner that will not disturb a neighbor's peaceful enjoyment of the premises.

[C79, 81, §562A.17]
2013 Acts, ch 97, §5
Referred to in §562A.27, 562A.28

562A.18 Rules.

1. A landlord, from time to time, may adopt rules, however described, concerning the tenant's use and occupancy of the premises. A rule is enforceable against the tenant only if it is written and if:

a. Its purpose is to promote the convenience, safety, or welfare of the tenants in the premises, preserve the landlord's property from abusive use, or make a fair distribution of services and facilities held out for the tenants generally.

b. It is reasonably related to the purpose for which it is adopted.

c. It applies to all tenants in the premises in a fair manner.

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d. It is sufficiently explicit in its prohibition, direction, or limitation of the tenant's conduct to fairly inform the tenant of what the tenant must or must not do to comply.

e. It is not for the purpose of evading the obligations of the landlord.

f. The tenant has notice of it at the time the tenant enters into the rental agreement.

2. A rule adopted after the tenant enters into the rental agreement is enforceable against the tenant if reasonable notice of its adoption is given to the tenant and it does not work a substantial modification of the rental agreement.

[C79, 81, §562A.18]
2013 Acts, ch 30, §261
Referred to in §562A.6

562A.19 Access.

1. The tenant shall not unreasonably withhold consent to the landlord to enter into the dwelling unit in order to inspect the premises, make necessary or agreed repairs, decorations, alterations, or improvements, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors.

2. The landlord may enter the dwelling unit without consent of the tenant in case of emergency.

3. The landlord shall not abuse the right of access or use it to harass the tenant. Except in case of emergency or if it is impracticable to do so, the landlord shall give the tenant at least twenty-four hours' notice of the landlord's intent to enter and enter only at reasonable times.

4. The landlord does not have another right of access except by court order, and as permitted by sections 562A.28 and 562A.29, or if the tenant has abandoned or surrendered the premises.

[C79, 81, §562A.19]

562A.20 Tenant to use and occupy.

Unless otherwise agreed, the tenant shall occupy the dwelling unit only as a dwelling unit and uses incidental thereto. The rental agreement may require that the tenant notify the landlord of an anticipated extended absence from the premises not later than the first day of the extended absence.

[C79, 81, §562A.20]
Referred to in §562A.29

ARTICLE IV
REMEDIES

PART 1
TENANT REMEDIES

562A.21 Noncompliance by the landlord — in general.

1. Except as provided in this chapter, if there is a material noncompliance by the landlord with the rental agreement or a noncompliance with section 562A.15 materially affecting health and safety, the tenant may elect to commence an action under this section and shall deliver a written notice to the landlord specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than seven days after receipt of the notice if the breach is not remedied in seven days, and the rental agreement shall terminate and the tenant shall surrender as provided in the notice subject to the following:

a. If the breach is remediable by repairs or the payment of damages or otherwise, and if the landlord adequately remedies the breach prior to the date specified in the notice, the rental agreement shall not terminate.

b. If substantially the same act or omission which constituted a prior noncompliance of which notice was given recurs within six months, the tenant may terminate the rental

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agreement upon at least seven days' written notice specifying the breach and the date of termination of the rental agreement unless the landlord has exercised due diligence and effort to remedy the breach which gave rise to the noncompliance.

c. The tenant may not terminate for a condition caused by the deliberate or negligent act or omission of the tenant, a member of the tenant's family, or other person on the premises with the tenant's consent.

2. Except as provided in this chapter, the tenant may recover damages and obtain injunctive relief for any noncompliance by the landlord with the rental agreement or section 562A.15 unless the landlord demonstrates affirmatively that the landlord has exercised due diligence and effort to remedy any noncompliance, and that any failure by the landlord to remedy any noncompliance was due to circumstances reasonably beyond the control of the landlord. If the landlord's noncompliance is willful the tenant may recover reasonable attorney fees.

3. The remedy provided in subsection 2 is in addition to any right of the tenant arising under subsection 1.

4. If the rental agreement is terminated, the landlord shall return all prepaid rent and security recoverable by the tenant under section 562A.12.

[C79, 81, §562A.21]
95 Acts, ch 125, §4, 5
Referred to in §562A.23, 562A.36

562A.22 Failure to deliver possession.

1. If the landlord fails to deliver possession of the dwelling unit to the tenant as provided in section 562A.14, rent abates until possession is delivered and the tenant shall:

a. Upon at least five days' written notice to the landlord, terminate the rental agreement and upon termination the landlord shall return all prepaid rent and security; or

b. Demand performance of the rental agreement by the landlord and, if the tenant elects, maintain an action for possession of the dwelling unit against the landlord or a person wrongfully in possession and recover the damages sustained by the tenant.

2. If a landlord's failure to deliver possession is willful and not in good faith, a tenant may recover from the landlord the actual damages sustained by the tenant and reasonable attorney fees.

[C79, 81, §562A.22]

562A.23 Wrongful failure to supply heat, water, hot water or essential services.

1. If contrary to the rental agreement or section 562A.15 the landlord deliberately or negligently fails to supply running water, hot water, or heat, or essential services, the tenant may give written notice to the landlord specifying the breach and may:

a. Procure reasonable amounts of hot water, running water, heat and essential services during the period of the landlord's noncompliance and deduct their actual and reasonable cost from the rent;

b. Recover damages based upon the diminution in the fair rental value of the dwelling unit; or

c. Recover any rent already paid for the period of the landlord's noncompliance which shall be reimbursed on a pro rata basis.

2. If the tenant proceeds under this section, the tenant may not proceed under section 562A.21 as to that breach.

3. The rights under this section do not arise until the tenant has given notice to the landlord or if the condition was caused by the deliberate or negligent act or omission of the tenant, a member of the tenant's family, or other person on the premises with the consent of the tenant.

[C79, 81, §562A.23]

562A.24 Landlord's noncompliance as defense to action for possession or rent.

1. In an action for possession based upon nonpayment of the rent or in an action for rent where the tenant is in possession, the tenant may counterclaim for an amount which the tenant may recover under the rental agreement or this chapter. In that event the court

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from time to time may order the tenant to pay into court all or part of the rent accrued and thereafter accruing, and shall determine the amount due to each party. The party to whom a net amount is owed shall be paid first from the money paid into court, and the balance by the other party. If rent does not remain due after application of this section, judgment shall be entered for the tenant in the action for possession. If the defense or counterclaim by the tenant is without merit and is not raised in good faith the landlord may recover reasonable attorney fees.

2. In an action for rent where the tenant is not in possession, the tenant may counterclaim as provided in subsection 1, but the tenant is not required to pay any rent into court.

[C79, 81, §562A.24]

Referred to in §648.19

562A.25 Fire or casualty damage.

1. If the dwelling unit or premises are damaged or destroyed by fire or casualty to an extent that enjoyment of the dwelling unit is substantially impaired, the tenant may:

a. Immediately vacate the premises and notify the landlord in writing within fourteen days of the tenant's intention to terminate the rental agreement, in which case the rental agreement terminates as of the date of vacating; or

b. If continued occupancy is lawful, vacate a part of the dwelling unit rendered unusable by the fire or casualty, in which case the tenant's liability for rent is reduced in proportion to the diminution in the fair rental value of the dwelling unit.

2. If the rental agreement is terminated, the landlord shall return all prepaid rent and security recoverable under section 562A.12. Accounting for rent in the event of termination or apportionment is to occur as of the date of the casualty.

[C79, 81, §562A.25]

562A.26 Tenant's remedies for landlord's unlawful ouster, exclusion, or diminution of service.

If the landlord unlawfully removes or excludes the tenant from the premises or willfully diminishes services to the tenant by interrupting or causing the interruption of electric, gas, water, or other essential service to the tenant, the tenant may recover possession pursuant to section 648.1, subsection 1, or terminate the rental agreement and, in either case, recover the actual damages sustained by the tenant, punitive damages not to exceed twice the monthly rental payment, and reasonable attorney fees. If the rental agreement is terminated, the landlord shall return all prepaid rent and security.

[C79, 81, §562A.26]

2013 Acts, ch 97, §6

PART 2

LANDLORD REMEDIES

562A.27 Noncompliance with rental agreement — failure to pay rent — violation of federal regulation.

1. Except as provided in this chapter, if there is a material noncompliance by the tenant with the rental agreement or a noncompliance with section 562A.17 materially affecting health and safety, the landlord may deliver a written notice to the tenant specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than seven days after receipt of the notice if the breach is not remedied in seven days, and the rental agreement shall terminate as provided in the notice subject to the provisions of this section. If the breach is remediable by repairs or the payment of damages or otherwise and the tenant adequately remedies the breach prior to the date specified in the notice, the rental agreement shall not terminate. If substantially the same act or omission which constituted a prior noncompliance of which notice was given recurs within six months, the landlord may terminate the rental agreement upon at least seven days' written notice specifying the breach and the date of termination of the rental agreement.

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2. If rent is unpaid when due and the tenant fails to pay rent within three days after written notice by the landlord of nonpayment and the landlord's intention to terminate the rental agreement if the rent is not paid within that period of time, the landlord may terminate the rental agreement.

3. Except as provided in this chapter, the landlord may recover damages and obtain injunctive relief for noncompliance by the tenant with the rental agreement or section 562A.17 unless the tenant demonstrates affirmatively that the tenant has exercised due diligence and effort to remedy any noncompliance, and that the tenant's failure to remedy any noncompliance was due to circumstances beyond the tenant's control. If the tenant's noncompliance is willful, the landlord may recover reasonable attorney fees.

4. In any action by a landlord for possession based upon nonpayment of rent, proof by the tenant of the following shall be a defense to any action or claim for possession by the landlord, and the amounts expended by the claimant in correcting the deficiencies shall be deducted from the amount claimed by the landlord as unpaid rent:

a. That the landlord failed to comply either with the rental agreement or with section 562A.15; and

b. That the tenant notified the landlord at least seven days prior to the due date of the tenant's rent payment of the tenant's intention to correct the condition constituting the breach referred to in paragraph *"a"* at the landlord's expense; and

c. That the reasonable cost of correcting the condition constituting the breach is equal to or less than one month's periodic rent; and

d. That the tenant in good faith caused the condition constituting the breach to be corrected prior to receipt of written notice of the landlord's intention to terminate the rental agreement for nonpayment of rent.

5. Notwithstanding any other provisions of this chapter, a municipal housing agency established pursuant to chapter 403A may issue a thirty-day notice of lease termination for a violation of a rental agreement by the tenant when the violation is a violation of a federal regulation governing the tenant's eligibility for or continued participation in a public housing program. The municipal housing agency shall not be required to provide the tenant with a right or opportunity to remedy the violation or to give any notice that the tenant has such a right or opportunity when the notice cites the federal regulation as authority.

[C79, 81, §562A.27]
95 Acts, ch 125, §6, 7; 2003 Acts, ch 154, §2
Referred to in §562A.27A, 562A.29A, 562A.32, 648.3

562A.27A Termination for creating a clear and present danger to others.

1. Notwithstanding section 562A.27 or 648.3, if a tenant has created or maintained a threat constituting a clear and present danger to the health or safety of other tenants, the landlord, the landlord's employee or agent, or other persons on or within one thousand feet of the landlord's property, the landlord, after the service of a single three days' written notice of termination and notice to quit stating the specific activity causing the clear and present danger, and setting forth the language of subsection 3 which includes certain exemption provisions available to the tenant, may file suit against the tenant for recovery of possession of the premises pursuant to chapter 648, except as otherwise provided in subsection 3. The petition shall state the incident or incidents giving rise to the notice of termination and notice to quit. The tenant shall be given the opportunity to contest the termination in the court proceedings by notice thereof at least three days prior to the hearing.

2. A clear and present danger to the health or safety of other tenants, the landlord, the landlord's employees or agents, or other persons on or within one thousand feet of the landlord's property includes, but is not limited to, any of the following activities of the tenant or of any person on the premises with the consent of the tenant:

a. Physical assault or the threat of physical assault.

b. Illegal use of a firearm or other weapon, the threat to use a firearm or other weapon illegally, or possession of an illegal firearm. The mere possession or storage of a firearm by a tenant in the dwelling unit that the tenant rents does not constitute a clear and present danger.

c. Possession of a controlled substance unless the controlled substance was obtained

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directly from or pursuant to a valid prescription or order by a licensed medical practitioner while acting in the course of the practitioner's professional practice. This paragraph applies to any other person on the premises with the consent of the tenant, but only if the tenant knew of the possession by the other person of a controlled substance.

3. *a.* This section shall not apply to a tenant if the activities causing the clear and present danger, as defined in subsection 2, are conducted by a person on the premises other than the tenant and the tenant takes at least one of the following measures against the person conducting the activities:

(1) The tenant seeks a protective order, restraining order, order to vacate the homestead, or other similar relief pursuant to chapter 235F, 236, 598, 664A, or 915, or any other applicable provision which would apply to the person conducting the activities causing the clear and present danger.

(2) The tenant reports the activities causing the clear and present danger to a law enforcement agency or the county attorney in an effort to initiate a criminal action against the person conducting the activities.

(3) The tenant writes a letter to the person conducting the activities causing the clear and present danger, telling the person not to return to the premises and that a return to the premises may result in a trespass or other action against the person, and the tenant sends a copy of the letter to a law enforcement agency whose jurisdiction includes the premises. If the tenant has previously written a letter to the person as provided in this subparagraph, without taking an action specified in subparagraph (1) or (2) or filing a trespass or other action, and the person to whom the letter was sent conducts further activities causing a clear and present danger, the tenant must take one of the actions specified in subparagraph (1) or (2) to be exempt from proceedings pursuant to subsection 1.

b. However, in order to fall within the exemptions provided within this subsection, the tenant must provide written proof to the landlord, prior to the commencement of a suit against the tenant, that the tenant has taken one of the measures specified in paragraph "*a*", subparagraphs (1) through (3).

92 Acts, ch 1211, §1; 95 Acts, ch 125, §8, 9; 98 Acts, ch 1090, §71, 84; 2004 Acts, ch 1016, §1; 2006 Acts, ch 1101, §2; 2013 Acts, ch 30, §178; 2014 Acts, ch 1107, §15; 2021 Acts, ch 35, §24
Referred to in §562A.29A

562A.27B Right to summon emergency assistance — waiver of rights.

1. *a.* A landlord shall not prohibit or limit a resident's or tenant's rights to summon law enforcement assistance or other emergency assistance by or on behalf of a victim of abuse, a victim of a crime, or an individual in an emergency.

b. A landlord shall not impose monetary or other penalties on a resident or tenant who exercises the resident's or tenant's right to summon law enforcement assistance or other emergency assistance.

c. Penalties prohibited by this subsection include all of the following:

(1) The actual or threatened assessment of penalties, fines, or fees.

(2) The actual or threatened eviction, or causing the actual or threatened eviction, from the premises.

d. Any waiver of the provisions of this subsection is contrary to public policy and is void, unenforceable, and of no force or effect.

e. This subsection shall not be construed to prohibit a landlord from recovering from a resident or tenant an amount equal to the costs incurred to repair property damage if the damage is caused by law enforcement or other emergency personnel summoned by the resident or tenant.

f. This section does not prohibit a landlord from terminating, evicting, or refusing to renew a tenancy or rental agreement when such action is premised upon grounds other than the resident's or tenant's exercise of the right to summon law enforcement assistance or other emergency assistance by or on behalf of a victim of abuse, a victim of a crime, or an individual in an emergency.

2. *a.* An ordinance, rule, or regulation of a city, county, or other governmental entity shall

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not authorize imposition of a penalty against a resident, owner, tenant, or landlord because the resident, owner, tenant, or landlord was a victim of abuse or crime.

b. An ordinance, rule, or regulation of a city, county, or other governmental entity shall not authorize imposition of a penalty against a resident, owner, tenant, or landlord because the resident, owner, tenant, or landlord sought law enforcement assistance or other emergency assistance for a victim of abuse, a victim of a crime, or an individual in an emergency, if either of the following is established:

(1) The resident, owner, tenant, or landlord seeking assistance had a reasonable belief that the emergency assistance was necessary to prevent the perpetration or escalation of the abuse, crime, or emergency.

(2) In the event of abuse, crime, or other emergency, the emergency assistance was actually needed.

c. Penalties prohibited by this subsection include all of the following:

(1) The actual or threatened assessment of penalties, fines, or fees.

(2) The actual or threatened eviction, or causing the actual or threatened eviction, from the premises.

(3) The actual or threatened revocation, suspension, or nonrenewal of a rental certificate, license, or permit.

d. This subsection does not prohibit a city, county, or other governmental entity from enforcing any ordinance, rule, or regulation premised upon grounds other than a request for law enforcement assistance or other emergency assistance by a resident, owner, tenant, or landlord, or the fact that the resident, owner, tenant, or landlord was a victim of crime or abuse.

e. This subsection does not prohibit a city, county, or other governmental entity from collecting penalties, fines, or fees for services provided which are necessitated by the cleanup of hazardous materials, the cleanup of vandalism, or a response to a false alarm call, which are incurred by the provision of emergency medical services, or which reflect other costs incurred by the city, county, or other governmental entity unrelated to responding to a call for law enforcement assistance or other emergency assistance.

3. In addition to other remedies provided by law, if an owner or landlord violates the provisions of this section, a resident or tenant is entitled to recover from the owner or landlord any of the following:

a. A civil penalty in an amount equal to one month's rent.

b. Actual damages.

c. Reasonable attorney fees the tenant or resident incurs in seeking enforcement of this section.

d. Court costs.

e. Injunctive relief.

4. In addition to other remedies provided by law, if a city, county, or other governmental entity violates the provisions of this section, a resident, owner, tenant, or landlord is entitled to recover from the city, county, or other governmental entity any of the following:

a. An order requiring the city, county, or other governmental entity to cease and desist the unlawful practice.

b. Other equitable relief, including reinstatement of a rental certificate, license, or permit, as the court may deem appropriate.

c. Actual damages.

d. In a case brought by a resident or tenant, the reasonable attorney fees the resident or tenant incurs in seeking enforcement of this section.

e. Court costs.

5. For purposes of this section, *"resident"* means a member of a tenant's family and any other person occupying the dwelling unit with the consent of the tenant.

2016 Acts, ch 1120, §3

Referred to in §331.304, 364.3

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562A.28 Failure to maintain.

If there is noncompliance by the tenant with section 562A.17, materially affecting health and safety, that can be remedied by repair or replacement of a damaged item or cleaning, and the tenant fails to comply as promptly as conditions require in case of emergency or within seven days after written notice by the landlord specifying the breach and requesting that the tenant remedy it within that period of time, the landlord may enter the dwelling unit and cause the work to be done in a competent manner and submit an itemized bill for the actual and reasonable cost or the fair and reasonable value of it as rent on the next date when periodic rent is due, or if the rental agreement has terminated, for immediate payment.

[C79, 81, §562A.28]

85 Acts, ch 67, §50; 95 Acts, ch 125, §10

Referred to in §562A.19

562A.29 Remedies for absence, nonuse and abandonment.

1. If the rental agreement requires the tenant to give notice to the landlord of an anticipated extended absence as provided in section 562A.20, and the tenant willfully fails to do so, the landlord may recover actual damages from the tenant.

2. During an absence of the tenant in excess of fourteen days, the landlord may enter the dwelling unit at times reasonably necessary.

3. If the tenant abandons the dwelling unit, the landlord shall make reasonable efforts to rent it at a fair rental. If the landlord rents the dwelling unit for a term beginning prior to the expiration of the rental agreement, it is deemed to be terminated as of the date the new tenancy begins. The rental agreement is deemed to be terminated by the landlord as of the date the landlord has notice of the abandonment, if the landlord fails to use reasonable efforts to rent the dwelling unit at a fair rental or if the landlord accepts the abandonment as a surrender. If the tenancy is from month-to-month, or week-to-week, the term of the rental agreement for this purpose shall be deemed to be a month or a week, as the case may be.

[C79, 81, §562A.29]

Referred to in §562A.19

562A.29A Method of service of notice on tenant.

1. A written notice of termination required under section 562A.27, subsection 1, 2, or 5, a notice of termination and notice to quit required under section 562A.27A, a landlord's written notice of termination to the tenant required under section 562A.34, subsection 1, 2, or 3, or a notice to quit required by section 648.3, shall be served upon the tenant by one or more of the following methods:

a. Delivery evidenced by an acknowledgment of delivery that is signed and dated by a resident of the dwelling unit who is at least eighteen years of age. Delivery under this paragraph shall be deemed to provide notice to all tenants of the dwelling unit.

b. Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

c. Posting on the primary entrance door of the dwelling unit and mailing by both regular mail and certified mail, as defined in section 618.15, to the address of the dwelling unit or to the tenant's last known address, if different from the address of the dwelling unit. A notice posted according to this paragraph shall be posted within the applicable time period for serving notice and shall include the date the notice was posted.

2. Notice served by mail under this section is deemed completed four days after the notice is deposited in the mail and postmarked for delivery, whether or not the recipient signs a receipt for the notice.

92 Acts, ch 1211, §2; 96 Acts, ch 1203, §3; 99 Acts, ch 155, §7, 14; 2010 Acts, ch 1017, §3, 11; 2010 Acts, ch 1193, §63, 80; 2013 Acts, ch 97, §7

Referred to in §562A.8

562A.30 Waiver of landlord's right to terminate.

1. Acceptance of performance by the tenant that varies from the terms of the rental agreement or rules subsequently adopted by the landlord constitutes a waiver of the landlord's right to terminate the rental agreement for that breach.

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2. Nothing in this section shall prohibit a landlord from granting a waiver for a term of days, provided the landlord gives notice of the breach and temporary waiver to a tenant consistent with section 562A.8 prior to a tenant acting or failing to act in reliance on the grant of a temporary waiver.

[C79, 81, §562A.30]

2013 Acts, ch 97, §8

562A.31 Landlord liens — distress for rent.

1. A lien on behalf of the landlord on the tenant's household goods is not enforceable unless perfected before January 1, 1979.

2. Distraint for rent is abolished.

[C79, 81, §562A.31]

562A.32 Remedy after termination.

If the rental agreement is terminated, the landlord may have a claim for possession and for rent and a separate claim for actual damages for breach of the rental agreement and reasonable attorney fees as provided in section 562A.27.

[C79, 81, §562A.32]

Referred to in §648.19

562A.33 Recovery of possession limited.

A landlord may not recover or take possession of the dwelling unit by action or otherwise, including willful diminution of services to the tenant by interrupting or causing the interruption of electric, gas, water or other essential service to the tenant, except in case of abandonment, surrender, or as permitted in this chapter.

[C79, 81, §562A.33]

PART 3

PERIODIC TENANCY — HOLDOVER — ABUSE OF ACCESS

562A.34 Periodic tenancy — holdover remedies.

1. The landlord or the tenant may terminate a week-to-week tenancy by a written notice given to the other at least ten days prior to the termination date specified in the notice.

2. The landlord or the tenant may terminate a month-to-month tenancy by a written notice given to the other at least thirty days prior to the periodic rental date specified in the notice.

3. The landlord or the tenant may terminate a tenancy having a term longer than month-to-month by a written notice given to the other at least thirty days prior to the end of the first or subsequent term of the tenancy specified in the notice.

4. If the tenant remains in possession without the landlord's consent after expiration of the term of the rental agreement or its termination, the landlord may bring an action for possession and if the tenant's holdover is willful and not in good faith the landlord, in addition, may recover the actual damages sustained by the landlord and reasonable attorney fees. If the landlord consents to the tenant's continued occupancy, section 562A.9, subsection 5 applies.

[C79, 81, §562A.34]

2006 Acts, ch 1037, §1

Referred to in §562A.14, 562A.29A

562A.35 Landlord and tenant remedies for abuse of access.

1. If the tenant refuses to allow lawful access, the landlord may obtain injunctive relief to compel access, or terminate the rental agreement. In either case, the landlord may recover actual damages and reasonable attorney fees.

2. If the landlord makes an unlawful entry or a lawful entry in an unreasonable manner or makes repeated demands for entry otherwise lawful but which have the effect of unreasonably harassing the tenant, the tenant may obtain injunctive relief to prevent the

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recurrence of the conduct, or terminate the rental agreement. In either case, the tenant may recover actual damages not less than an amount equal to one month's rent and reasonable attorney fees.

[C79, 81, §562A.35]

ARTICLE V
RETALIATORY ACTION

562A.36 Retaliatory conduct prohibited.

1. Except as provided in this section, a landlord may not retaliate by increasing rent or decreasing services or by bringing or threatening to bring an action for possession after:

a. The tenant has complained to a governmental agency charged with responsibility for enforcement of a building or housing code of a violation applicable to the premises materially affecting health and safety;

b. The tenant has complained to the landlord of a violation under section 562A.15; or

c. The tenant has organized or become a member of a tenants' union or similar organization.

2. If the landlord acts in violation of subsection 1 of this section, the tenant may recover from the landlord the actual damages sustained by the tenant and reasonable attorney fees, and has a defense in action against the landlord for possession. In an action by or against the tenant, evidence of a good-faith complaint within one year prior to the alleged act of retaliation creates a presumption that the landlord's conduct was in retaliation. The presumption does not arise if the tenant made the complaint after notice of a proposed rent increase or diminution of services. Evidence by the landlord that legitimate costs and charges of owning, maintaining or operating a dwelling unit have increased shall be a defense against the presumption of retaliation when a rent increase is commensurate with the increase in costs and charges.

3. Notwithstanding subsections 1 and 2 of this section, a landlord may bring an action for possession if:

a. The violation of the applicable building or housing code was caused primarily by lack of reasonable care by the tenant or other person in the tenant's household or upon the premises with the tenant's consent;

b. The tenant is in default in rent; or

c. Compliance with the applicable building or housing code requires alteration, remodeling, or demolition which would effectively deprive the tenant of use of the dwelling unit. The maintenance of the action does not release the landlord from liability under section 562A.21, subsection 2.

[C79, 81, §562A.36]

2013 Acts, ch 97, §9

ARTICLE VI
EFFECTIVE DATE

562A.37 Applicability.

This chapter shall apply to rental agreements entered into or extended or renewed after January 1, 1979.

[C79, 81, §562A.37]

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CHAPTER 562B

MANUFACTURED HOME COMMUNITIES OR MOBILE HOME PARKS RESIDENTIAL LANDLORD AND TENANT LAW

Referred to in §216.8B, 543B.7A, 555C.1, 648.6, 648.22A

Eviction or distress for rent during military service; termination of leases; §29A.101

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ARTICLE I

GENERAL PROVISIONS

562B.1 Short title.

This chapter shall be known and may be cited as the *"Manufactured Home Communities or Mobile Home Parks Residential Landlord and Tenant Act"*.

[C79, 81, §562B.1]
2001 Acts, ch 153, §16

562B.2 Purposes.

Underlying purposes and policies of this chapter are:

1. To simplify, clarify and establish the law governing the rental of manufactured or mobile home spaces and rights and obligations of landlord and tenant.

2. To encourage landlord and tenant to maintain and improve the quality of manufactured or mobile home living.

[C79, 81, §562B.2]

2001 Acts, ch 153, §15; 2001 Acts, ch 176, §80

562B.3 Supplementary principles of law applicable.

Unless displaced by the provisions of this chapter, the principles of law and equity, including the law relating to capacity to contract, mutuality of obligations, principal and agent, real property, public health, safety and fire prevention, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy or other validating or invalidating cause supplement its provisions.

[C79, 81, §562B.3]

562B.4 Administration of remedies — enforcement.

1. The remedies provided by this chapter shall be so administered that the aggrieved party may recover appropriate damages. The aggrieved party has a duty to mitigate damages.

2. Any right or obligation declared by this chapter is enforceable by action unless the provision declaring it specifies a different and limited effect.

[C79, 81, §562B.4]

562B.5 Exclusions from application of chapter.

The provisions of this chapter shall not apply to an occupancy in or operation of public housing as authorized, provided or conducted pursuant to chapter 403A, or pursuant to any federal law or regulation with which it might conflict.

[C79, 81, §562B.5]

562B.6 Jurisdiction and service of process.

1. The appropriate district court of this state may exercise jurisdiction over a landlord or tenant with respect to conduct in this state governed by this chapter or with respect to any claim arising from a transaction subject to this chapter. An action under this chapter may be brought as a small claim pursuant to the provisions of chapter 631. In addition to any other method provided by rule or by statute, personal jurisdiction over a landlord or tenant may be acquired in a civil action or proceeding instituted in the appropriate district court by the service of process in the manner provided by this section.

2. If a landlord is not a resident of this state or is a corporation not authorized to do business in this state and engages in conduct in this state governed by this chapter, or engages in a transaction subject to this chapter, the landlord shall designate an agent upon whom service of process may be made in this state. The agent shall be a resident of this state or a corporation authorized to do business in this state. The designation shall be in writing and filed with the secretary of state. If no designation is made and filed or if process cannot be served in this state upon the designated agent, process may be served upon the secretary of state, but the plaintiff or petitioner shall forthwith mail a copy of this process and pleading by certified mail, return receipt requested, to the defendant or respondent at that person's last reasonably ascertained address. If there is no last reasonably ascertainable address and if the defendant or respondent has not complied with section 562B.14, subsections 1 and 2, then service upon the secretary of state shall be sufficient service of process without the mailing of copies to the defendant or respondent. Service of process shall be deemed complete and the time shall begin to run for the purposes of this section at the time of service upon the secretary of state. The defendant shall appear and answer within thirty days after completion thereof in the manner and under the same penalty as if defendant had been personally served with the summons. An affidavit of compliance with this section shall be filed with the clerk of the district court on or before the return day of the process, or within any further time the court allows.

[C79, 81, §562B.6]

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562B.7 General definitions.

Subject to additional definitions contained in subsequent sections of this chapter which apply to specific sections thereof, and unless the context otherwise requires, in this chapter:

1. *"Building and housing codes"* include any law, ordinance, or governmental regulation concerning fitness for habitation, or the construction, maintenance, operation, occupancy, use, or appearance of any manufactured home community or mobile home park, dwelling unit, or manufactured or mobile home space.

2. *"Business"* includes a corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, and any other legal or commercial entity which is a landlord, owner, manager, or constructive agent pursuant to section 562B.14.

3. *"Dwelling unit"* excludes real property used to accommodate a manufactured or mobile home.

4. *"Landlord"* means the owner, lessor, or sublessor of a manufactured home community or a mobile home park and it also means a manager of the manufactured home community or a mobile home park who fails to disclose as required by section 562B.14.

5. *"Manufactured home community"* means the same as land-leased community defined in sections 335.30A and 414.28A.

6. *"Mobile home"* means any vehicle without motive power used or so manufactured or constructed as to permit its being used as a conveyance upon the public streets and highways and so designed, constructed, or reconstructed as will permit the vehicle to be used as a place for human habitation by one or more persons; but shall also include any such vehicle with motive power not registered as a motor vehicle in Iowa. References in this chapter to *"mobile home"* include *"manufactured homes"* and *"modular homes"* as those terms are defined in section 435.1, if the manufactured homes or modular homes are located in a manufactured home community or a mobile home park.

7. *"Mobile home park"* shall mean any site, lot, field or tract of land upon which three or more mobile homes, manufactured homes, or modular homes or a combination of any of these homes are placed on developed spaces and operated as a for-profit enterprise with water, sewer or septic, and electrical services available.

8. *"Mobile home space"* means a parcel of land for rent which has been designed to accommodate a mobile home and provide the required sewer and utility connections.

9. *"Owner"* means one or more persons, jointly or severally, in whom is vested all or part of the legal title to property or all or part of the beneficial ownership and a right to present use and enjoyment of the manufactured home community or the mobile home park. The term includes a mortgagee in possession.

10. *"Rent"* means a payment to be made to the landlord under the rental agreement, including base rent, utilities, late fees, and other payments made by the tenant to the landlord under the rental agreement.

11. *"Rental agreement"* means agreements, written or those implied by law, and valid rules and regulations adopted under section 562B.19 embodying the terms and conditions concerning the use and occupancy of a mobile home space.

12. *"Rental deposit"* means a deposit of money to secure performance of a mobile home space rental agreement under this chapter other than a deposit which is exclusively in advance payment of rent.

13. *"Tenant"* means a person entitled under a rental agreement to occupy a mobile home space to the exclusion of others.

[C79, 81, §562B.7]

94 Acts, ch 1110, §23; 97 Acts, ch 121, §32; 2001 Acts, ch 153, §13; 2022 Acts, ch 1070, §3, 6, 7

Referred to in §331.301, 364.3

2022 amendment to subsection 10 applies to rent increases first noticed under chapter 562B occurring on or after May 17, 2022; 2022 Acts, ch 1070, §7

562B.8 Unconscionability.

1. If the court, as a matter of law, finds that:

a. A rental agreement or any provision thereof was unconscionable when made, the court

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may refuse to enforce the agreement, enforce the remainder of the agreement without the unconscionable provision, or limit the application of any unconscionable provision to avoid an unconscionable result.

b. A settlement in which a party waives or agrees to forego a claim or right under this chapter or under a rental agreement was unconscionable at the time it was made, the court may refuse to enforce the settlement, enforce the remainder of the settlement without the unconscionable provision, or limit the application of any unconscionable provision to avoid any unconscionable result.

2. If unconscionability is put into issue by a party or by the court upon its own motion the parties shall be afforded a reasonable opportunity to present evidence as to the setting, purpose and effect of the rental agreement or settlement to aid the court in making the determination.

[C79, 81, §562B.8]

562B.9 Notice.

1. Notices required under this chapter, except those notices identified in section 562B.27A, shall be served as follows:

a. A landlord shall serve notice on a tenant by one or more of the following methods:

(1) Hand delivery to the tenant.

(2) Delivery evidenced by an acknowledgment of delivery that is signed and dated by a resident of the dwelling unit who is at least eighteen years of age. Delivery under this subparagraph shall be deemed to provide notice to all tenants of the dwelling unit.

(3) Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

(4) Mailing by both regular mail and certified mail, as defined in section 618.15, to the address of the dwelling unit or to an address provided by the tenant for mailing.

(5) Posting on the primary entrance door of the dwelling unit. A notice posted according to this subparagraph shall be posted within the applicable time period for serving notice and shall include the date the notice was posted.

(6) A method of providing notice that results in the notice actually being received by the tenant.

b. A tenant shall serve notice on a landlord by one or more of the following methods:

(1) Hand delivery to the landlord or the landlord's agent designated under section 562B.14.

(2) Delivery evidenced by an acknowledgment of delivery that is signed and dated by the landlord or the landlord's agent designated under section 562B.14.

(3) Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

(4) Delivery to an employee or agent of the landlord at the landlord's business office.

(5) Mailing by both regular mail and certified mail, as defined in section 618.15, to the address of the landlord's business office or to an address designated by the landlord for mailing.

(6) A method of providing notice that results in the notice actually being received by the landlord.

2. Notice served by mail under this section is deemed completed four days after the notice is deposited in the mail and postmarked for delivery, whether or not the recipient signs a receipt for the notice.

[C79, 81, §562B.9]

96 Acts, ch 1203, §4, 5; 99 Acts, ch 155, §8, 14; 2001 Acts, ch 153, §14; 2010 Acts, ch 1017, §4, 11

562B.9A Computation of time.

The calculation of all time periods required under this chapter shall be made in accordance with section 4.1, subsection 34.

99 Acts, ch 155, §9, 14

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562B.10 Terms and conditions of rental agreement.

1. The landlord and tenant may include in a rental agreement terms and conditions not prohibited by this chapter or other rule of law, including rent, term of the agreement, and other provisions governing the rights and obligations of the parties.

2. The tenant shall pay as rent the amount stated in the rental agreement. In the absence of a rental agreement, the tenant shall pay as rent the fair rental value for the use and occupancy of the mobile home space.

3. Rent shall be payable without demand or notice at the time and place agreed upon by the parties. Unless otherwise agreed periodic rent is payable at the beginning of any term and thereafter in equal monthly installments. Rent shall be uniformly apportionable from day to day.

4. For rental agreements in which the rent does not exceed seven hundred dollars per month, a rental agreement shall not provide for a late fee that exceeds twelve dollars per day or a total amount of sixty dollars per month. For rental agreements in which the rent is greater than seven hundred dollars per month, a rental agreement shall not provide for a late fee that exceeds twenty dollars per day or a total amount of one hundred dollars per month.

5. Rental agreements shall be for a term of one year unless otherwise specified in the rental agreement. Rental agreements shall be canceled by at least ninety days' written notice given by either party. A landlord shall not cancel a rental agreement solely for the purpose of making the tenant's mobile home space available for another mobile home.

6. If a tenant should die, the surviving joint tenant or tenant in common in the mobile home shall continue as tenant with all rights, privileges and liabilities as the original tenant.

7. *a.* If a tenant who was sole owner of a mobile home dies during the term of a rental agreement then that person's heirs at law or the personal representative of the decedent's estate, or the landlord shall have the right to cancel the tenant's lease by giving sixty days' written notice to the person's heirs at law or the personal representative of the decedent's estate, or to the landlord, whichever is appropriate, and the heirs at law or the personal representative of the decedent's estate, shall have the same rights, privileges, and liabilities of the original tenant, provided that such heirs at law and personal representative of the estate shall not have the right to occupy or otherwise use the home or mobile home space as a tenant unless approved by the landlord as a tenant. In the event the landlord, after such a written notice is given and the tenant's lease is canceled, brings an action for forcible entry and detainer or action for abandonment, the estate of the tenant and the person's located heirs at law or personal representative shall be named as defendants in the action. The landlord may serve notice upon such defendants pursuant to the method set forth in section 562B.27A, subsection 1, paragraph *"c"*, or by mailing notice by both regular mail and certified mail, as defined in section 618.15, to the defendant's last known address.

b. (1) If a tenant who was sole owner of a mobile home dies during the term of a rental agreement resulting in the mobile home being abandoned as provided in section 562B.27, subsection 1, and the landlord cannot, despite due diligence, locate such a tenant's heirs at law or personal representative, then the landlord may bring an action for abandonment as provided in section 555B.3, naming as defendants the estate of the tenant and all unknown heirs at law of the tenant, and, upon the landlord's filing of an affidavit that personal service cannot be had on any heirs at law, personal representative, or estate of the tenant, the court shall permit original notice of such action to be served by publication pursuant to subparagraph (2).

(2) Publication of original notice shall be made once each week for three consecutive weeks in a newspaper of general circulation published in the county where the petition is filed, pursuant to the Iowa rules of civil procedure. Service is complete after the third consecutive weekly publication.

(3) In the event any tax lien or other liens exist on the mobile home, the landlord may proceed with an action for abandonment as provided in section 555B.3, except that the notice shall be provided to the county treasurer as provided in section 555B.4, subsection 3, if a tax lien exists, and personal service pursuant to the Iowa rules of civil procedure shall be made upon any lienholder no less than twenty days before the hearing. Any notice to a lienholder shall state that failure to assert a claim to the mobile home is deemed a waiver of all rights,

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title, claims, and interest in the mobile home and is deemed consent to the sale or disposal of the mobile home. If personal service upon the lienholder cannot be completed in time to give the lienholder the minimum notice required by this subsection, the court may set a new hearing date.

8. Improvements, except a natural lawn, purchased and installed by a tenant on a mobile home space shall remain the property of the tenant even though affixed to or in the ground and may be removed or disposed of by the tenant prior to the termination of the tenancy, provided that a tenant shall leave the mobile home space in substantially the same or better condition than upon taking possession.

[C79, 81, §562B.10]

2013 Acts, ch 97, §10; 2022 Acts, ch 1070, §4, 6, 7, 25; 2023 Acts, ch 64, §95

Referred to in §555B.4, 562B.27A

2022 amendment to subsection 5 applies to rent increases first noticed under chapter 562B occurring on or after May 17, 2022; 2022 Acts, ch 1070, §7

562B.11 Prohibited provisions in rental agreements.

1. A rental agreement shall not provide that the tenant or landlord does any of the following:

a. Agrees to waive or to forego rights or remedies under this chapter.

b. Agrees to pay the other party's attorney fees.

c. Agrees to the exculpation or limitation of any liability of the other party arising under law or to indemnify the other party for that liability or the costs connected therewith.

d. Agrees to a designated agent for the sale of tenant's mobile home.

e. Agrees to modify the mobile home, manufactured home, or modular home in a way that would substantially impair the ability of the tenant to move the home from the mobile home space, unless such modification is required by federal law, including but not limited to the model manufactured home installation standards, 24 C.F.R. pt. 3285, the manufactured home construction and safety standards, 24 C.F.R. pt. 3280, or the manufactured home procedural and enforcement regulations, 24 C.F.R. pt. 3282, or by state or local law, the manufacturer's installation instructions, any requirement arising from the landlord's financing of the home or of the mobile home park or manufactured home community in which the home is located, or unless such modification is otherwise necessary for the safe and proper installation of the home.

2. If the landlord receives rental assistance payments under a rental assistance agreement administered by the United States department of agriculture under the multifamily housing rental assistance program under Tit. V of the federal Housing Act of 1949, Pub. L. No. 81-171, or receives housing assistance payments under a housing assistance payment contract administered by the United States department of housing and urban development under the housing choice voucher program, the new construction program, the substantial rehabilitation program, or the moderate rehabilitation program under section 8 of the United States Housing Act of 1937, Pub. L. No. 75-412, a rental agreement shall not contain a provision or impose a rule that requires a person to agree, as a condition of tenancy, to a prohibition or restriction on the lawful ownership, use, or possession of a firearm, a firearm component, or ammunition within the tenant's specific rental unit. A landlord may impose reasonable restrictions related to the possession, use, or transportation of a firearm, a firearm component, or ammunition within common areas as long as those restrictions do not circumvent the purpose of this subsection. A tenant shall exercise reasonable care in the storage of a firearm, a firearm component, or ammunition. This subsection does not apply to any prohibition or restriction that is required by federal or state law, rule, or regulation.

3. A provision prohibited by this section included in a rental agreement is unenforceable. If a landlord or tenant knowingly uses a rental agreement containing provisions known to be prohibited by this chapter, the other party may recover actual damages sustained.

4. Nothing in this chapter shall prohibit a rental agreement from requiring a tenant to

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maintain liability insurance which names the landlord as an insured as relates to the mobile home space rented by the tenant.

[C79, 81, §562B.11]

2013 Acts, ch 30, §179; 2021 Acts, ch 35, §25, 26; 2022 Acts, ch 1070, §12

Referred to in §562B.17

562B.12 Separation of rents and obligations to maintain property forbidden.

A rental agreement, assignment, conveyance, trust deed or security instrument shall not permit the receipt of rent, unless the landlord has agreed to comply with section 562B.16, subsection 1.

[C79, 81, §562B.12]

ARTICLE II
LANDLORD OBLIGATIONS

562B.13 Rental deposits.

1. A landlord shall not demand or receive as a security deposit an amount or value in excess of two months' rent.

2. All rental deposits shall be held by the landlord for the tenant, who is a party to the agreement, in a bank, credit union, or savings and loan association which is insured by an agency of the federal government. Rental deposits shall not be commingled with the personal funds of the landlord. All rental deposits may be held in a trust account, which may be a common trust account and which may be an interest-bearing account. Any interest earned on a rental deposit shall be the property of the landlord.

3. A landlord shall, within thirty days from the date of termination of the tenancy and receipt of the tenant's mailing address or delivery instructions, return the rental deposit to the tenant or furnish to the tenant a written statement showing the specific reason for withholding of the rental deposit or any portion thereof. If the rental deposit or any portion of the rental deposit is withheld for the restoration of the manufactured or mobile home space, the statement shall specify the nature of the damages. The landlord may withhold from the rental deposit only such amounts as are reasonably necessary for the following reasons:

a. To remedy a tenant's default in the payment of rent or of other funds due to the landlord pursuant to the rental agreement.

b. To restore the manufactured or mobile home space to its condition at the commencement of the tenancy, ordinary wear and tear excepted.

c. To remove, store, and dispose of a manufactured or mobile home if it is abandoned as defined in section 562B.27.

4. In an action concerning the rental deposit, the burden of proving, by a preponderance of the evidence, the reason for withholding all or any portion of the rental deposit shall be on the landlord.

5. A landlord who fails to provide a written statement within thirty days of termination of the tenancy and receipt of the tenant's mailing address or delivery instructions shall forfeit all rights to withhold any portion of the rental deposit. If no mailing address or instructions are provided to the landlord within one year from the termination of the tenancy the rental deposit shall revert to the landlord and the tenant will be deemed to have forfeited all rights to the rental deposit.

6. *a.* Upon termination of a landlord's interest in the manufactured home community or mobile home park, the landlord or the landlord's agent shall, within a reasonable time, transfer the rental deposit, or any remainder after any lawful deductions to the landlord's successor in interest and notify the tenant of the transfer and of the transferee's name and address or return the deposit, or any remainder after any lawful deductions to the tenant.

b. Upon the termination of the landlord's interest in the manufactured home community or mobile home park and compliance with the provisions of this subsection, the landlord shall be relieved of any further liability with respect to the rental deposit.

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7. Upon termination of the landlord's interest in the manufactured home community or mobile home park, the landlord's successor in interest shall have all the rights and obligations of the landlord with respect to the rental deposits, except that if the tenant does not object to the stated amount within twenty days after written notice to the tenant of the amount of rental deposit being transferred or assumed, the obligations of the landlord's successor to return the deposit shall be limited to the amount contained in the notice. The notice shall contain a stamped envelope addressed to the landlord's successor.

8. The bad faith retention of a deposit by a landlord, or any portion of the rental deposit, in violation of this section shall subject the landlord to punitive damages not to exceed two hundred dollars in addition to actual damages.

[C79, 81, §562B.13]

88 Acts, ch 1138, §15; 93 Acts, ch 154, §14; 2001 Acts, ch 153, §15, 16; 2001 Acts, ch 176, §80; 2010 Acts, ch 1017, §5, 11; 2013 Acts, ch 30, §261

562B.14 Disclosure and tender of written rental agreement.

1. The landlord shall offer the tenant the opportunity to sign a written agreement for a mobile home space.

2. The landlord or any person authorized to enter into a rental agreement on the landlord's behalf shall disclose to the tenant in writing at or before entering into the rental agreement the name and address of:

a. The person authorized to manage the manufactured home community or mobile home park.

b. The owner of the manufactured home community or mobile home park or a person authorized to act for and on behalf of the owner for the purpose of service of process and for the purpose of receiving and receipting for notices and demands.

3. The information required to be furnished by this section shall be kept current and refurnished to the tenant upon the tenant's request. When there is a new owner or operator this section extends to and is enforceable against any successor landlord, owner or manager.

4. A person who fails to comply with subsections 1 and 2 becomes an agent of each person who is a landlord for the following purposes:

a. Service of process and receiving and receipting for notices and demands.

b. Performing the obligations of the landlord under this chapter and under the rental agreement and expending or making available for the purpose all rent collected from the manufactured home community or mobile home park.

5. If there is a written rental agreement, the landlord must tender and deliver a signed copy of the rental agreement to the tenant and the tenant must sign and deliver to the landlord one fully executed copy of such rental agreement within ten days after the agreement is executed. Noncompliance with this subsection shall be deemed a material noncompliance by the landlord or the tenant, as the case may be, of the rental agreement.

6. *a.* The landlord or any person authorized to enter into a rental agreement on the landlord's behalf shall provide a written explanation of utility rates, charges, and services to the prospective tenant before the rental agreement is signed unless the utility charges are paid by the tenant directly to the utility company.

b. Tenants shall be notified of any increase in utility rates or charges in the manner set forth in subsection 7 for rent increases, unless the landlord does not receive at least ninety days' prior notice of such increase from the utility provider, in which case no prior notice of the increase from the landlord to the tenant is required for the increase to be effective.

c. Nothing in this chapter shall authorize a landlord to meter a premises contrary to applicable law, rule, or tariff, or assess a utility charge to the tenant contrary to applicable law, rule, or tariff.

7. Each tenant shall be notified, in writing, of any rent increase at least ninety days before

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the effective date. Such effective date shall not be sooner than the expiration date of the original rental agreement or any renewal or extension thereof.

[C79, 81, §562B.14]

2001 Acts, ch 153, §16; 2022 Acts, ch 1070, §5 – 8

Referred to in §562B.6, 562B.7, 562B.9

2022 amendment to subsection 7 applies to rent increases first noticed under chapter 562B occurring on or after May 17, 2022; 2022 Acts, ch 1070, §7

562B.15 Landlord to deliver possession of mobile home space.

At the commencement of the term the landlord shall deliver possession of the mobile home space to the tenant in compliance with the rental agreement and section 562B.16. The landlord may bring an action for possession against a person wrongfully in possession and may recover the damages provided in section 562B.30, subsection 2.

[C79, 81, §562B.15]

88 Acts, ch 1158, §94; 2001 Acts, ch 153, §16; 2002 Acts, ch 1050, §60, 65

Referred to in §562B.23

562B.16 Landlord to maintain fit premises.

1. The landlord shall:

a. Comply with the requirements of all applicable city, county and state codes materially affecting health and safety which are primarily imposed upon the landlord.

b. Make all repairs and do whatever is necessary to put and keep the mobile home space in a fit and habitable condition.

c. Keep all common areas of the manufactured home community or mobile home park in a clean and safe condition.

d. Maintain in good and safe working order and condition all facilities supplied or required to be supplied by the landlord.

e. Provide for removal of garbage, rubbish, and other waste from the manufactured home community or mobile home park.

f. Furnish outlets for electric, water and sewer services.

2. A landlord shall not impose any conditions of rental or occupancy which restrict the tenant in the choice of a seller of fuel, furnishings, goods, services or mobile homes connected with the rental or occupancy of a mobile home space unless such condition is necessary to protect the health, safety, aesthetic value or welfare of mobile home tenants in the manufactured home community or park. The landlord may impose reasonable requirements designed to standardize methods of utility connection and hookup. If any such conditions are imposed which result in charges for such goods or services, the charges shall not exceed the actual cost incurred in providing the tenant with such goods or services.

[C79, 81, §562B.16]

2001 Acts, ch 153, §16

Referred to in §562B.12, 562B.15, 562B.22, 562B.23, 562B.23A, 562B.32

562B.16A Sale of manufactured home community or mobile home park — notices.

Upon termination of the landlord's interest in the manufactured home community or mobile home park, the landlord's successor in interest shall have the same legal obligations, rights, and remedies of the landlord, including with respect to all rental agreements.

2022 Acts, ch 1070, §15, 16

Section applies to manufactured home community or mobile home park sale transactions made on or after July 1, 2022; 2022 Acts, ch 1070, §16

562B.17 Limitation of liability.

1. A landlord who conveys a manufactured home community or mobile home park in a good faith sale to a bona fide purchaser is relieved of liability under the rental agreement and this chapter as to events occurring subsequent to written notice to the tenant of the conveyance.

2. A manager of a manufactured home community or mobile home park is relieved of liability under the rental agreement and this chapter as to events occurring after written

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notice to the tenant of the termination of the person's management, except such notice shall not terminate any agreement or legal liability arising prior to the notice.

3. Except in cases of willful, reckless, or gross negligence, a landlord is not liable in a civil action for personal injury, death, property damage, or other damages resulting from or arising out of an occurrence involving a firearm, a firearm component, or ammunition that the landlord is required to allow on the property under section 562B.11.

[C79, 81, §562B.17]

2001 Acts, ch 153, §16; 2021 Acts, ch 35, §27

562B.17A Sale of mobile home by landlord.

1. Any sale of a mobile home located in a manufactured home community or mobile home park by a landlord or landlord's agent shall be by written agreement and the landlord shall, upon the buyer's fulfillment of all payment and other terms under the agreement, produce and assign the current certificate of title obtained from the department of transportation. The agreement shall state the basic terms of sale, including the total cost of the mobile home, and, in the case of an installment contract, finance charges, annual percentage rate, and the frequency and amount of each installment payment.

2. If such sale does not comply with this section, the court may award monetary or equitable relief, including voiding the sale, and the buyer may recover damages incurred, amounts paid as a rental deposit in excess of two months' rent, and reasonable attorney fees.

3. A claim under subsection 2 may be combined with an action under chapter 648.

2022 Acts, ch 1070, §13

Referred to in §648.19

ARTICLE III

TENANT OBLIGATIONS

562B.18 Tenant to maintain mobile home space — notice of vacating.

A tenant shall maintain the mobile home space in as good a condition as when the tenant took possession and shall:

1. Comply with all obligations primarily imposed upon tenants by applicable provisions of city, county and state codes materially affecting health and safety.

2. Keep that part of the manufactured home community or mobile home park that the tenant occupies and uses reasonably clean and safe.

3. Dispose from the tenant's mobile home space all rubbish, garbage and other waste in a clean and safe manner.

4. Not deliberately or negligently destroy, deface, damage, impair or remove any part of the manufactured home community or mobile home park or knowingly permit any person to do so.

5. Act and require other persons in the manufactured home community or mobile home park with the tenant's consent to act in a manner that will not disturb the tenant's neighbors' peaceful enjoyment of the manufactured home community or mobile home park.

6. Maintain in good and safe working order all utility lines, pipes, and cables extending from the mobile home to outlets provided by the landlord for electric, water, sewer, and other services. This subsection shall not apply to a tenant who does not own the mobile home.

[C79, 81, §562B.18]

85 Acts, ch 67, §51; 99 Acts, ch 155, §10, 14; 2001 Acts, ch 153, §16

Referred to in §562B.25, 562B.26

562B.19 Rules and regulations.

1. A landlord may adopt rules or regulations, however described, concerning the tenant's use and occupancy of the manufactured home community or mobile home park. Such rules or regulations are enforceable against the tenant only if they are written and if:

a. Their purpose is to promote the convenience, safety or welfare of the tenants in the manufactured home community or mobile home park, to preserve the landlord's property

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from abuse, to make a fair distribution of services and facilities held out for the tenants generally, or to facilitate manufactured home community or mobile home park management.

b. They are reasonably related to the purpose for which adopted.

c. They apply to all tenants in the manufactured home community or mobile home park in a fair manner.

d. They are sufficiently explicit in prohibition, direction or limitation of the tenant's conduct to fairly inform that person of what must or must not be done to comply.

e. They are not for the purpose of evading the obligations of the landlord.

f. The prospective tenant is given a copy of them before the rental agreement is entered into.

2. Notice of all such additions, changes, deletions or amendments shall be given to all mobile home tenants thirty days before they become effective. Any rule or condition of occupancy which is unfair and deceptive or which does not conform to the requirements of this chapter shall be unenforceable. A rule or regulation adopted after the tenant enters into the rental agreement is enforceable against the tenant only if it does not work a substantial modification of that person's rental agreement.

3. A landlord shall not:

a. Deny rental unless the tenant or prospective tenant cannot conform to manufactured home community or park rules and regulations.

b. Require any person as a precondition to renting, leasing or otherwise occupying or removing from a mobile home space in a manufactured home community or mobile home park to pay an entrance or exit fee of any kind unless for services actually rendered or pursuant to a written agreement.

c. Deny any resident of a manufactured home community or mobile home park the right to sell that person's mobile home at a price of the person's own choosing, but may reserve the right to approve the purchaser of such mobile home as a tenant but such permission may not be unreasonably withheld, provided however, that the landlord may, in the event of a sale to a third party, in order to upgrade the quality of the manufactured home community or mobile home park, require that any mobile home in a rundown condition or in disrepair be removed from the manufactured home community or park within sixty days. If the landlord does not approve the purchaser as a tenant, the landlord shall provide the purchaser with written notice of such denial and the general reason for the denial, but the landlord shall not be required to provide a specific reason for the denial.

d. Exact a commission or fee with respect to the price realized by the tenant selling the tenant's mobile home, unless the manufactured home community or park owner or operator has acted as agent for the mobile home owner pursuant to a written agreement.

e. Require tenant to furnish permanent improvements which cannot be removed without damage thereto or to the mobile home space by tenant at expiration of the rental agreement.

f. Prohibit meetings between tenants in the manufactured home community or mobile home park relating to mobile home living and affairs in the manufactured home community or park community or recreational hall if such meetings are held at reasonable hours and when the facility is not otherwise in use.

[C79, 81, §562B.19]

2001 Acts, ch 153, §16; 2022 Acts, ch 1070, §11

Referred to in §562B.7, 648.22A

562B.20 Access.

1. A landlord shall not have the right of access to a mobile home owned by a tenant unless such access is necessary to prevent damage to the mobile home space or is in response to an emergency situation.

2. The landlord may enter onto the mobile home space in order to inspect the mobile home space, make necessary or agreed repairs or improvements, supply necessary or agreed services or exhibit the mobile home space to prospective or actual purchasers, mortgagees, tenants, workers or contractors.

[C79, 81, §562B.20]

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562B.21 Tenant to occupy as a dwelling unit — authority to sublet.

The tenant shall occupy the tenant's mobile home only as a dwelling unit and may rent the mobile home to another, only upon written agreement with the park management.

[C79, 81, §562B.21]

ARTICLE IV

REMEDIES

562B.22 Noncompliance by the landlord.

1. Except as provided in this chapter, if there is a material noncompliance by the landlord with the rental agreement, the tenant may deliver a written notice to the landlord specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than thirty days after receipt of the notice if the breach is not remedied in fourteen days. If there is a noncompliance by the landlord with section 562B.16 materially affecting health and safety, the tenant may deliver a written notice to the landlord specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than thirty days after receipt of the notice if the breach is not remedied in fourteen days. The rental agreement shall terminate and the mobile home space shall be vacated as provided in the notice subject to the following:

a. If the breach is remediable by repairs or the payment of damages or otherwise and the landlord adequately remedies the breach prior to the date specified in the notice, the rental agreement will not terminate.

b. The tenant may not terminate for a condition caused by the deliberate or negligent act or omission of the tenant, a member of the tenant's family or other person in the manufactured home community or mobile home park with the tenant's consent.

2. Except as provided in this chapter, the tenant may recover damages, and obtain injunctive relief for any noncompliance by the landlord with the rental agreement or with section 562B.16.

3. The remedy provided in subsection 2 of this section is in addition to any right of the tenant arising under subsection 1 of this section.

[C79, 81, §562B.22]

2001 Acts, ch 153, §16

Referred to in §562B.23, 562B.23A, 562B.32, 648.19

562B.23 Failure to deliver possession.

1. If the landlord fails to deliver physical possession of the mobile home space to the tenant as provided in section 562B.15, rent abates until possession is delivered and the tenant may do either of the following:

a. Upon written notice to the landlord, terminate the rental agreement and at that time the landlord shall return all deposits.

b. Demand performance of the rental agreement by the landlord and, if the tenant elects, maintain an action for possession of the mobile home space against the landlord and recover the damages sustained by the tenant plus reasonable attorney fees and court costs.

2. If the landlord delivers physical possession to the tenant but fails to comply with section 562B.16 at the time of delivery, rent shall not abate. The tenant may also proceed with the remedies provided for in section 562B.22.

[C79, 81, §562B.23]

2001 Acts, ch 153, §16; 2002 Acts, ch 1050, §60, 65

562B.23A Wrongful failure to supply running water or essential services.

1. If contrary to the rental agreement or section 562B.16 the landlord deliberately or negligently fails to supply running water or other essential services, the tenant may give written notice to the landlord specifying the breach and may do one of the following:

a. Procure reasonable amounts of water or other essential services during the period of the landlord's noncompliance and deduct the actual and reasonable cost from the rent.

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b. Recover damages based upon the diminution in the fair market value of the mobile home space.

c. Recover any rent already paid for the period of the landlord's noncompliance which shall be reimbursed on a pro rata basis.

2. If the tenant proceeds under this section, the tenant may not proceed under section 562B.22 as to that breach.

3. The rights under this section do not arise until the tenant has given notice to the landlord or if the condition was caused by the deliberate or negligent act or omission of the tenant, a member of the tenant's family, or other person on the premises with the consent of the tenant.

2022 Acts, ch 1070, §9, 10

562B.24 Tenant's remedies for landlord's unlawful ouster, exclusion or diminution of services.

If the landlord unlawfully removes or excludes the tenant from the manufactured home community or mobile home park or willfully diminishes services to the tenant by interrupting or causing the interruption of electric, gas, water or other essential service to the tenant, the tenant may recover possession, require the restoration of essential services or terminate the rental agreement and, in either case, recover an amount not to exceed two months' periodic rent and twice the actual damages sustained by the tenant.

[C79, 81, §562B.24]

2001 Acts, ch 153, §16

Referred to in §562B.32

562B.25 Noncompliance with rental agreement by tenant — failure to pay rent.

1. Except as provided in this chapter, if there is a material noncompliance by the tenant with the rental agreement, the landlord may deliver a written notice to the tenant specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than thirty days after receipt of the notice if the breach is not remedied in fourteen days. If there is a noncompliance by the tenant with section 562B.18 materially affecting health and safety, the landlord may deliver a written notice to the tenant specifying the acts and omissions constituting the breach and that the rental agreement will terminate upon a date not less than thirty days after receipt of the notice if the breach is not remedied in fourteen days. However, if the breach is remediable by repair or the payment of damages or otherwise, and the tenant adequately remedies the breach prior to the date specified in the notice, the rental agreement will not terminate. If substantially the same act or omission, which constituted a prior noncompliance of which notice was given, recurs within six months, the landlord may terminate the rental agreement upon at least fourteen days' written notice specifying the breach and the date of termination of the rental agreement.

2. If rent is unpaid when due and the tenant fails to pay rent within three days after written notice by the landlord of nonpayment and of the landlord's intention to terminate the rental agreement if the rent is not paid within that period of time, the landlord may terminate the rental agreement.

3. Except as otherwise provided in this chapter, the landlord may recover damages, obtain injunctive relief, or recover possession of the mobile home space pursuant to an action in forcible entry and detainer under chapter 648 for any material noncompliance by the tenant with the rental agreement or with section 562B.18.

4. The remedy provided in subsection 3 of this section is in addition to any right of the landlord arising under subsection 1 of this section.

[C79, 81, §562B.25]

93 Acts, ch 154, §15; 2004 Acts, ch 1101, §82

Referred to in §555B.7, 562B.25A, 562B.27, 562B.27A, 648.3, 648.19

562B.25A Termination for creating a clear and present danger to others.

1. Notwithstanding section 562B.25 or 648.3, if a tenant has created or maintained a threat constituting a clear and present danger to the health or safety of other tenants, the landlord, the landlord's employee or agent, or other persons on or within one thousand feet of the landlord's property, the landlord, after the service of a single three days' written notice

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of termination and notice to quit stating the specific activity causing the clear and present danger, and setting forth the language of subsection 3 which includes certain exemption provisions available to the tenant, may file suit against the tenant for recovery of possession of the premises pursuant to chapter 648, except as otherwise provided in subsection 3. The petition shall state the incident or incidents giving rise to the notice of termination and notice to quit. The tenant shall be given the opportunity to contest the termination in the court proceedings by notice thereof at least three days prior to the hearing.

2. A clear and present danger to the health or safety of other tenants, the landlord, the landlord's employees or agents, or other persons on or within one thousand feet of the landlord's property includes, but is not limited to, any of the following activities of the tenant or of any person on the premises with the consent of the tenant:

a. Physical assault or the threat of physical assault.

b. Illegal use of a firearm or other weapon, the threat to use a firearm or other weapon illegally, or possession of an illegal firearm. The mere possession or storage of a firearm by a tenant in the tenant's dwelling unit does not constitute a clear and present danger.

c. Possession of a controlled substance unless the controlled substance was obtained directly from or pursuant to a valid prescription or order by a licensed medical practitioner while acting in the course of the practitioner's professional practice. This paragraph applies to any other person on the premises with the consent of the tenant, but only if the tenant knew of the possession by the other person of a controlled substance.

3. *a.* This section shall not apply to a tenant if the activities causing the clear and present danger, as defined in subsection 2, are conducted by a person on the premises other than the tenant and the tenant takes at least one of the following measures against the person conducting the activities:

(1) The tenant seeks a protective order, restraining order, order to vacate the homestead, or other similar relief pursuant to chapter 235F, 236, 598, 664A, or 915, or any other applicable provision which would apply to the person conducting the activities causing the clear and present danger.

(2) The tenant reports the activities causing the clear and present danger to a law enforcement agency or the county attorney in an effort to initiate a criminal action against the person conducting the activities.

(3) The tenant writes a letter to the person conducting the activities causing the clear and present danger, telling the person not to return to the premises and that a return to the premises may result in a trespass or other action against the person, and the tenant sends a copy of the letter to a law enforcement agency whose jurisdiction includes the premises. If the tenant has previously written a letter to the person as provided in this subparagraph, without taking an action specified in subparagraph (1) or (2) or filing a trespass or other action, and the person to whom the letter was sent conducts further activities causing a clear and present danger, the tenant must take one of the actions specified in subparagraph (1) or (2) to be exempt from proceedings pursuant to subsection 1.

b. However, in order to fall within the exemptions provided within this subsection, the tenant must provide written proof to the landlord, prior to the commencement of a suit against the tenant, that the tenant has taken one of the measures specified in paragraph "*a*", subparagraphs (1) through (3).

92 Acts, ch 1211, §3; 95 Acts, ch 125, §11, 12; 98 Acts, ch 1090, §72, 84; 2004 Acts, ch 1016, §2; 2006 Acts, ch 1101, §3; 2013 Acts, ch 30, §180; 2014 Acts, ch 1107, §16; 2021 Acts, ch 35, §28

Referred to in §562B.27A

562B.25B Right to summon emergency assistance — waiver of rights.

1. *a.* A landlord shall not prohibit or limit a resident's or tenant's rights to summon law enforcement assistance or other emergency assistance by or on behalf of a victim of abuse, a victim of a crime, or an individual in an emergency.

b. A landlord shall not impose monetary or other penalties on a resident or tenant who exercises the resident's or tenant's right to summon law enforcement assistance or other emergency assistance.

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c. Penalties prohibited by this subsection include all of the following:

(1) The actual or threatened assessment of penalties, fines, or fees.

(2) The actual or threatened eviction, or causing the actual or threatened eviction, from the premises.

d. Any waiver of the provisions of this subsection is contrary to public policy and is void, unenforceable, and of no force or effect.

e. This subsection shall not be construed to prohibit a landlord from recovering from a resident or tenant an amount equal to the costs incurred to repair property damage if the damage is caused by law enforcement or other emergency personnel summoned by the resident or tenant.

f. This section does not prohibit a landlord from terminating, evicting, or refusing to renew a tenancy or rental agreement when such action is premised upon grounds other than the resident's or tenant's exercise of the right to summon law enforcement assistance or other emergency assistance by or on behalf of a victim of abuse, a victim of a crime, or an individual in an emergency.

2. *a.* An ordinance, rule, or regulation of a city, county, or other governmental entity shall not authorize imposition of a penalty against a resident, owner, tenant, or landlord because the resident, owner, tenant, or landlord was a victim of abuse or crime.

b. An ordinance, rule, or regulation of a city, county, or other governmental entity shall not authorize imposition of a penalty against a resident, owner, tenant, or landlord because the resident, owner, tenant, or landlord sought law enforcement assistance or other emergency assistance for a victim of abuse, a victim of a crime, or an individual in an emergency, if either of the following is established:

(1) The resident, owner, tenant, or landlord seeking assistance had a reasonable belief that the emergency assistance was necessary to prevent the perpetration or escalation of the abuse, crime, or emergency.

(2) In the event of abuse, crime, or other emergency, the emergency assistance was actually needed.

c. Penalties prohibited by this subsection include all of the following:

(1) The actual or threatened assessment of penalties, fines, or fees.

(2) The actual or threatened eviction, or causing the actual or threatened eviction, from the premises.

(3) The actual or threatened revocation, suspension, or nonrenewal of a rental certificate, license, or permit.

d. This subsection does not prohibit a city, county, or other governmental entity from enforcing any ordinance, rule, or regulation premised upon grounds other than a request for law enforcement assistance or other emergency assistance by a resident, owner, tenant, or landlord, or the fact that the resident, owner, tenant, or landlord was a victim of crime or abuse.

e. This subsection does not prohibit a city, county, or other governmental entity from collecting penalties, fines, or fees for services provided which are necessitated by the cleanup of hazardous materials, the cleanup of vandalism, or a response to a false alarm call, which are incurred by the provision of emergency medical services, or which reflect other costs incurred by the city, county, or other governmental entity unrelated to responding to a call for law enforcement assistance or other emergency assistance.

3. In addition to other remedies provided by law, if an owner or landlord violates the provisions of this section, a resident or tenant is entitled to recover from the owner or landlord any of the following:

a. A civil penalty in an amount equal to one month's rent.

b. Actual damages.

c. Reasonable attorney fees the tenant or resident incurs in seeking enforcement of this section.

d. Court costs.

e. Injunctive relief.

4. In addition to other remedies provided by law, if a city, county, or other governmental

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entity violates the provisions of this section, a resident, owner, tenant, or landlord is entitled to recover from the city, county, or other governmental entity any of the following:

a. An order requiring the city, county, or other governmental entity to cease and desist the unlawful practice.

b. Other equitable relief, including reinstatement of a rental certificate, license, or permit, as the court may deem appropriate.

c. Actual damages.

d. In a case brought by a resident or tenant, the reasonable attorney fees the resident or tenant incurs in seeking enforcement of this section.

e. Court costs.

5. For purposes of this section, *"resident"* means a member of a tenant's family and any other person occupying the dwelling unit with the consent of the tenant.

2016 Acts, ch 1120, §4
Referred to in §331.304, 364.3

562B.26 Failure to maintain by tenant.

If there is noncompliance by the tenant with section 562B.18 materially affecting health and safety that can be remedied by repair, replacement of a damaged item, or cleaning and the tenant fails to comply as promptly as conditions require in case of emergency or within fourteen days after written notice by the landlord specifying the breach and requesting that the tenant remedy it within that period of time, the landlord may enter the mobile home space, and cause the work to be done in a skillful manner. The landlord may submit an itemized bill for the actual and reasonable cost or the fair and reasonable value thereof as additional rent on the next date when periodic rent is due, or if the rental agreement was terminated, for immediate payment.

[C79, 81, §562B.26]
2023 Acts, ch 66, §143

562B.27 Remedies for abandonment — required registration.

1. A tenant is considered to have abandoned a mobile home when the tenant has been absent from the mobile home without reasonable explanation for thirty days or more during which time there is either a default of rent three days after rent is due, or the rental agreement is terminated pursuant to section 562B.25. A tenant's return to the mobile home does not change its status as abandoned unless the tenant pays to the landlord all costs incurred for the mobile home space, including costs of removal, storage, notice, attorney fees, and all rent and utilities due and owing.

2. When a mobile home is abandoned on a mobile home space:

a. If a tenant abandons a mobile home on a mobile home space, the landlord shall notify the mobile home owner or other claimant of the mobile home and communicate to that person that the person is liable for any costs incurred for the mobile home space, including rent and utilities due and owing. A claimant includes a holder of a lien as defined in section 555B.2. However, the person is only liable for costs incurred ninety days before the landlord's communication. After the landlord's communication, costs for which liability is incurred shall then become the responsibility of the mobile home owner or other claimant of the mobile home. The mobile home shall not be removed from the mobile home space without a signed written agreement from the landlord showing clearance for removal, and that all debts are paid in full, or an agreement reached with the mobile home owner or other claimant and the landlord.

b. If there is no lien on the mobile home other than a lien for taxes, the landlord may follow the procedure in chapter 555B to dispose of the mobile home.

c. An action pursuant to chapter 555B may be combined with an action for possession under chapter 648 or an action for damages under section 562B.30.

3. A required standardized registration form shall be filled out by each tenant upon the rental of a mobile home space, showing the mobile home make, year, serial number, and also showing if the mobile home is paid for, if there is a lien on the mobile home, and if so the lienholder, and the name of the legal owner of the mobile home. The registration forms shall

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be kept on file with the landlord as long as the mobile home is on the mobile home space within the mobile home park. The tenant shall give notice to the landlord within ten days of any new lien, change of existing lien, or settlement of lien.

[C79, 81, §562B.27; 81 Acts, ch 183, §1]

83 Acts, ch 102, §1; 88 Acts, ch 1138, §16; 93 Acts, ch 154, §16, 17; 99 Acts, ch 155, §11, 14

Referred to in §555B.1, 555B.2, 555C.1, 555C.2, 562B.10, 562B.13, 648.19

562B.27A Method of service of notice on tenant.

1. A landlord's written notice of termination to the tenant required under section 562B.10, subsection 5, a notice of termination required under section 562B.25, a notice of termination and notice to quit required under section 562B.25A, or a notice to quit required by section 648.3, shall be served upon the tenant according to one or more of the following methods:

a. Delivery evidenced by an acknowledgment of delivery that is signed and dated by a resident of the dwelling unit who is at least eighteen years of age. Delivery under this paragraph shall be deemed to provide notice to all tenants of the dwelling unit.

b. Personal service pursuant to rule of civil procedure 1.305, Iowa court rules, for the personal service of original notice.

c. Posting on the primary entrance door of the dwelling unit and mailing by both regular mail and certified mail, as defined in section 618.15, to the address of the dwelling unit or to the tenant's last known address, if different from the address of the dwelling unit. A notice posted according to this paragraph shall be posted within the applicable time period for serving notice and shall include the date the notice was posted.

2. Notice served by mail under this section is deemed completed four days after the notice is deposited in the mail and postmarked for delivery, whether or not the recipient signs a receipt for the notice.

92 Acts, ch 1211, §4; 96 Acts, ch 1203, §6; 99 Acts, ch 155, §12, 14; 2010 Acts, ch 1017, §6, 11; 2013 Acts, ch 97, §11

Referred to in §562B.9, 562B.10

562B.28 Waiver of landlord's right to terminate.

Acceptance of performance by the tenant that varied from the terms of the rental agreement or rules subsequently adopted by the landlord constitutes a waiver of the landlord's right to terminate the rental agreement for that breach, unless otherwise agreed after the breach has occurred.

[C79, 81, §562B.28]

562B.29 Reserved.

562B.30 Periodic tenancy — holdover remedies.

1. The landlord may terminate a tenancy only as provided in this chapter.

2. Notwithstanding section 648.19, if the tenant remains in possession without the landlord's consent after expiration of the term of the rental agreement or its termination, the landlord may bring an action for possession and recover actual damages. If the tenant's holdover is willful and not in good faith, the landlord in addition may recover an amount not to exceed two months' periodic rent and twice the actual damages sustained by the landlord. In any event, the landlord may recover reasonable attorney fees and court costs.

[C79, 81, §562B.30]

Referred to in §555B.7, 562B.15, 562B.27

562B.31 Landlord and tenant remedies for abuse of access to mobile home space.

1. If the tenant refuses to allow lawful access to the mobile home space, the landlord may terminate the rental agreement and may recover actual damages.

2. If the landlord makes an unlawful entry or a lawful entry to the mobile home space in an unreasonable manner or makes repeated demands for entry otherwise lawful but which have the effect of unreasonably harassing the tenant, the tenant may obtain injunctive relief to prevent the recurrence of the conduct or terminate the rental agreement. In either case,

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the tenant may recover actual damages not less than an amount equal to one month's rent plus attorney fees.

[C79, 81, §562B.31]

562B.32 Retaliatory conduct prohibited.

1. Except as provided in this section, a landlord shall not retaliate by increasing rent or decreasing services or by bringing or threatening to bring an action for possession or by failing to renew a rental agreement after any of the following:

a. The tenant has complained to a governmental agency charged with responsibility for enforcement of a building or housing code of a violation applicable to the manufactured home community or mobile home park materially affecting health and safety. For this subsection to apply, a complaint filed with a governmental body must be in good faith.

b. The tenant has complained to the landlord of a violation under section 562B.16.

c. The tenant has organized or become a member of a tenant's union or similar organization.

d. For exercising any of the rights and remedies pursuant to this chapter or chapter 216.

2. If the landlord acts in violation of subsection 1 of this section, the tenant is entitled to the remedies provided in section 562B.24 and has a defense in an action for possession. In an action by or against the tenant, evidence of a complaint within one year prior to the alleged act of retaliation creates a presumption that the landlord's conduct was in retaliation. The presumption does not arise if the tenant made the complaint after notice of termination of the rental agreement. For the purpose of this subsection, "*presumption*" means that the trier of fact must find the existence of the fact presumed unless and until evidence is introduced which would support a finding of its nonexistence.

3. Notwithstanding subsections 1 and 2 of this section, a landlord may bring an action for possession if either of the following occurs:

a. The violation of the applicable building or housing code was caused primarily by lack of reasonable care by the tenant or other person in the household or upon the premises with the tenant's consent.

b. The tenant is in default of rent three days after rent is due. The maintenance of the action does not release the landlord from liability under section 562B.22, subsection 2.

[C79, 81, §562B.32; 82 Acts, ch 1100, §25]

2001 Acts, ch 153, §16; 2022 Acts, ch 1070, §1, 2

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CHAPTER 562C

RESERVED

CHAPTER 563

WALLS IN COMMON

563.1	Resting wall on neighbor's land.	563.8	Heightened wall made common.
563.2	Contribution by adjoining owner.	563.9	Paying for share of adjoining wall.
563.3	Openings in walls.	563.10	Openings in walls — fixtures.
563.4	Repairs — apportionment.	563.11	Disputes — delay — bonds.
563.5	Beams, joists and flues.	563.12	Special agreements — evidence.
563.6	Increasing height of wall.		
563.7	Rebuilding in order to heighten.		

563.1 Resting wall on neighbor's land.

Where building lots have been surveyed and plats thereof recorded, anyone who is about to build contiguous to the land of another may, if there be no wall on the line between them,

build a brick, reinforced concrete, or stone wall thereon, when the whole thickness of such wall above the cellar wall does not exceed eighteen inches exclusive of the plastering, and rest one-half thereof on the adjoining land, but the adjoining owner shall not be compelled to contribute to the expense of building said wall.

[R60, §1914; C73, §2019; C97, §2994; C24, 27, 31, 35, 39, §**10163;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.1]

563.2 Contribution by adjoining owner.

If the adjoining owner contributes one-half of the expense of building such wall, then it is a wall in common between them, but if the adjoining owner refuses to contribute, the adjoining owner shall have the right to make it a wall in common by paying to the person who erected or maintained it one-half of its appraised value at the time of using it.

[R60, §1915; C73, §2020; C97, §2995; C24, 27, 31, 35, 39, §**10164;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.2]

563.3 Openings in walls.

No wall shall be built by any person partly on the land of another with any openings therein, and every separating wall between buildings shall, as high as the upper part of the first story, be presumed to be a wall in common, if there be no titles, proof, or mark to the contrary, and if any wall is erected which, under the provisions of this chapter, becomes, or may become, at the option of another, a wall in common, such person shall not be compelled to contribute to the expense of closing any openings therein, but this shall be done at the expense of the owner of such wall.

[R60, §1916; C73, §2021; C97, §2996; C24, 27, 31, 35, 39, §**10165;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.3]

563.4 Repairs — apportionment.

The repairs and rebuilding of walls in common are to be made at the expense of all who have a right to them, and in proportion to the interest of each therein, but every coproprietor of a wall in common may be exonerated from contributing to the same by giving up the coproprietor's right in common, if no building belonging to that person is actually supported by such wall.

[R60, §1917; C73, §2022; C97, §2997; C24, 27, 31, 35, 39, §**10166;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.4]

563.5 Beams, joists and flues.

Every coproprietor may build against a wall held in common, and cause beams or joists to be placed therein; and any person building such a wall shall, on being requested by the other coproprietor, make the necessary flues, and leave the necessary bearings for joists or beams, at such height and distance apart as shall be specified by the other coproprietor.

[R60, §1918; C73, §2023; C97, §2998; C24, 27, 31, 35, 39, §**10167;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.5]

563.6 Increasing height of wall.

Every coproprietor may increase the height of a wall in common at the coproprietor's sole expense, and that person shall repair and keep in repair that part of the same above the part held in common.

[R60, §1919; C73, §2024; C97, §2999; C24, 27, 31, 35, 39, §**10168;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.6]

563.7 Rebuilding in order to heighten.

If the wall so held in common cannot support the wall to be raised upon it, one who wishes to have it made higher must rebuild it anew and at that person's own expense, and the additional thickness of the wall must be placed entirely on that person's own land.

[R60, §1920; C73, §2025; C97, §2999; C24, 27, 31, 35, 39, §**10169;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.7]

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563.8 Heightened wall made common.

The person who did not contribute to the heightening of a wall held in common may cause the raised part to become common by paying one-half of the appraised value of raising it, and half the value of the ground occupied by the additional thickness thereof, if any ground was so occupied.

[R60, §1921; C73, §2026; C97, §2999; C24, 27, 31, 35, 39, §**10170;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.8]

563.9 Paying for share of adjoining wall.

Every proprietor joining a wall has the right of making it a wall in common, in whole or in part, by repaying to the owner thereof one-half of its value, or one-half of the part which the proprietor wishes to hold in common, and one-half of the value of the ground on which it is built, if the person who has built it has laid the foundation entirely upon the person's own ground.

[R60, §1922; C73, §2027; C97, §3000; C24, 27, 31, 35, 39, §**10171;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.9]

563.10 Openings in walls — fixtures.

Adjoining owners of walls held in common shall not make openings or cavities therein, nor affix nor attach thereto any work or structure, without the consent of the other, or upon the other's refusal, without having taken all necessary precautions to guard against injury to the rights of the other, to be ascertained by persons skilled in building.

[R60, §1923; C73, §2028; C97, §3001; C24, 27, 31, 35, 39, §**10172;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.10]

563.11 Disputes — delay — bonds.

No dispute between adjoining owners as to the amount to be paid by one or the other, by reason of any of the matters provided in this chapter, shall delay the execution of the provisions of the same, if the party on whom the claim is made shall enter into bonds, with security, to the satisfaction of the clerk of the district court of the proper county, conditioned that that party shall pay to the claimant whatever may be found to be due on the settlement of the matter between them, either in a court of justice or elsewhere; upon the presentation of such a bond, the clerk shall endorse approval thereon, and retain the same until demanded by the party for whose benefit it is executed.

[R60, §1924; C73, §2029; C97, §3002; C24, 27, 31, 35, 39, §**10173;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.11]

Referred to in §602.8102(80)

563.12 Special agreements — evidence.

This chapter shall not prevent adjoining proprietors from entering into special agreements about walls on the lines between them, but no evidence thereof shall be competent unless in writing, signed by the parties thereto or their lawfully authorized agents, or the guardian of either, if a minor, who shall have full authority to act for the guardian's protected person in all matters relating to walls in common without an order of court therefor.

[R60, §1925; C73, §2030; C97, §3003; C24, 27, 31, 35, 39, §**10174;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §563.12]

2024 Acts, ch 1009, §50

Statute of frauds in general, §622.32

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CHAPTER 564

EASEMENTS

564.1	Adverse possession — "use" as evidence.	564.4	Notice to prevent acquisition.
564.2	Light and air.	564.5	Effect of notice.
564.3	Pedestrian rights-of-way or easements.	564.6	Notice, service and record.
		564.7	Evidence.
		564.8	Action to establish.

564.1 Adverse possession — "use" as evidence.

In all actions hereafter brought, in which title to any easement in real estate shall be claimed by virtue of adverse possession thereof for the period of ten years, the use of the same shall not be admitted as evidence that the party claimed the easement as the party's right, but the fact of adverse possession shall be established by evidence distinct from and independent of its use, and that the party against whom the claim is made had express notice thereof; and these provisions shall apply to public as well as private claims.

[C73, §2031; C97, §3004; C24, 27, 31, 35, 39, §**10175;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.1]

564.2 Light and air.

Whoever has erected, or may erect, any house or other building near the land of another person, with windows overlooking such land, shall not, by the mere continuance of such windows, acquire any easement of light or air, so as to prevent the erection of any building on such land.

[C73, §2032; C97, §3005; C24, 27, 31, 35, 39, §**10176;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.2]

564.3 Pedestrian rights-of-way or easements.

An easement or right-of-way for pedestrian traffic shall not be acquired by prescription or adverse use for any length of time except when claimed in connection with an easement or right-of-way to permit passage of public or private vehicular traffic.

[C73, §2033; C97, §3006; C24, 27, 31, 35, 39, §**10177;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.3]

2008 Acts, ch 1031, §62

564.4 Notice to prevent acquisition.

When any person is in the use of a way, privilege, or other easement in the land of another, the owner of the land in such case may give notice in writing to the person claiming or using the way, privilege, or easement of the owner's intention to dispute any right arising from such claim or use.

[C73, §2034; C97, §3007; C24, 27, 31, 35, 39, §**10178;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.4]

564.5 Effect of notice.

Said notice, when served and recorded as hereinafter provided, shall be an interruption of such use, and prevent the acquiring of any right thereto by the continuance thereof.

[C73, §2034; C97, §3007; C24, 27, 31, 35, 39, §**10179;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.5]

564.6 Notice, service and record.

Said notice, signed by the owner of the land, the owner's agent, or guardian, may be served in the same manner as in a civil action, upon the party, the party's agent, or guardian, if within this state, otherwise on the tenant or occupant, if there be any, and it, with the return

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thereof, shall be recorded within three months thereafter in the recorder's office of the county in which the land is situated.

[C73, §2034; C97, §3007; C24, 27, 31, 35, 39, §**10180;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.6]

Manner of service, R.C.P. 1.302 – 1.315

564.7 Evidence.

A certified copy of such record of said notice and the officer's return thereon shall be evidence of the notice and the service thereof.

[C73, §2034; C97, §3007; C24, 27, 31, 35, 39, §**10181;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.7]

564.8 Action to establish.

When notice is given to prevent the acquisition of a right to a way or other easement, it shall be considered so far a disturbance thereof as to enable the party claiming to bring an action for disturbing the same in order to try such right, and if the plaintiff in the action prevails, the plaintiff shall recover costs.

[C73, §2035; C97, §3008; C24, 27, 31, 35, 39, §**10182;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §564.8]

CHAPTER 564A

ACCESS TO SOLAR ENERGY

564A.1	Purpose.	564A.6	Removal of easement.
564A.2	Definitions.	564A.7	Solar access easements.
564A.3	Designation.	564A.8	Restrictive covenants.
564A.4	Application for solar access easement.	564A.9	Assistance to local government bodies and the public.
564A.5	Decision.		

564A.1 Purpose.

It is the purpose of this chapter to facilitate the orderly development and use of solar energy by establishing and providing certain procedures for obtaining access to solar energy.

[81 Acts, ch 184, §3]

564A.2 Definitions.

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

1. *"Development of property"* means construction, landscaping, growth of vegetation, or other alteration of property that interferes with the operation of a solar collector.
2. *"Dominant estate"* means that parcel of land to which the benefits of a solar access easement attach.
3. *"Servient estate"* means land burdened by a solar access easement, other than the dominant estate.
4. *"Solar access easement"* means an easement recorded under section 564A.7, the purpose of which is to provide continued access to incident sunlight necessary to operate a solar collector.
5. *"Solar access regulatory board"* means the board designated by a city council or county board of supervisors under section 564A.3 to receive and act on applications for a solar access easement or in the absence of a specific designation, the district court having jurisdiction in the area where the dominant estate is located. Notwithstanding chapter 602 the jurisdiction of the district court established in this subsection may be exercised by district associate judges.
6. *"Solar collector"* means a device or structural feature of a building that collects solar energy and that is part of a system for the collection, storage, and distribution of solar energy. For purposes of this chapter, a greenhouse is a solar collector.

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7. *"Solar energy"* means energy emitted from the sun and collected in the form of heat or light by a solar collector.

[81 Acts, ch 184, §4]

564A.3 Designation.

The city council or the county board of supervisors may designate a solar access regulatory board to receive and act on applications for a solar access easement. The board designated by the city council may be a board of adjustment having jurisdiction in the city, the city council itself, or any board with at least three members. The board designated by the county board of supervisors may be a board of adjustment having jurisdiction in the county, the board of supervisors itself, or any other board with at least three members. The jurisdiction of a board designated by the city council extends to applications when the dominant estate is located in the city. The jurisdiction of a board designated by the county board of supervisors extends to applications when the dominant estate is located in the county but outside the city limits of a city. In the absence of the designation of a specific board under this section, the district court having jurisdiction in the area where the dominant estate is located shall receive and act on applications submitted under section 564A.4 and to that extent shall serve as the solar access regulatory board for purposes of this chapter. Notwithstanding chapter 602 the jurisdiction of the district court established in this section may be exercised by district associate judges.

[81 Acts, ch 184, §5]

Referred to in §564A.2, 564A.4

564A.4 Application for solar access easement.

1. An owner of property may apply to the solar access regulatory board designated under section 564A.3 for an order granting a solar access easement. The application must be filed before installation or construction of the solar collector. The application shall state the following:

a. A statement of the need for the solar access easement by the owner of the dominant estate.

b. A legal description of the dominant and servient estates.

c. The name and address of the dominant and servient estate owners of record.

d. A description of the solar collector to be used.

e. The size and location of the collector, including heights, its orientation with respect to south, and its slope from the horizontal shown either by drawings or in words.

f. An explanation of how the applicant has done everything reasonable, taking cost and efficiency into account, to design and locate the collector in a manner to minimize the impact on development of servient estates.

g. A legal description of the solar access easement which is sought and a drawing that is a spatial representation of the area of the servient estate burdened by the easement illustrating the degrees of the vertical and horizontal angles through which the easement extends over the burdened property and the points from which those angles are measured.

h. A statement that the applicant has attempted to voluntarily negotiate a solar access easement with the owner of the servient estate and has been unsuccessful in obtaining the easement voluntarily.

i. A statement that the space to be burdened by the solar access easement is not obstructed at the time of filing of the application by anything other than vegetation that would shade the solar collector.

2. Upon receipt of the application the solar access regulatory board shall determine whether the application is complete and contains the information required under subsection 1. The board may return an application for correction of any deficiencies. Upon acceptance of an application the board shall schedule a hearing. The board shall cause a copy of the application and a notice of the hearing to be served upon the owners of the servient estates in the manner provided for service of original notice and at least twenty days prior to the date of the hearing. The notice shall state that the solar access regulatory board will determine whether and to what extent a solar access easement will be granted, that the board will determine the compensation that may be awarded to the servient estate owner if the solar

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access easement is granted and that the servient estate owner has the right to contest the application before the board.

3. The applicant shall pay all costs incurred by the solar access regulatory board in copying and mailing the application and notice.

4. An application for a solar access easement submitted to the district court acting as the solar access regulatory board under this chapter is not subject to the small claims procedures under chapter 631.

[81 Acts, ch 184, §6]
Referred to in §564A.3

564A.5 Decision.

1. After the hearing on the application, the solar access regulatory board shall determine whether to issue an order granting a solar access easement. The board shall grant a solar access easement if the board finds that there is a need for the solar collector, that the space burdened by the easement was not obstructed by anything except vegetation that would shade the solar collector at the time of filing of the application, that the proposed location of the collector minimizes the impact of the easement on the development of the servient estate and that the applicant tried and failed to negotiate a voluntary easement. However, the board may refuse to grant a solar access easement upon a finding that the easement would require the removal of trees that provide shade or a windbreak to a residence on the servient estate. The board shall not grant a solar access easement upon a servient estate if the board finds that the owner, at least six months prior to the filing of the application, has made a substantial financial commitment to build a structure that will shade the solar collector. In issuing its order granting the solar access easement, the board may modify the solar access easement applied for and impose conditions on the location of the solar collector that will minimize the impact upon the servient estate.

2. The solar access regulatory board shall grant a solar access easement only within the area that is within three hundred feet of the center of the northernmost boundary of the collector and is south of a line drawn east and west tangent to the northernmost boundary of the collector.

3. The solar access regulatory board shall determine the amount of compensation that is to be paid to the owners of the servient estate for the impairment of the right to develop the property. Compensation shall be based on the difference between the fair market value of the property prior to and after granting the solar access easement. The parties shall be notified of the board's decision within thirty days of the date of the hearing. The owner of the dominant estate shall have thirty days from the date of notification of the board's decision to deposit the compensation with the board. Upon receipt of the compensation, the board shall issue an order granting the solar access easement to the owner of the dominant estate and remit the compensation awarded to the owners of the servient estate. The owner of the dominant estate may decline to deposit the compensation with the board, and no order granting the solar access easement shall then be issued.

4. When the order granting the solar access easement is issued, the owner of the dominant estate shall have it recorded in the office of the county recorder who shall record the solar access easement and list the owner of the dominant estate as grantee and the owner of the servient estate as grantor in the deed index. The solar access easement after being recorded shall be considered an easement appurtenant in or on the servient estate.

[81 Acts, ch 184, §7]
Referred to in §564A.6

564A.6 Removal of easement.

1. The owner of a servient estate may apply to the solar access regulatory board or may petition the district court for an order removing a solar access easement granted by a solar access regulatory board under this chapter under any of the following conditions:

a. If the solar collector is not installed and made operational within two years of recording the easement under section 564A.5.

b. If the dominant estate owner ceases to use the solar collector for more than one year.

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c. If the solar collector is destroyed or removed and not replaced within one year.

2. The procedure for filing an application with the solar access regulatory board under this section and for notice and hearings on the application shall be the same as that prescribed for an application for granting a solar access easement. An order issued by the district court or a solar access regulatory board removing a solar access easement may provide for the return by the servient estate owner of compensation paid by the dominant estate owner for the solar access easement after the deduction of reasonable expenses incurred by the servient estate owner in proceedings for the granting and removal of the easement.

[81 Acts, ch 184, §8]
2013 Acts, ch 30, §261

564A.7 Solar access easements.

1. Persons, including public bodies, may voluntarily agree to create a solar access easement. A solar access easement whether obtained voluntarily or pursuant to the order of a solar access regulatory board is subject to the same recording and conveyance requirements as other easements.

2. A solar access easement shall be created in writing and shall include the following:

a. The legal description of the dominant and servient estates.

b. A legal description of the space which must remain unobstructed expressed in terms of the degrees of the vertical and horizontal angles through which the solar access easement extends over the burdened property and the points from which these angles are measured.

3. In addition to the items required in subsection 2 the solar access easement may include, but the contents are not limited to, the following:

a. Any limitations on the growth of existing and future vegetation or the height of buildings or other potential obstructions of the solar collector.

b. Terms or conditions under which the solar access easement may be abandoned or terminated.

c. Provisions for compensating the owner of the property benefiting from the solar access easement in the event of interference with the enjoyment of the solar access easement, or for compensating the owner of the property subject to the solar access easement for maintaining that easement.

[81 Acts, ch 184, §9]
Referred to in §564A.2

564A.8 Restrictive covenants.

City councils and county boards of supervisors may include in ordinances relating to subdivisions a provision prohibiting deeds for property located in new subdivisions from containing restrictive covenants that include unreasonable restrictions on the use of solar collectors.

[81 Acts, ch 184, §10]

564A.9 Assistance to local government bodies and the public.

The department of natural resources shall make available information and guidelines to assist local government bodies and the public to understand and use the provisions of this chapter. The information and guidelines shall include an application form for a solar access easement, instructions and aids for preparing and recording solar access easements and model ordinances that promote reasonable access to solar energy.

[81 Acts, ch 184, §11]

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CHAPTER 565

GIFTS

565.1	Churches may lease.	565.8	through 565.11 Repealed by 81 Acts, ch 117, §1097.
565.2	Taxation.	565.12	Condition as to annuity.
565.3	Gifts to state.	565.13	Annuity tax.
565.4	Management of property.	565.14	Repealed by 81 Acts, ch 117, §1097.
565.5	Gifts to state institutions.	565.15	Surplus of tax.
565.6	Gifts to governmental bodies.		
565.7	Trustees appointed by court — bond.		

565.1 Churches may lease.

Church organizations, occupying real property granted to them by the territory or state, may lease the same for business purposes, and occupy other real property with their church edifices, but all of the income derived from such leased real property shall be devoted to maintaining the religious exercises and ordinance of the church to which the grant was originally made, and to no other purpose; and such churches and their affairs shall remain in the control of boards of trustees regularly chosen in accordance with their charters.

[C73, §1921; C97, §2902; C24, 27, 31, 35, 39, §**10183;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.1]

565.2 Taxation.

Real property so leased shall in all cases be subject to taxation, the same as the real property of natural persons.

[C73, §1921; C97, §2902; C24, 27, 31, 35, 39, §**10184;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.2]

Tax exemptions generally, §427.1

565.3 Gifts to state.

A gift, devise, or bequest of property, real or personal, may be made to the state, to be held in trust for and applied to any specified purpose within the scope of its authority, but the same shall not become effectual to pass the title in such property unless accepted by the governor on behalf of the state.

[C73, §1387; C97, §2903; C24, 27, 31, 35, 39, §**10185;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.3]

86 Acts, ch 1245, §1990

Referred to in §80.46, 565.4

565.4 Management of property.

If gifts are made to the state in accordance with section 565.3, for the benefit of an institution thereof, the property, if accepted, shall be held and managed in the same way as other property of the state, acquired for or devoted to the use of such institution; and any conditions attached to such gift shall become binding upon the state, upon the acceptance thereof.

[C97, §2904; C24, 27, 31, 35, 39, §**10186;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.4]

565.5 Gifts to state institutions.

Gifts, devises, or bequests of property, real or personal, made to any state institution for purposes not inconsistent with the objects of such institution, may be accepted by its governing board, and such board may exercise such powers with reference to the management, sale, disposition, investment, or control of property so given, devised, or bequeathed, as may be deemed essential to its preservation and the purposes for which the gift, devise, or bequest was made.

[S13, §2904-a; C24, 27, 31, 35, 39, §**10187;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.5]

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565.6 Gifts to governmental bodies.

Civil townships wholly outside of any city, and school corporations, are authorized to take and hold property, real and personal, by gift and bequest and to administer the property through the proper officer in pursuance of the terms of the gift or bequest. Title shall not pass unless accepted by the governing board of the corporation or township. Conditions attached to the gifts or bequests become binding upon the corporation or township upon acceptance.

[C97, §740, 2903, 2904; S13, §740; C24, 27, 31, 35, 39, §**10188;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §565.6; 81 Acts, ch 117, §1088]

See also §279.42

565.7 Trustees appointed by court — bond.

When made for the establishing of institutions of learning or benevolence, and no provision is made in the gift or bequest for the execution of the trust, the judge of the district court having charge of the probate proceedings in the county shall appoint three trustees, residents of said county, who shall have charge and control of the same, and who shall continue to act until removed by the court. They shall give bond as required in case of executors, and be subject to the orders of said court.

[C97, §740; S13, §740; C24, 27, 31, 35, 39, §**10189;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.7]

565.8 through 565.11 Repealed by 81 Acts, ch 117, §1097.

565.12 Condition as to annuity.

When a gift or bequest is conditioned upon the payment of an annuity to the donor, or any other person, a city may, upon acceptance of the gift or bequest, agree to pay the annuity providing the amount does not exceed five percent of the amount of the gift or bequest and does not exceed the amount realized from a tax levy of twenty-seven cents per thousand dollars of assessed value upon the taxable property of the city.

[C24, 27, 31, 35, 39, §**10194;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §565.12; 81 Acts, ch 117, §1089]

565.13 Annuity tax.

To provide for the payment of an annuity, the city shall annually thereafter levy a tax sufficient to pay the annuity.

[C24, 27, 31, 35, 39, §**10195;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §565.13; 81 Acts, ch 117, §1090]

565.14 Repealed by 81 Acts, ch 117, §1097.

565.15 Surplus of tax.

Any amount collected by a tax so levied and which is not required for the payment of such annuity shall be used for the purposes for which such gift or bequest is made and may be transferred to such fund as will enable it to be used for such purpose.

[C24, 27, 31, 35, 39, §**10197;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §565.15]

CHAPTER 565A

GIFTS TO MINORS

Repealed by 86 Acts, ch 1035, §26;
see Uniform Transfers to Minors Act, chapter 565B;
effect of repeal, 86 Acts, ch 1035, §22, 26

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CHAPTER 565B

TRANSFERS TO MINORS

Referred to in §232D.503, 633.108, 633.126, 633.555, 633.678, 633.681

565B.1 Definitions.
565B.2 Scope and jurisdiction.
565B.3 Nomination of custodian.
565B.4 Transfer by gift or exercise of power of appointment.
565B.5 Transfer authorized by will or trust.
565B.6 Other transfers by fiduciary.
565B.7 Transfer by obligor.
565B.8 Receipt for custodial property.
565B.9 Manner of creating custodial property and effecting transfer — designation of initial custodian — control.
565B.10 Single custodianship.
565B.11 Validity and effect of transfer.
565B.12 Care of custodial property.
565B.13 Powers of custodian.
565B.14 Use of custodial property.
565B.15 Custodian's expenses, compensation, and bond.
565B.16 Exemption of third person from liability.
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565B.18 Renunciation, resignation, death, or removal of custodian — designation of successor custodian.
565B.19 Accounting by and determination of liability of custodian.
565B.20 Termination of custodianship.
565B.21 Applicability.
565B.22 Effect on existing custodianships.
565B.23 Uniformity of application and construction.
565B.24 Other laws not applicable.
565B.25 Short title.

565B.1 Definitions.

In this chapter, unless the context otherwise requires:

1. *"Adult"* means an individual who has attained the age of twenty-one years.

2. *"Benefit plan"* means an employer's plan for the benefit of an employee or partner or an individual retirement account.

3. *"Broker"* means a person lawfully engaged in the business of effecting transactions in securities or commodities for the person's own account or for the account of others.

4. *"Conservator"* means a person appointed or qualified by a court to act as general, limited, or temporary guardian of a minor's property or a person legally authorized to perform substantially the same functions.

5. *"Court"* means the supreme court, court of appeals, district courts, and other courts the general assembly establishes.

6. *"Custodial property"* means both of the following:

a. Any interest in property transferred to a custodian under this chapter.

b. The income from and proceeds of that interest in property.

7. *"Custodian"* means a person so designated under section 565B.9 or a successor or substitute custodian designated under section 565B.18.

8. *"Financial institution"* means a bank, trust company, savings institution, or credit union, chartered and supervised under state or federal law.

9. *"Legal representative"* means an individual's personal representative or conservator.

10. *"Member of the minor's family"* means the minor's parent, stepparent, spouse, grandparent, brother, sister, uncle, or aunt, whether of the whole or half blood or by adoption.

11. *"Minor"* means an individual who has not attained the age of twenty-one years.

12. *"Personal representative"* means an executor, administrator, successor personal representative, special administrator, or temporary administrator of a decedent's estate or a person legally authorized to perform substantially the same functions.

13. *"State"* includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession subject to the legislative authority of the United States.

14. *"Transfer"* means a transaction that creates custodial property under section 565B.9.

15. *"Transferor"* means a person who makes a transfer under this chapter.

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16. *"Trust company"* means a financial institution, corporation, or other legal entity, authorized to exercise general trust powers.

86 Acts, ch 1035, §1; 87 Acts, ch 87, §1

565B.2 Scope and jurisdiction.

1. This chapter applies to a transfer that refers to this chapter in the designation under section 565B.9, subsection 1, by which the transfer is made if at the time of the transfer, the transferor, the minor, or the custodian is a resident of this state or the custodial property is located in this state. The custodianship so created remains subject to this chapter despite a subsequent change in residence of a transferor, the minor, or the custodian, or the removal of custodial property from this state.

2. A person designated as custodian under this chapter is subject to personal jurisdiction in this state with respect to any matter relating to the custodianship.

3. A transfer that purports to be made and which is valid under the uniform transfer to minors Act, the uniform gifts to minors Act, or a substantially similar Act, of another state is governed by the law of the designated state and may be executed and is enforceable in this state if at the time of the transfer, the transferor, the minor, or the custodian is a resident of the designated state or the custodial property is located in the designated state.

86 Acts, ch 1035, §2
Referred to in §565B.21

565B.3 Nomination of custodian.

1. A person having the right to designate the recipient of property transferable upon the occurrence of a future event may revocably nominate a custodian to receive the property for a minor beneficiary upon the occurrence of the event by naming the custodian, followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act". The nomination may name one or more persons as substitute custodians to whom the property must be transferred, in the order named, if the first nominated custodian dies before the transfer or is unable, declines, or is ineligible to serve. The nomination may be made in a will, a trust, a deed, an instrument exercising a power of appointment, or in a writing designating a beneficiary of contractual rights which is registered with or delivered to the payor, issuer, or other obligor of the contractual rights.

2. A custodian nominated under this section must be a person to whom a transfer of property of that kind may be made under section 565B.9, subsection 1.

3. The nomination of a custodian under this section does not create custodial property until the nominating instrument becomes irrevocable or a transfer to the nominated custodian is completed under section 565B.9. Unless the nomination of a custodian has been revoked, upon the occurrence of the future event the custodianship becomes effective and the custodian shall enforce a transfer of the custodial property pursuant to section 565B.9.

86 Acts, ch 1035, §3
Referred to in §565B.5, 565B.7, 565B.11, 565B.18

565B.4 Transfer by gift or exercise of power of appointment.

A person may make a transfer by irrevocable gift to, or the irrevocable exercise of a power of appointment in favor of, a custodian for the benefit of a minor pursuant to section 565B.9.

86 Acts, ch 1035, §4
Referred to in §565B.15, 565B.18

565B.5 Transfer authorized by will or trust.

1. A personal representative or trustee may make an irrevocable transfer pursuant to section 565B.9 to a custodian for the benefit of a minor as authorized in the governing will or trust.

2. If the testator or settlor has nominated a custodian under section 565B.3 to receive the custodial property, the transfer must be made to that person.

3. If the testator or settlor has not nominated a custodian under section 565B.3, or all persons so nominated as custodian die before the transfer or are unable, decline, or are ineligible to serve, the personal representative or the trustee, as the case may be, shall

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designate the custodian from among those eligible to serve as custodian for property of that kind under section 565B.9, subsection 1.

4. A personal representative or trustee making a distribution under this section may do so without court order and, after effecting the distribution, is relieved of all accountability as a personal representative or trustee with respect to the property distributed.

86 Acts, ch 1035, §5
Referred to in §565B.7

565B.6 Other transfers by fiduciary.

1. Subject to subsection 3, a personal representative or trustee may make an irrevocable transfer to another adult or trust company as custodian for the benefit of a minor pursuant to section 565B.9, in the absence of a will or under a will or trust that does not contain an authorization to do so.

2. Subject to subsection 3, a conservator may make an irrevocable transfer to another adult or trust company as custodian for the benefit of a minor pursuant to section 565B.9.

3. A transfer under subsection 1 or 2 may be made only if all of the following are true:

a. The personal representative, trustee, or conservator considers the transfer to be in the best interest of the minor.

b. The transfer is not prohibited by or inconsistent with provisions of the applicable will, trust agreement, or other governing instrument.

c. The transfer is authorized by the court if all transfers, including the transfer to be made and prior transfers, exceed fifty thousand dollars in value. Transfers by a personal representative, trustee, or conservator shall not be aggregated, but each personal representative, trustee, or conservator shall be treated separately.

4. A personal representative, trustee, or conservator making a distribution under this section is relieved of all accountability as a personal representative, trustee, or conservator with respect to the property once the property has been distributed.

86 Acts, ch 1035, §6; 2010 Acts, ch 1137, §2; 2021 Acts, ch 8, §23
Referred to in §565B.7

565B.7 Transfer by obligor.

1. Subject to subsections 2 and 3, a person not subject to section 565B.5 or 565B.6 who holds property of, or owes a liquidated debt to, a minor not having a conservator, may make an irrevocable transfer to a custodian for the benefit of the minor pursuant to section 565B.9.

2. If a person having the right to do so under section 565B.3 has nominated a custodian under that section to receive the custodial property, the transfer must be made to that person.

3. If a custodian has not been nominated under section 565B.3, or all persons so nominated as custodian die before the transfer or are unable, decline, or are ineligible to serve, a transfer under this section may be made to an adult member of the minor's family or to a trust company unless the property exceeds twenty-five thousand dollars in value.

4. A person making a distribution under this section is relieved of all accountability with respect to the property once the property has been distributed.

5. This section does not apply to any amounts due a minor for services rendered by the minor.

86 Acts, ch 1035, §7; 87 Acts, ch 87, §2; 2005 Acts, ch 14, §5
Referred to in §97B.34A

565B.8 Receipt for custodial property.

A written acknowledgment of delivery by a custodian constitutes a sufficient receipt and discharge for custodial property transferred to the custodian pursuant to this chapter.

86 Acts, ch 1035, §8

565B.9 Manner of creating custodial property and effecting transfer — designation of initial custodian — control.

1. Custodial property is created and a transfer is made whenever:

a. An uncertificated security or a certificated security in registered form is either:

(1) Registered in the name of the transferor, an adult other than the transferor, or a trust

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company, followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act"; or

(2) Delivered if in certificated form, or any document necessary for the transfer of an uncertificated security is delivered, together with any necessary endorsement to an adult other than the transferor or to a trust company as custodian, accompanied by an instrument in substantially the form set forth in subsection 2;

b. Money is paid or delivered to a broker or financial institution for credit to an account in the name of the transferor, an adult other than the transferor, or a trust company, followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act";

c. The ownership of a life or endowment insurance policy or annuity contract is either:

(1) Registered with the issuer in the name of the transferor, an adult other than the transferor, or a trust company, followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act"; or

(2) Assigned in writing delivered to an adult other than the transferor or to a trust company whose name in the assignment is followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act";

d. An irrevocable exercise of a power of appointment or an irrevocable present right to future payment under a contract is the subject of a written notification delivered to the payor, issuer, or other obligor that the right is transferred to the transferor, an adult other than the transferor, or a trust company, whose name in the notification is followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act";

e. An interest in real property is recorded in the name of the transferor, an adult other than the transferor, or a trust company, followed in substance by the words: "as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act";

f. An interest in any property not described in paragraphs *"a"* through *"e"* is transferred to an adult other than the transferor or to a trust company by a written instrument in substantially the form set forth in subsection 2. An interest in any property as used in this paragraph does not include a certificate of title issued by a department or agency of a state or of the United States which evidences title to tangible personal property.

2. An instrument in the following form satisfies the requirements of subsection 1, paragraph *"a"*, subparagraph (2), and paragraph *"f"*:

TRANSFER UNDER THE IOWA UNIFORM
TRANSFERS TO MINORS ACT

I, ... (name of transferor or name and representative capacity if a fiduciary) hereby transfer to ..... (name of custodian), as custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act, the following: (insert a description of the custodial property sufficient to identify it).

Dated: .....

.....

(signature)

..... (name of custodian) acknowledges receipt of the property described above as custodian for the minor named above under the Iowa Uniform Transfers to Minors Act:

Dated: .....

.....

(signature of custodian)

3. A transferor shall place the custodian in control of the custodial property as soon as practicable.

86 Acts, ch 1035, §9

Referred to in §565B.1, 565B.2, 565B.3, 565B.4, 565B.5, 565B.6, 565B.7, 565B.11, 565B.18

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565B.10 Single custodianship.

A transfer may be made only for one minor, and only one person may be the custodian. All custodial property held under this chapter by the same custodian for the benefit of the same minor constitutes a single custodianship.

86 Acts, ch 1035, §10

565B.11 Validity and effect of transfer.

1. The validity of a transfer made in a manner prescribed in this chapter is not affected by:

a. The failure of the transferor to comply with section 565B.9, subsection 3, concerning possession and control;

b. The designation of an ineligible custodian, except designation of the transferor in the case of property for which the transferor is ineligible to serve as custodian under section 565B.9, subsection 1; or

c. The death or incapacity of a person nominated under section 565B.3 or designated under section 565B.9 as custodian or the disclaimer of the office by that person.

2. A transfer made pursuant to section 565B.9 is irrevocable, and the custodial property is indefeasibly vested in the minor, but the custodian has all the rights, powers, duties, and authority provided in this chapter, and neither the minor nor the minor's legal representative has any right, power, duty, or authority with respect to the custodial property except as provided in this chapter.

3. By making a transfer, the transferor incorporates in the disposition all the provisions of this chapter and grants to the custodian and to any third person dealing with a person designated as custodian the respective powers, rights, and immunities provided in this chapter.

86 Acts, ch 1035, §11

565B.12 Care of custodial property.

1. A custodian shall:

a. Take control of custodial property;

b. Register or record title to custodial property if appropriate; and

c. Collect, hold, manage, invest, and reinvest custodial property.

2. In dealing with custodial property, a custodian shall observe the standard of care that would be observed by a prudent person dealing with property of another and is not limited by any other statute restricting investments by fiduciaries. If a custodian has a special skill or expertise or is named custodian on the basis of representations of a special skill or expertise, the custodian shall use that skill or expertise. However, a custodian, at the custodian's discretion and without liability to the minor or the minor's estate, may retain any custodial property received from a transferor.

3. A custodian may invest in or pay premiums on life insurance or endowment policies on:

a. The life of the minor, only if the minor or the minor's estate is the sole beneficiary; or

b. The life of another person in whom the minor has an insurable interest, only to the extent that the minor, the minor's estate, or the custodian in the capacity of custodian, is the irrevocable beneficiary.

4. A custodian at all times shall keep custodial property separate and distinct from all other property in a manner sufficient to identify it clearly as custodial property of the minor. Custodial property consisting of an undivided interest is so identified if the minor's interest is held as a tenant in common and is fixed. Custodial property subject to recordation is so identified if it is recorded, and custodial property subject to registration is so identified if it is either registered, or held in an account designated, in the name of the custodian, followed in substance by the words: "as a custodian for ..... (name of minor) under the Iowa Uniform Transfers to Minors Act".

5. A custodian shall keep records of all transactions with respect to custodial property, including information necessary for the preparation of the minor's tax returns, and shall make them available for inspection at reasonable intervals by a parent or the legal

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representative of the minor or by the minor if the minor has attained the age of fourteen years.

86 Acts, ch 1035, §12
Referred to in §565B.13

565B.13 Powers of custodian.

1. A custodian, acting in a custodial capacity, has all the rights, powers, and authority over custodial property that unmarried adult owners have over their own property, but a custodian may exercise those rights, powers, and authority in that capacity only.

2. This section does not relieve a custodian from liability for breach of section 565B.12.

86 Acts, ch 1035, §13

565B.14 Use of custodial property.

1. A custodian may deliver or pay to the minor or expend for the minor's benefit so much of the custodial property as the custodian considers advisable for the use and benefit of the minor, without court order and without regard to:

a. The duty or ability of the custodian personally or of any other person to support the minor; or

b. Any other income or property of the minor which may be applicable or available for that purpose.

2. On petition of an interested person or the minor if the minor has attained the age of fourteen years, the court may order the custodian to deliver or pay to the minor or expend for the minor's benefit so much of the custodial property as the court considers advisable for the use and benefit of the minor.

3. A delivery, payment, or expenditure under this section is in addition to, not in substitution for, and does not affect any obligation of a person to support the minor.

86 Acts, ch 1035, §14

565B.15 Custodian's expenses, compensation, and bond.

1. A custodian is entitled to reimbursement from custodial property for reasonable expenses incurred in the performance of the custodian's duties.

2. Except for one who is a transferor under section 565B.4, a custodian has a noncumulative election during each calendar year to charge reasonable compensation for services performed during that year.

3. Except as provided in section 565B.18, subsection 6, a custodian need not give a bond.

86 Acts, ch 1035, §15

565B.16 Exemption of third person from liability.

A third person in good faith and without court order may act on the instructions of or otherwise deal with any person purporting to make a transfer or purporting to act in the capacity of a custodian and, in the absence of knowledge, is not responsible for determining:

1. The validity of the purported custodian's designation;

2. The propriety of, or the authority under this chapter for, any act of the purported custodian;

3. The validity or propriety under this chapter of any instrument or instructions executed or given either by the person purporting to make a transfer or by the purported custodian; or

4. The propriety of the application of any property of the minor delivered to the purported custodian.

86 Acts, ch 1035, §16

565B.17 Liability to third persons.

1. A claim based on:

a. A contract entered into by a custodian acting in a custodial capacity;

b. An obligation arising from the ownership or control of custodial property; or

c. A tort committed during the custodianship, may be asserted against the custodial

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property by proceeding against the custodian in the custodial capacity, whether or not the custodian or the minor is personally liable therefor.

2. A custodian is not personally liable:

a. On a contract properly entered into in the custodial capacity unless the custodian fails to reveal that capacity and to identify the custodianship in the contract; or

b. For an obligation arising from control of custodial property or for a tort committed during the custodianship unless the custodian is personally at fault.

3. A minor is not personally liable for an obligation arising from ownership of custodial property or for a tort committed during the custodianship unless the minor is personally at fault.

86 Acts, ch 1035, §17
Referred to in §565B.19

565B.18 Renunciation, resignation, death, or removal of custodian — designation of successor custodian.

1. A person nominated under section 565B.3 or designated under section 565B.9 as custodian may decline to serve by delivering a valid disclaimer to the person who made the nomination or to the transferor or the transferor's legal representative. If the event giving rise to a transfer has not occurred and no substitute custodian able, willing, and eligible to serve was nominated under section 565B.3, the person who made the nomination may nominate a substitute custodian under section 565B.3; otherwise, the transferor or the transferor's legal representative shall designate a substitute custodian at the time of the transfer, in either case from among the persons eligible to serve as custodian for that kind of property under section 565B.9, subsection 1. The custodian so designated has the rights of a successor custodian.

2. A custodian at any time may designate a trust company or an adult other than a transferor under section 565B.4 as successor custodian by executing and dating an instrument of designation before a subscribing witness other than the successor. If the instrument of designation does not contain or is not accompanied by the resignation of the custodian, the designation of the successor does not take effect until the custodian resigns, dies, becomes incapacitated, or is removed.

3. A custodian may resign at any time by delivering written notice to the minor if the minor has attained the age of fourteen years and to the successor custodian and by delivering the custodial property to the successor custodian.

4. If a custodian is ineligible, dies, or becomes incapacitated without having effectively designated a successor and the minor has attained the age of fourteen years, the minor may designate as successor custodian, in the manner prescribed in subsection 2, an adult member of the minor's family, a conservator of the minor, or a trust company. If the minor has not attained the age of fourteen years or fails to act within sixty days after the ineligibility, death, or incapacity, the conservator of the minor becomes successor custodian. If the minor has no conservator or the conservator declines to act, the transferor, the legal representative of the transferor or of the custodian, an adult member of the minor's family, or any other interested person may petition the court to designate a successor custodian.

5. A custodian who declines to serve under subsection 1 or resigns under subsection 3, or the legal representative of a deceased or incapacitated custodian, as soon as practicable, shall put the custodial property and records in the possession and control of the successor custodian. The successor custodian by action may enforce the obligation to deliver custodial property and records and becomes responsible for each item as received.

6. A transferor, the legal representative of a transferor, an adult member of the minor's family, a guardian of the person of the minor, the conservator of the minor, or the minor if the minor has attained the age of fourteen years may petition the court to remove the custodian for cause and to designate a successor custodian other than a transferor under section 565B.4 or to require the custodian to give appropriate bond.

86 Acts, ch 1035, §18
Referred to in §565B.1, 565B.15, 565B.19

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565B.19 Accounting by and determination of liability of custodian.

1. A minor who has attained the age of fourteen years, the minor's guardian of the person or legal representative, an adult member of the minor's family, a transferor, or a transferor's legal representative may petition the court:

a. For an accounting by the custodian or the custodian's legal representative; or

b. For a determination of responsibility, as between the custodial property and the custodian personally, for claims against the custodial property unless the responsibility has been adjudicated in an action under section 565B.17 to which the minor or the minor's legal representative was a party.

2. A successor custodian may petition the court for an accounting by the predecessor custodian.

3. The court, in a proceeding under this chapter or in any other proceeding, may require or permit the custodian or the custodian's legal representative to account.

4. If a custodian is removed under section 565B.18, subsection 6, the court shall require an accounting and order delivery of the custodial property and records to the successor custodian and the execution of all instruments required for transfer of the custodial property.

86 Acts, ch 1035, §19

565B.20 Termination of custodianship.

The custodian shall transfer in an appropriate manner the custodial property to the minor or to the minor's estate upon the earlier of:

1. The minor's attainment of twenty-one years of age with respect to custodial property transferred under this chapter; or

2. The minor's death.

86 Acts, ch 1035, §20

565B.21 Applicability.

This chapter applies to a transfer within the scope of section 565B.2 made after July 1, 1986, if:

1. The transfer purports to have been made under the Iowa uniform gifts to minors Act; or

2. The instrument by which the transfer purports to have been made uses in substance the designation "as custodian under the Uniform Gifts to Minors Act" or "as custodian under the Uniform Transfers to Minors Act" of any other state, and the application of this chapter is necessary to validate the transfer.

86 Acts, ch 1035, §21

565B.22 Effect on existing custodianships.

1. Any transfer of custodial property as now defined in this chapter made before July 1, 1986, is validated notwithstanding that there was no specific authority in the Iowa uniform gifts to minors Act for the coverage of custodial property of that kind or for a transfer from that source at the time the transfer was made.

2. This chapter applies to all transfers made before July 1, 1986, in a manner and form prescribed in chapter 565A, Code 1985, the Iowa uniform gifts to minors Act, except insofar as the application impairs constitutionally vested rights.

86 Acts, ch 1035, §22
Effect of repeal of chapter 565A; 86 Acts, ch 1035, §26

565B.23 Uniformity of application and construction.

This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting it.

86 Acts, ch 1035, §23

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565B.24 Other laws not applicable.

Chapter 633 and all other laws of this state to the extent contrary to this chapter do not apply to the custodial property of a minor held by the custodian under this chapter.

86 Acts, ch 1035, §24

565B.25 Short title.

This chapter may be cited as the *"Iowa Uniform Transfers to Minors Act"*.

86 Acts, ch 1035, §25

CHAPTER 566

CEMETERY MANAGEMENT

Repealed by 2005 Acts, ch 128, §74; see chapter 523I

CHAPTER 566A

CEMETERY REGULATION

Repealed by 2005 Acts, ch 128, §74; see chapter 523I

CHAPTER 567

NONRESIDENT ALIENS — LAND OWNERSHIP

Transferred to chapter 9I; 2002 Acts, ch 1095, §10

CHAPTER 568

ISLANDS AND ABANDONED RIVER CHANNELS

Chapter repealed by 2012 Acts, ch 1118, §20

CHAPTER 569

ACQUISITION OF TITLE BY STATE OR MUNICIPAL CORPORATIONS

Referred to in §331.361

569.1 Right to receive conveyance.
569.2 Bidding in at execution sale.
569.3 Amount of bid.
569.4 Costs and expenses.
569.5 Management.
569.6 Costs, expenses and proceeds.
569.7 Execution of deeds and leases.
569.8 Title under tax deed — sale — proceeds.

569.1 Right to receive conveyance.

When it becomes necessary, to secure the state or any county or other municipal corporation thereof from loss, to take real estate on account of a debt by bidding the same in at execution sale or otherwise, the conveyance shall vest in the grantee as complete a title as if it were a natural person.

[C73, §1910; C97, §2894; C24, 27, 31, 35, 39, §**10246;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.1]

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569.2 Bidding in at execution sale.

Such real estate shall be bid in, if for the state, by the attorney general, if for the county, by the county attorney, and if for any other municipal corporation, by its attorney or agent appointed for that purpose, the proceeds of any such real estate, when sold, to be covered into the state, county, or municipal treasury, as the case may be, for the use of the general or the special fund to which it rightfully belongs.

[C73, §1911; C97, §2895; C24, 27, 31, 35, 39, §**10247;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.2]

Referred to in §331.756(63)
Bidding at tax sale, §446.19, 468.158

569.3 Amount of bid.

When real estate is sold as above provided, the fair and reasonable value shall be bid therefor, unless in excess of the judgment, interest, costs, and accruing costs, in which case the bid shall be for such sum only.

[C73, §1912; C97, §2896; C24, 27, 31, 35, 39, §**10248;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.3]

569.4 Costs and expenses.

1. In all cases in which the state becomes the purchaser of real estate under the provisions of this chapter, the costs and expenses attending such purchases shall be audited and allowed by the director of the department of administrative services, and paid out of any moneys in the state treasury not otherwise appropriated, upon the director's warrant, and charged to the fund to which the indebtedness belonged upon which such real estate was taken.

2. If the real estate is purchased by a county, the costs and expenses shall be audited by the board of supervisors and paid out of the county treasury, upon a warrant drawn by the auditor on the treasurer, from the fund to which the debt belonged upon which said real estate was purchased.

3. If the real estate is purchased by any other municipal corporation, then the costs shall be audited and paid by the municipal corporation in the same manner as other claims against the municipal corporation are audited and paid.

[C73, §1913; C97, §2897; C24, 27, 31, 35, 39, §**10249;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.4]

2003 Acts, ch 145, §286; 2018 Acts, ch 1041, §110

569.5 Management.

When the title to real estate becomes vested in the state, or in a county or municipality under this chapter, or by conveyance under the statutes relating to taxation, the executive council, board of supervisors, or other governing body, as the case may be, shall manage, control, protect by insurance, lease, or sell said real estate on such terms, conditions, or security as said governing body may deem best.

[C73, §1914 – 1917, 1919; C97, §2898, 2899; C24, 27, 31, §10250 – 10252, 10254 – 10256; C35, §10260-e1; C39, §**10260.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.5]

569.6 Costs, expenses and proceeds.

The cost and expense resulting from the exercise of said powers shall be paid from the fund to which said real estate belongs and the proceeds of a lease or sale shall be credited to said fund.

[C73, §1914 – 1917, 1919; C97, §2898, 2899; C24, 27, 31, §10250 – 10252, 10254 – 10256; C35, §10260-e2; C39, §**10260.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.6]

569.7 Execution of deeds and leases.

The said governing body may appoint its chairperson, president, or other member to execute and acknowledge, for and on behalf of the state, county, or municipality, leases and deeds of conveyance, but said instruments when executed shall be approved by the said body and said approval spread upon its minutes with the yea and nay vote thereon.

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A transcript of said minutes certified by the secretary of said body shall be entitled to be recorded in the same manner as the approved instrument is entitled to be recorded.

[C73, §1916, 1918, 1919; C97, §2898 – 2900; C24, 27, 31, §10254, 10257 – 10260; C35, §10260-e3; C39, §**10260.3;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §569.7]

569.8 Title under tax deed — sale — proceeds.

1. Disposition by a county of a parcel acquired by tax deed shall comply with section 331.361, subsection 2 or 3.

2. When title to a parcel acquired by tax deed is transferred, the auditor shall immediately record the deed and the assessor shall enter the parcel to be assessed following the assessment date.

3. A parcel the county holds by tax deed shall not be assessed or taxed until transferred.

4. The transfer by a county of a parcel acquired by tax deed gives the purchaser free title as to previously levied or set taxes.

5. The proceeds of the sale shall be credited to the county general fund.

[C35, §10260-g1; C39, §**10260.4;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §569.8; 81 Acts, ch 117, §1094]

91 Acts, ch 191, §122; 92 Acts, ch 1016, §40; 96 Acts, ch 1204, §32

Referred to in §445.1

For definitions applicable to this section, see §445.1

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SUBTITLE 3

LIENS

Referred to in §501A.603

CHAPTER 570

LANDLORD'S LIEN

Referred to in §321.47, 571.3A

Landlord and tenant generally, chapters 562, 562A, 562B

570.1 Lien created — perfection and priority — termination.
570.2 Duration of lien.
570.3 Limitation on lien in case of sale under judicial process.
570.4 Limitation on lien in case of crop failure.
570.5 Enforcement — proceeding by attachment.
570.6 Lien upon additional property.
570.7 Action by tenant to recover property.
570.8 Acts sufficient to constitute taking of property.
570.9 Sale of crops held by landlord's lien.
570.10 Action barred by payment of rent.

570.1 Lien created — perfection and priority — termination.

1. A landlord shall have a lien for the rent upon all crops grown upon the leased premises, and upon any other personal property of the tenant which has been used or kept thereon during the term and which is not exempt from execution.

2. In order to perfect a lien in farm products as defined in section 554.9102, which is created under this section, a landlord must file a financing statement as required by section 554.9308, subsection 2. Except as provided in chapters 571, 572, 579A, 579B, and 581, a perfected lien in the farm products has priority over a conflicting security interest or lien, including a security interest or lien that was perfected prior to the creation of the lien under this section, if the lien created in this section is perfected on either of the following dates:

a. Prior to July 1, 2001.

b. When the debtor takes possession of the leased premises or within twenty days after the debtor takes possession of the leased premises.

3. A financing statement filed to perfect a lien in the farm products must include a statement that it is filed for the purpose of perfecting a landlord's lien. Notwithstanding section 554.9515, such financing statement shall continue to be effective until a termination statement is filed.

4. Within twenty days after a landlord who has filed a financing statement receives a written demand, authenticated as provided in article 9 of chapter 554, from a tenant, the landlord shall file a termination statement, if the lien in the farm products has expired or if the tenant is no longer in possession of the leased premises and has performed all obligations under the lease.

[C51, §1270; R60, §2302; C73, §2017; C97, §2992; C24, 27, 31, 35, 39, §**10261;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.1]

2000 Acts, ch 1149, §176, 187; 2002 Acts, ch 1023, §1

Referred to in §570A.5

570.2 Duration of lien.

Such lien shall continue for the period of one year after a year's rent, or the rent of a shorter period, falls due. But in no case shall such lien continue more than six months after the expiration of the term.

[C51, §1270; R60, §2302; C73, §2017; C97, §2992; C24, 27, 31, 35, 39, §**10262;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.2]

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570.3 Limitation on lien in case of sale under judicial process.

In the event that a stock of goods or merchandise, or a part thereof, subject to a landlord's lien, shall be sold under judicial process, order of court, or by an assignee under a general assignment for benefit of creditors, the lien of the landlord shall not be enforceable against said stock or portion thereof, except for rent due for the term already expired, and for rent to be paid for the use of demised premises for a period not exceeding six months after date of sale, any agreement of the parties to the contrary notwithstanding.

[C97, §2992; C24, 27, 31, 35, 39, §**10263;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.3]

570.4 Limitation on lien in case of crop failure.

1. In cases of farm leases involving the rental of farmlands of forty acres or more, where the tenant has defaulted in the payment of the rent and suit has been commenced aided by landlord's attachment for the enforcement of the landlord's lien, the defendant may file as a defense that the default or inability to pay is caused or brought about by reason of drought, flood, hail, storms, or other climatic conditions or infestation of pests affecting the crops in controversy. When such a defense has been filed, the issue as to the cause for the default shall be triable as an equitable action. Upon the hearing, if the court finds that the default or inability to pay is due to drought, flood, hail, storm, or other climatic conditions or infestation of pests affecting the crops in controversy, the court may enter a decree pursuant thereto with the court's finding of fact. Where a decree has been entered finding that the inability to pay was brought about by any of the conditions named in this section, the landlord's lien shall be confined to all of the crops grown and raised upon the premises and to all increase in livestock and hogs raised upon the premises.

2. The provisions of this section shall not apply to any farm leases executed prior to July 4, 1941.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.4]

2021 Acts, ch 76, §150

570.5 Enforcement — proceeding by attachment.

The lien may be enforced by the commencement of an action, within the period above prescribed, for the rent alone, in which action the landlord shall be entitled to a writ of attachment, upon filing with the clerk a verified petition, stating that the action is commenced to recover rent accrued within one year previous thereto upon premises described in the petition; and the procedure thereunder shall be the same, as nearly as may be, as in other cases of attachment, except no bond shall be required.

[C51, §1271; R60, §2303; C73, §2018; C97, §2993; C24, 27, 31, 35, 39, §**10264;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.5]

570.6 Lien upon additional property.

If a lien for rent is given in a written lease or other instrument upon additional property, it may be enforced in the same manner as a landlord's lien and in the same action.

[C51, §1271; R60, §2303; C73, §2018; C97, §2993; C24, 27, 31, 35, 39, §**10265;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.6]

570.7 Action by tenant to recover property.

An action brought by a tenant, the tenant's assignee or undertenant, to recover the possession of specific personal property taken under landlord's attachment, may be against the party who sued out the attachment; and the property claimed in such action may, under the writ therefor, be taken from the officer who seized it, when the officer has no other claim to hold it than that derived from the writ.

[R60, §2770; C73, §2575; C97, §3490; C24, 27, 31, 35, 39, §**10266;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.7]

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570.8 Acts sufficient to constitute taking of property.

The endorsement of a levy on the property, made upon the process by the officer holding it, shall be a sufficient taking of the property to sustain an action against the party who sued out the writ.

[R60, §2770; C73, §2575; C97, §3490; C24, 27, 31, 35, 39, §**10267;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.8]

Levy generally, R.C.P. 1.1018 – 1.1020; §639.26

570.9 Sale of crops held by landlord's lien.

If any tenant of farmlands, with intent to defraud, shall sell, conceal, or in any manner dispose of any of the grain, or other annual products thereof upon which there is a landlord's lien for unpaid rent, without the written consent of the landlord, the tenant shall be guilty of theft.

[S13, §4852-a; C24, 27, 31, 35, 39, §**10268;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.9]

Referred to in §570.10
Theft, chapter 714

570.10 Action barred by payment of rent.

The payment of the rent for the lands upon which such grain or other annual products were raised at or before the time the same falls due, shall be a bar to any prosecution under section 570.9 and no prosecution shall be commenced until such rent be wholly due.

[S13, §4852-b; C24, 27, 31, 35, 39, §**10269;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §570.10]

CHAPTER 570A

AGRICULTURAL SUPPLY DEALER LIEN

570A.1 Definitions.
570A.2 Financial institution memorandum to agricultural supply dealers.
570A.3 Lien created.
570A.4 Perfecting the lien — filing requirements.
570A.5 Priority of lien.
570A.6 Enforcement of lien.
570A.7 through 570A.11 Repealed by 2003 Acts, ch 82, §8.

570A.1 Definitions.

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

1. *"Agricultural chemical"* means a fertilizer or agricultural chemical which is applied to crops or land which is used for the raising of crops, including but not limited to fertilizer as defined in section 200.3, and pesticide as defined in section 206.2.

2. *"Agricultural purpose"* means a purpose related to the production, harvest, marketing, or transportation of agricultural products by a person who cultivates, plants, propagates or nurtures the agricultural products including agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any other products raised or produced on farms.

3. *"Agricultural supply"* means an agricultural chemical, seed, feed, or a petroleum product that is used for an agricultural purpose.

4. *"Agricultural supply dealer"* or *"dealer"* means a person engaged in the retail sale of agricultural chemicals, seed, feed, or petroleum products used for an agricultural purpose.

5. *"Agricultural supply dealer lien"* or *"lien"* means the agricultural supply dealer lien created in section 570A.3.

6. *"Certified request"* means a request delivered by certified mail or registered certified mail, in person if in writing and signed and dated by the respective parties, or in the manner provided by the Iowa rules of civil procedure for the personal service of original notice.

7. *"Farmer"* means a person engaged in a business which has an agricultural purpose.

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8. *"Feed"* means a commercial feed, feed ingredient, mineral feed, drug, animal health product, or customer-formula feed which is used for the feeding of livestock, including but not limited to feed as defined in section 198.3.

9. *"Financial history"* means the record of a person's current loans, the date of a person's loans, the amount of the loans, the person's payment record on the loans, current liens against the person's property, and the person's most recent financial statement.

10. *"Financial institution"* means a bank, credit union, insurance company, mortgage banking company or savings and loan association, industrial loan company, production credit association, farmer's home administration, or like institution which operates or has a place of business in this state.

11. *"Labor"* means labor performed in the application, delivery, or preparation of a product defined in subsections 1, 8, 14, and 16.

12. *"Letter of credit"* means an engagement by a financial institution to honor drafts or other demands for payment.

13. *"Livestock"* means an animal belonging to the bovine, caprine, equine, ovine, or porcine species, ostriches, rheas, emus, poultry, or fish or shellfish.

14. *"Petroleum product"* means a motor fuel or special fuel which is used in the production of crops or livestock, including but not limited to motor fuel as defined in section 452A.2.

15. *"Sale on a credit basis"* means a transaction in which the purchase price is due on a date after the date of the sale.

16. *"Seed"* means agricultural seeds which are used in the production of crops, including but not limited to agricultural seed as defined in section 199.1.

84 Acts, ch 1072, §1; 85 Acts, ch 204, §1; 95 Acts, ch 43, §13; 2003 Acts, ch 82, §1, 2
Referred to in §414.23

570A.2 Financial institution memorandum to agricultural supply dealers.

1. Upon the receipt of a certified request of an agricultural supply dealer, prior to or upon a sale on a credit basis of an agricultural supply to a farmer, a financial institution which has either a security interest in collateral owned by the farmer or an outstanding loan to the farmer for an agricultural purpose shall issue within four business days a memorandum which states whether or not the farmer has a sufficient net worth or line of credit to assure payment of the purchase price on the terms of the sale. The certified request submitted by the agricultural supply dealer shall state the amount of the purchase and the terms of sale and shall be accompanied by a waiver of confidentiality signed by the farmer, and a fifteen dollar fee. The waiver of confidentiality and the certified request may be combined and submitted as one document. If the financial institution states in its memorandum that the farmer has a sufficient net worth or line of credit to assure payment of the purchase price, the memorandum is an irrevocable and unconditional letter of credit to the benefit of the agricultural supply dealer for a period of thirty days following the date on which the final payment is due for the amount of the purchase price which remains unpaid. If the financial institution does not state in its memorandum that the farmer has a sufficient net worth or line of credit to assure payment of the purchase price, the financial institution shall transmit the relevant financial history which it holds on the person. This financial history shall remain confidential between the financial institution, the agricultural supply dealer, and the farmer.

2. If within four business days of receipt of a certified request a financial institution fails to issue a memorandum upon the request of an agricultural supply dealer and the request from the agricultural supply dealer was proper under subsection 1, or if the memorandum from the financial institution is incomplete, or if the memorandum from the financial institution states that the farmer does not have a sufficient net worth or line of credit to assure payment of the purchase price, the agricultural supply dealer may decide to make the sale and secure the lien provided in section 570A.3.

3. Upon an action to enforce a lien secured under section 570A.3 against the interest of a financial institution secured to the same collateral as that of the lien, it shall be an affirmative defense to a financial institution and complete proof of the superior priority of the financial institution's lien that the financial institution either did not receive a certified request and a waiver signed by the farmer, or received the request and a waiver signed by the farmer and

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provided the full and complete relevant financial history which it held on the farmer making the purchase from the agricultural supply dealer on which the lien is based and that financial history reasonably indicated that the farmer did not have a sufficient net worth or line of credit to assure payment of the purchase price.

84 Acts, ch 1072, §2; 85 Acts, ch 204, §2; 90 Acts, ch 1168, §58; 2003 Acts, ch 82, §3
Referred to in §570A.5

570A.3 Lien created.

An agricultural supply dealer who provides an agricultural supply to a farmer shall have an agricultural lien as provided in section 554.9102. The agricultural supply dealer is a secured party and the farmer is a debtor for purposes of chapter 554, article 9. The amount of the lien shall be the amount owed to the agricultural supply dealer for the retail cost of the agricultural supply, including labor provided. The lien applies to all of the following:

1. Crops which are produced upon the land to which the agricultural chemical was applied, produced from the seed provided, or produced using the petroleum product provided. The lien shall not apply to any crops so produced upon the land after four hundred ninety days from the date that the farmer purchased the agricultural supply.

2. Livestock consuming the feed. However, the lien does not apply to that portion of the livestock of a farmer who has paid all amounts due from the farmer for the retail cost, including labor, of the feed.

84 Acts, ch 1072, §3; 85 Acts, ch 204, §3; 2003 Acts, ch 82, §4
Referred to in §570A.1, 570A.2

570A.4 Perfecting the lien — filing requirements.

Except as provided in this section, a financing statement filed to perfect an agricultural supply dealer lien shall be governed by chapter 554, article 9, part 5, in the same manner as any other financing statement.

1. The lien becomes effective at the time that the farmer purchases the agricultural supply.

2. In order to perfect the lien, the agricultural supply dealer must file a financing statement in the office of the secretary of state as provided in section 554.9308 within thirty-one days after the date that the farmer purchases the agricultural supply. The financing statement shall meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516. Filing a financing statement as provided in this subsection satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

84 Acts, ch 1072, §4; 85 Acts, ch 204, §4; 88 Acts, ch 1275, §40; 91 Acts, ch 267, §630; 2000 Acts, ch 1149, §177, 187; 2003 Acts, ch 82, §5
Referred to in §570A.5

570A.5 Priority of lien.

Except as provided in this section, an agricultural supply dealer lien that is effective or perfected as provided in section 570A.4 shall be subject to the rules of priority as provided in section 554.9322. For an agricultural supply dealer lien that is perfected under section 570A.4, all of the following shall apply:

1. The lien shall have priority over a lien or security interest that applies subsequent to the time that the agricultural supply dealer lien is perfected.

2. Except as provided in section 570A.2, subsection 3, the lien shall have equal priority to a lien or security interest which is perfected prior to the time that the agricultural supply dealer lien is perfected. However, a landlord's lien that is perfected pursuant to section 570.1 shall have priority over a conflicting agricultural supply dealer lien as provided in section 570.1, and a harvester's lien that is perfected pursuant to section 571.3 shall have priority over a conflicting agricultural supply dealer lien as provided in section 571.3A.

3. A lien in livestock feed shall have priority over an earlier perfected lien or security interest to the extent of the difference between the acquisition price of the livestock and the fair market value of the livestock at the time the lien attaches or the sale price of the livestock, whichever is greater.

84 Acts, ch 1072, §5; 2003 Acts, ch 82, §6; 2004 Acts, ch 1086, §92, 93

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570A.6 Enforcement of lien.

An agricultural supply dealer may enforce an agricultural supply dealer lien in the manner provided for agricultural liens pursuant to chapter 554, article 9, part 6.

84 Acts, ch 1072, §6; 2000 Acts, ch 1149, §178, 187; 2003 Acts, ch 82, §7; 2004 Acts, ch 1086, §94

570A.7 through 570A.11 Repealed by 2003 Acts, ch 82, §8.

CHAPTER 571

HARVESTER'S LIEN

Referred to in §570.1

571.1	Nature of lien. Repealed by 2003 Acts, ch 82, §14.	571.3A	Priority of lien.
571.1A	Definitions.	571.4	Enforcement — time limit. Repealed by 2003 Acts, ch 82, §14.
571.1B	Lien created.	571.5	Enforcement of lien.
571.2	Priority of lien. Repealed by 2003 Acts, ch 82, §14.	571.6	Acknowledgment of satisfaction. Repealed by 2003 Acts, ch 82, §14.
571.3	Perfecting the lien — filing requirements.		

571.1 Nature of lien. Repealed by 2003 Acts, ch 82, §14.

571.1A Definitions.

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

1. *"Crop"* includes but is not limited to corn, soybeans, hay, straw, and crops produced on trees, vines, or bushes.
2. *"Harvester"* means a person who performs harvesting services.
3. *"Harvesting services"* means baling, chopping, combining, cutting, husking, picking, shelling, stacking, threshing, or windrowing a crop, regardless of the means or method employed.
4. *"Harvester's lien"* or *"lien"* means the harvester's lien created in section 571.1B.

2003 Acts, ch 82, §9; 2007 Acts, ch 126, §99

571.1B Lien created.

A harvester shall have an agricultural lien as provided in section 554.9102 for the reasonable value of harvesting services. The harvester is a secured party and the person for whom the harvester renders such harvesting services is a debtor for purposes of chapter 554, article 9. The lien applies to crops harvested by the harvester.

2003 Acts, ch 82, §10

Referred to in §571.1A, 571.3

571.2 Priority of lien. Repealed by 2003 Acts, ch 82, §14.

571.3 Perfecting the lien — filing requirements.

Except as provided in this section, a financing statement filed to perfect a harvester's lien shall be governed by chapter 554, article 9, part 5, in the same manner as any other financing statement.

1. The lien becomes effective at the time that the harvesting services provided under section 571.1B are rendered.
2. In order to perfect the lien, the harvester must file a financing statement in the office of the secretary of state as provided in section 554.9308 within ten days after the last date that the harvesting services were rendered. The financing statement shall meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section

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554.9516. Filing a financing statement as provided in this subsection satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

[C35, §10269-e3; C39, §**10269.3;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §571.3]
86 Acts, ch 1033, §1; 2003 Acts, ch 82, §11
Referred to in §570A.5, 571.3A

571.3A Priority of lien.

Except as provided in this section, section 554.9322 shall govern the priority of a harvester's lien that is effective or perfected as provided in section 571.3.

1. A harvester's lien that is effective but not perfected under section 571.3 shall have priority as provided in section 554.9322.

2. A harvester's lien that is perfected under section 571.3 shall have priority over a conflicting security interest in harvested crops regardless of when such security interest is perfected. A perfected harvester's lien shall have priority over a conflicting landlord's lien as provided in chapter 570, regardless of when such landlord's lien is perfected.

2003 Acts, ch 82, §12
Referred to in §570A.5

571.4 Enforcement — time limit. Repealed by 2003 Acts, ch 82, §14.

571.5 Enforcement of lien.

A harvester may enforce a harvester's lien in the manner provided for agricultural liens pursuant to the uniform commercial code, chapter 554, article 9, part 6.

[C35, §10269-e5; C39, §**10269.5;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §571.5]
2000 Acts, ch 1149, §179, 187; 2003 Acts, ch 82, §13

571.6 Acknowledgment of satisfaction. Repealed by 2003 Acts, ch 82, §14.

CHAPTER 572

MECHANIC'S LIEN

Referred to in §458A.25, 558B.2, 561.21, 570.1, 617.11

572.1 Definitions and rules of construction.
572.2 Persons entitled to lien.
572.3 Collateral security before completion of work. Repealed by 2018 Acts, ch 1094, §1.
572.4 Security after completion of work.
572.5 Extent of lien.
572.6 In case of leasehold interest.
572.7 In case of internal improvement.
572.8 Perfection of lien.
572.9 Time of lien posting.
572.10 Perfecting lien after lapse of ninety days.
572.11 Extent of lien posted after ninety days.
572.12 Time of filing against railway.
572.13 General contractor — owner notice — residential construction.
572.13A Notice of commencement of work — general contractor — owner-builder.
572.13B Preliminary notice — subcontractor — residential construction.
572.14 Liability to subcontractor after payment to general contractor or owner-builder.
572.15 Discharge of mechanic's lien — bond.
572.16 Rule of construction.
572.17 Priority of mechanics' liens between mechanics.
572.18 Priority over other liens.
572.19 Priority over garnishments of the owner.
572.20 Priority as to buildings over prior liens upon land.
572.21 Foreclosure of mechanic's lien when lien on land.
572.22 Record of claim.
572.23 Acknowledgment of satisfaction of claim.
572.24 Time of bringing action — court.
572.25 Place of bringing action.
572.26 Kinds of action — amendment.

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572.27	Limitation on action.	572.32	Attorney fees — remedies.
572.28	Demand for bringing suit.	572.33	Requirement of notification for commercial construction.
572.29	Assignment of lien.		
572.30	Action by subcontractor or owner against general contractor or owner-builder.	572.33A	Liability of owner to general contractor — commercial construction.
572.31	Cooperative and condominium housing.	572.34	Mechanics' notice and lien registry.

572.1 Definitions and rules of construction.

For the purpose of this chapter:

1. *"Administrator"* means the secretary of state.

2. *"Building"* shall be construed as if followed by the words "erection, or other improvement upon land".

3. *"General contractor"* includes every person who does work or furnishes materials by contract, express or implied, with an owner. *"General contractor"* does not include a person who does work or furnishes materials on contract with an owner-builder.

4. *"Labor"* means labor completed by the claimant.

5. *"Material"*, in addition to its ordinary meaning, includes machinery, tools, fixtures, trees, evergreens, vines, plants, shrubs, tubers, bulbs, hedges, bushes, sod, soil, dirt, mulch, peat, fertilizer, fence wire, fence material, fence posts, tile, and the use of forms, accessories, and equipment furnished by the claimant.

6. *"Mechanics' notice and lien registry"* means a centralized computer database maintained on the internet by the administrator that provides a central repository for the submission and management of preliminary notices, notices of commencement of work on residential construction properties, and mechanics' liens on all construction properties.

7. *"Mechanics' notice and lien registry number"* means a number provided by the administrator for all residential construction properties posted to the mechanics' notice and lien registry.

8. *"Owner"* means the legal or equitable titleholder of record.

9. *"Owner-builder"* means the legal or equitable titleholder of record who furnishes material for or performs labor upon a building, erection, or other improvement, or who contracts with a subcontractor to furnish material for or perform labor upon a building, erection, or other improvement and who offers or intends to offer to sell the owner-builder's property without occupying or using the structures, properties, developments, or improvements for a period of more than one year from the date the structure, property, development, or improvement is substantially completed or abandoned.

10. *"Residential construction"* means construction on single-family or two-family dwellings occupied or used, or intended to be occupied or used, primarily for residential purposes, and includes real property pursuant to chapter 499B.

11. *"Subcontractor"* includes every person furnishing material or performing labor upon any building, erection, or other improvement, except those having contracts directly with the owner. *"Subcontractor"* shall include those persons having contracts directly with an owner-builder.

[C51, §982; R60, §1866, 1871; C73, §2144, 2146; C97, §3096, 3097; C24, 27, 31, 35, 39, §**10270;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.1; 81 Acts, ch 186, §1]

98 Acts, ch 1142, §1; 2007 Acts, ch 83, §1, 2; 2012 Acts, ch 1105, §2, 27, 28; 2012 Acts, ch 1138, §13, 40, 43

Referred to in §614.1

572.2 Persons entitled to lien.

1. Every person who furnishes any material or labor for, or performs any labor upon, any building or land for improvement, alteration, or repair thereof, including those engaged in the construction or repair of any work of internal or external improvement, and those engaged in grading, sodding, installing nursery stock, landscaping, sidewalk building, fencing on any land or lot, by virtue of any contract with the owner, owner-builder, general contractor, or subcontractor shall have a lien upon such building or improvement, and land belonging to

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the owner on which the same is situated or upon the land or lot so graded, landscaped, fenced, or otherwise improved, altered, or repaired, to secure payment for the material or labor furnished or labor performed.

2. If material is rented by a person to the owner, general contractor, or subcontractor, the person shall have a lien upon such building, improvement, or land to secure payment for the material rental. The lien is for the reasonable rental value during the period of actual use of the material and any reasonable periods of nonuse of the material taken into account in the rental agreement. The delivery of material to such building, improvement, or land, whether or not delivery is made by the person, creates a presumption that the material was used in the course of alteration, construction, or repair of the building, improvement, or land. However, this presumption shall not pertain to recoveries sought under a surety bond.

3. An owner-builder is not entitled to a lien under this chapter as to work the owner-builder performs, or is contractually obligated to perform, prior to transferring title to the buyer.

[C51, §981, 1010; R60, §1846; C73, §2130; C97, §3089; C24, 27, 31, 35, 39, §**10271;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.2]

98 Acts, ch 1142, §2; 2007 Acts, ch 83, §3; 2012 Acts, ch 1105, §3, 27, 28; 2012 Acts, ch 1138, §13

Homestead liable, §561.21

572.3 Collateral security before completion of work. Repealed by 2018 Acts, ch 1094, §1.

572.4 Security after completion of work.

After the completion of such work, the taking of security of any kind shall not affect the right to establish a mechanic's lien unless such new security shall, by express agreement, be given and received in lieu of such lien.

[C97, §3088; C24, 27, 31, 35, 39, §**10273;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.4]

572.5 Extent of lien.

The entire land upon which any building or improvement is situated, including that portion not covered therewith, shall be subject to a mechanic's lien to the extent of the interest therein of the person for whose benefit such material was furnished or labor performed.

[R60, §1854; C73, §2140; C97, §3090; C24, 27, 31, 35, 39, §**10274;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.5]

572.6 In case of leasehold interest.

When the interest of such person is only a leasehold, the forfeiture of the lease for the nonpayment of rent, or for noncompliance with any of the other conditions therein, shall not forfeit or impair the mechanic's lien upon such building or improvement; but the same may be sold to satisfy such lien, and removed by the purchaser within thirty days after the sale thereof.

[R60, §1854; C73, §2140; C97, §3090; C24, 27, 31, 35, 39, §**10275;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.6]

572.7 In case of internal improvement.

When the lien is for material furnished or labor performed in the construction, repair, or equipment of any railroad, canal, viaduct, or other similar improvement, said lien shall attach to the erections, excavations, embankments, bridges, roadbeds, rolling stock, and other equipment and to all land upon which such improvements or property may be situated, except the easement or right-of-way.

[C73, §2132; C97, §3091; C24, 27, 31, 35, 39, §**10276;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.7]

572.8 Perfection of lien.

1. A person shall perfect a mechanic's lien by posting to the mechanics' notice and lien

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registry internet site a verified statement of account of the demand due the person, after allowing all credits, setting forth:

a. The date when such material was first furnished or labor first performed, and the date on which the last of the material was furnished or the last of the labor was performed.

b. The legal description that adequately describes the property to be charged with the lien.

c. The name and last known mailing address of the owner of the property.

d. The address of the property or a description of the location of the property if the property cannot be reasonably identified by an address.

e. The tax parcel identification number.

2. Upon posting of the lien, the administrator shall mail a copy of the lien to the owner. If the statement of the lien consists of more than one page, the administrator may omit such pages as consist solely of an accounting of the material furnished or labor performed. In this case, the administrator shall attach a notification that pages of accounting were omitted and may be inspected on the mechanics' notice and lien registry internet site.

3. A lien perfected under this section shall be limited to the county or counties in which the building, land, or improvement to be charged with the lien is situated. The county or counties identified on the mechanics' notice and lien registry internet site at the time of posting the required notices pursuant to sections 572.13A and 572.13B shall be the only county or counties in which the building, land, or improvement may be charged with a mechanic's lien.

[R60, §1851; C73, §2137; C97, §3092; C24, 27, 31, 35, 39, §**10277;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.8]

2007 Acts, ch 83, §4; 2012 Acts, ch 1105, §4, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257; 2013 Acts, ch 99, §1; 2021 Acts, ch 72, §1, 3

Referred to in §572.9, 572.10, 572.17, 572.31, 602.8102(8)

572.9 Time of lien posting.

The statement of account required by section 572.8 shall be posted by a general contractor or subcontractor within two years and ninety days after the date on which the last of the material was furnished or the last of the labor was performed.

[R60, §1851; C73, §2137; C97, §3092; C24, 27, 31, 35, 39, §**10278;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.9]

87 Acts, ch 79, §1; 2007 Acts, ch 83, §5; 2012 Acts, ch 1105, §5, 27, 28; 2012 Acts, ch 1138, §13

Referred to in §572.31

572.10 Perfecting lien after lapse of ninety days.

A general contractor or a subcontractor may perfect a mechanic's lien pursuant to section 572.8 beyond ninety days after the date on which the last of the material was furnished or the last of the labor was performed by posting a lien to the mechanics' notice and lien registry internet site and giving written notice thereof to the owner. Such notice may be served by any person in the manner original notices are required to be served. If the party to be served is out of the county wherein the property is situated, a return of that fact by the person charged with making such service shall constitute sufficient service from and after the time it was posted to the mechanics' notice and lien registry internet site.

[C73, §2133; C97, §3094; SS15, §3094; C24, 27, 31, 35, 39, §**10279;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.10]

87 Acts, ch 79, §2; 2007 Acts, ch 83, §6; 2012 Acts, ch 1105, §6, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257

Referred to in §572.11, 572.20

Service of notice, R.C.P. 1.302 – 1.315

572.11 Extent of lien posted after ninety days.

Liens perfected under section 572.10 shall be enforced against the property or upon the bond, if given, by the owner or by the owner-builder's buyer, only to the extent of the balance due from the owner to the general contractor or from the owner-builder's buyer to the owner-builder at the time of the service of such notice; but if the bond was given by the

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general contractor or owner-builder, or person contracting with the subcontractor posting the claim for a lien, such bond shall be enforced to the full extent of the amount found due the subcontractor.

[C73, §2133; C97, §3094; SS15, §3094; C24, 27, 31, 35, 39, §**10280;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.11]

87 Acts, ch 79, §3; 2007 Acts, ch 83, §7; 2012 Acts, ch 1105, §7, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §2

Referred to in §572.20

572.12 Time of filing against railway.

Where a lien is claimed upon a railway, the subcontractor shall have ninety days from the last day of the month in which such labor was done or material furnished within which to file the claim therefor.

[R60, §1851; C73, §2137; C97, §3092; C24, 27, 31, 35, 39, §**10281;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.12]

87 Acts, ch 79, §4

572.13 General contractor — owner notice — residential construction.

1. A general contractor who has contracted or will contract with a subcontractor to provide labor or furnish material for the property shall provide the owner with the following owner notice in writing in boldface type of a minimum size of ten points:

> Persons or companies furnishing labor or materials for the improvement of real property may enforce a lien upon the improved property if they are not paid for their contributions, even if the parties have no direct contractual relationship with the owner. The mechanics' notice and lien registry provides a listing of all persons or companies furnishing labor or materials who have posted a lien or who may post a lien upon the improved property.

2. The notice described in subsection 1 shall also contain the internet site address and toll-free telephone number of the mechanics' notice and lien registry.

3. A general contractor who fails to provide notice pursuant to this section is not entitled to a lien and remedy provided by this chapter.

4. This section applies only to residential construction properties.

[R60, §1847; C73, §2131; C97, §3093; S13, §3093; C24, 27, 31, 35, 39, §**10282;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.13]

87 Acts, ch 79, §5; 2007 Acts, ch 83, §8, 9; 2011 Acts, ch 25, §69; 2012 Acts, ch 1105, §8, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257

Referred to in §572.13A, 572.13B

572.13A Notice of commencement of work — general contractor — owner-builder.

1. Either a general contractor, or an owner-builder who has contracted or will contract with a subcontractor to provide labor or furnish material for the property, shall post a notice of commencement of work to the mechanics' notice and lien registry internet site no later than ten days after the commencement of work on the property. A notice of commencement of work is effective only as to any labor, service, equipment, or material furnished to the property subsequent to the posting of the notice of commencement of work. A notice of commencement of work shall include all of the following information:

a. The name and address of the owner.

b. The name, address, and telephone number of the general contractor or owner-builder.

c. The address of the property or a description of the location of the property if the property cannot be reasonably identified by an address.

d. The legal description that adequately describes the property to be charged with the lien.

e. The date work commenced.

f. The tax parcel identification number.

g. Any other information prescribed by the administrator pursuant to rule.

2. If a general contractor or owner-builder fails to post the required notice of

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commencement of work to the mechanics' notice and lien registry internet site pursuant to subsection 1, within ten days of commencement of the work on the property, a subcontractor may post the notice in conjunction with the posting of the required preliminary notice pursuant to section 572.13B. A notice of commencement of work must be posted to the mechanics' notice and lien registry internet site before preliminary notices pursuant to section 572.13B may be posted.

3. *a.* At the time a notice of commencement of work is posted on the mechanics' notice and lien registry internet site, the administrator shall assign a mechanics' notice and lien registry number and send a copy of the owner notice described in section 572.13. The owner notice shall contain the following language:

> Persons or companies furnishing labor or materials for the improvement of real property may enforce a lien upon the improved property if they are not paid for their contributions, even if the parties have no direct contractual relationship with the owner. The mechanics' notice and lien registry internet site provides a listing of all persons or companies furnishing labor or materials who have posted a lien or who may post a lien upon the improved property. If the person or company has posted its notice or lien to the mechanics' notice and lien registry internet site, you may be required to pay the person or company even if you have paid the general contractor the full amount due. Therefore, check the mechanics' notice and lien registry internet site for information about the property including persons or companies furnishing labor or materials before paying your general contractor. In addition, when making payment to your general contractor, it is important to obtain lien waivers from your general contractor and from persons or companies registered as furnishing labor or materials to your property. The information in the mechanics' notice and lien registry is posted on the internet site of the mechanics' notice and lien registry.

b. Other relevant information may be included with the notice described in subsection 1 as prescribed by the administrator pursuant to rule.

c. The notice described in subsection 1 shall be sent to the owner's address as posted to the mechanics' notice and lien registry internet site by the general contractor, owner-builder, or subcontractor. If the owner's address is different than the property address, a copy of the notice shall also be sent to the property address, addressed to the owner if a mailing address has been assigned to the property by the United States postal service.

d. Notices under this section shall not be sent to owner-builders.

4. A general contractor who fails to provide notice pursuant to this section is not entitled to a lien and remedy provided by this chapter.

5. This section applies only to residential construction properties.

2012 Acts, ch 1105, §9, 27, 28; 2012 Acts, ch 1138, §13, 41, 43; 2013 Acts, ch 90, §257; 2013 Acts, ch 99, §3 – 5; 2014 Acts, ch 1092, §126; 2017 Acts, ch 33, §4

Referred to in §572.8, 572.18, 572.34

572.13B Preliminary notice — subcontractor — residential construction.

1. A subcontractor shall post a preliminary notice to the mechanics' notice and lien registry internet site. A preliminary notice posted before the balance due is paid to the general contractor or the owner-builder is effective as to all labor, service, equipment, and material furnished to the property by the subcontractor. The preliminary notice shall contain all of the following information:

a. The name of the owner.

b. The mechanics' notice and lien registry number.

c. The name, address, and telephone number of the subcontractor furnishing the labor, service, equipment, or material.

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d. The name and address of the person who contracted with the claimant for the furnishing of the labor, service, equipment, or material.

e. The name of the general contractor or owner-builder under which the claimant is performing or will perform the work.

f. The address of the property or a description of the location of the property if the property cannot be reasonably identified by an address.

g. The legal description that adequately describes the property to be charged with the lien.

h. The date the material or materials were first furnished or the labor was first performed.

i. The tax parcel identification number.

j. Any other information required by the administrator pursuant to rule.

2. At the time a preliminary notice is posted to the mechanics' notice and lien registry internet site, the administrator shall send notification to the owner, including the owner notice described in section 572.13, subsection 1, and shall post the mailing of the notice on the mechanics' notice and lien registry internet site as prescribed by the administrator pursuant to rule. Notices under this section shall not be sent to owner-builders. Upon request, the administrator shall provide proof of service at no cost for the notice required under this section.

3. *a.* A mechanic's lien perfected under this chapter is enforceable only to the extent of the balance due the general contractor or the owner-builder at the time of the posting of the preliminary notice specified in subsection 1, and, except for residential construction property owned by an owner-builder, also is enforceable only to the extent of the balance due the general contractor at the time the owner actually receives the notice provided pursuant to subsection 2 or paragraph *"b"*.

b. (1) In any action to enforce a mechanic's lien perfected under this chapter against the owner, the subcontractor bears the burden to prove by a preponderance of the evidence that the owner received notice pursuant to subsection 2. A subcontractor may satisfy the burden of proof by providing separate notice to an owner by including but not limited to any of the following means:

(a) By certified mail with return receipt.

(b) By personal service in the manner original notices are required to be served.

(c) By actual notice with a signed receipt from the owner acknowledging notice.

(2) If the subcontractor provides an affidavit of mailing, the presumption is that the owner received the notice on the fourth day of business for the post office after the notice was sent and the burden of proof shifts from the subcontractor to the owner to refute the presumption.

4. A subcontractor who fails to post a preliminary notice pursuant to this section shall not be entitled to a lien and remedy provided under this chapter.

5. This section applies only to residential construction properties.

2012 Acts, ch 1105, §10, 27, 28; 2012 Acts, ch 1138, §13, 41, 43; 2013 Acts, ch 90, §257; 2013 Acts, ch 99, §6, 7; 2014 Acts, ch 1092, §127

Referred to in §572.8, 572.13A, 572.14, 572.16, 572.18, 572.34

572.14 Liability to subcontractor after payment to general contractor or owner-builder.

Except as provided in section 572.13B, payment to the general contractor or owner-builder of any part or all of the contract price of the building or improvement within ninety days after the date on which the last of the materials was furnished or the last of the labor was performed by a subcontractor, does not relieve the owner from liability to the subcontractor for the full value of any material furnished or labor performed upon the building, land, or improvement if the subcontractor posts a lien within ninety days after the date on which the last of the materials was furnished or the last of the labor was performed.

[S13, §3093; C24, 27, 31, 35, 39, §**10283;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.14; 81 Acts, ch 186, §2]

87 Acts, ch 79, §6; 98 Acts, ch 1142, §3; 2007 Acts, ch 83, §10; 2012 Acts, ch 1105, §11, 27, 28; 2012 Acts, ch 1138, §13

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572.15 Discharge of mechanic's lien — bond.

A mechanic's lien may be discharged at any time by submitting a bond to the administrator in twice the amount of the sum for which the claim for the lien is posted, with surety or sureties, to be approved by the administrator, conditioned for the payment of any sum for which the claimant may obtain judgment upon the claim.

[C97, §3093; S13, §3093; C24, 27, 31, 35, 39, §**10284;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.15]

86 Acts, ch 1017, §1; 2007 Acts, ch 83, §11; 2012 Acts, ch 1105, §12, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §8

572.16 Rule of construction.

Nothing in this chapter shall be construed to require the owner to pay a greater amount or at an earlier date than is provided in the owner's contract with the general contractor, unless the owner pays a part or all of the contract price to the general contractor before the expiration of the ninety days allowed by law for the posting of a mechanic's lien by a subcontractor; provided that in the case of residential construction, nothing in this chapter shall be construed to require the owner to pay a greater amount or at an earlier date than is provided in the owner's contract with the general contractor, unless the owner pays a part or all of the contract price to the general contractor after the owner receives notice pursuant to section 572.13B, subsection 2 or section 572.13B, subsection 3, paragraph *"b"*.

[C97, §3093; S13, §3093; C24, 27, 31, 35, 39, §**10285;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.16; 81 Acts, ch 186, §3]

87 Acts, ch 79, §7; 2012 Acts, ch 1105, §13, 27, 28; 2012 Acts, ch 1138, §13

572.17 Priority of mechanics' liens between mechanics.

Mechanics' liens shall have priority over each other in the order of the posting of the statements of accounts as provided in section 572.8.

[R60, §1853, 1855; C73, §2139, 2141; C97, §3095; C24, 27, 31, 35, 39, §**10286;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.17]

2012 Acts, ch 1105, §14, 27, 28; 2012 Acts, ch 1138, §13

572.18 Priority over other liens.

1. Mechanics' liens posted by a general contractor or subcontractor within ninety days after the date on which the last of the material was furnished or the last of the claimant's labor was performed and for which notices were properly posted to the mechanics' notice and lien registry internet site pursuant to sections 572.13A and 572.13B shall be superior to all other liens which may attach to or upon a building or improvement and to the land upon which it is situated, except liens of record prior to the time of the original commencement of the claimant's work or the claimant's improvements, except as provided in subsection 2.

2. Construction mortgage liens shall be preferred to all mechanics' liens of claimants who commenced their particular work or improvement subsequent to the date of the recording of the construction mortgage lien. For purposes of this section, a lien is a "*construction mortgage lien*" to the extent that it secures loans or advancements made to directly finance work or improvements upon the real estate which secures the lien.

3. The rights of purchasers, encumbrancers, and other persons who acquire interests in good faith, for a valuable consideration, and without notice of a lien perfected pursuant to this chapter, are superior to the claims of all general contractors or subcontractors who have perfected their liens more than ninety days after the date on which the last of the claimant's material was furnished or the last of the claimant's labor was performed.

4. For purposes of this section, a lender who obtains an interest in the real estate by assignment of a mortgage shall be entitled to the same priority as the original mortgagee.

[R60, §1851, 1853, 1855; C73, §2137, 2139, 2141; C97, §3092, 3095; C24, 27, 31, 35, 39, §**10287;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.18]

84 Acts, ch 1215, §1; 2007 Acts, ch 83, §12; 2012 Acts, ch 1105, §15, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257

Referred to in §654.12A

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572.19 Priority over garnishments of the owner.

Mechanics' liens shall take priority over all garnishments of the owner for the contract debts, whether made prior or subsequent to the commencement of the furnishing of the material or performance of the labor, without regard to the date of posting the claim for such lien.

[C97, §3095; C24, 27, 31, 35, 39, §**10288;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.19]

2013 Acts, ch 99, §9

572.20 Priority as to buildings over prior liens upon land.

Mechanics' liens, including those for additions, repairs, and betterments, shall attach to the building or improvement for which the material or labor was furnished or done, in preference to any prior lien, encumbrance, or mortgage upon the land upon which such building or improvement was erected or situated except as provided in sections 572.10 and 572.11.

[R60, §1853, 1855; C73, §2139, 2141; C97, §3095; C24, 27, 31, 35, 39, §**10289;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.20]

2007 Acts, ch 83, §13

572.21 Foreclosure of mechanic's lien when lien on land.

In the foreclosure of a mechanic's lien when there is a superior lien, encumbrance, or mortgage upon the land the following regulations shall govern:

1. *Lien on original and independent building or improvement.* If such material was furnished or labor performed in the construction of an original and independent building or improvement commenced after the attaching or execution of such superior lien, encumbrance, or mortgage, the court may, in its discretion, order such building or improvement to be sold separately under execution, and the purchaser may remove the same in such reasonable time as the court may fix. If the court shall find that such building or improvement should not be sold separately, it shall take an account of and ascertain the separate values of the land, and the building or improvement, and order the whole sold, and distribute the proceeds of such sale so as to secure to the superior lien, encumbrance, or mortgage priority upon the land, and to the mechanic's lien priority upon the building or improvement.

2. *Lien on existing building or improvement for repairs or additions.* If the material furnished or labor performed was for additions, repairs, or betterments upon any building or improvement, the court shall take an accounting of the values before such material was furnished or labor performed, and the enhanced value caused by such additions, repairs, or betterments; and upon the sale of the premises, distribute the proceeds of such sale so as to secure to the superior mortgagee or lienholder priority upon the land and improvements as they existed prior to the attaching of the mechanic's lien, and to the mechanic's lienholder priority upon the enhanced value caused by such additions, repairs, or betterments. In case the premises do not sell for more than sufficient to pay off the superior mortgage or other superior lien, the proceeds shall be applied on the superior mortgage or other superior liens.

[R60, §1853, 1855; C73, §2139, 2141; C97, §3095; C24, 27, 31, 35, 39, §**10290;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.21]

2007 Acts, ch 83, §14

572.22 Record of claim.

Each claim posted to the mechanics' notice and lien registry internet site shall be properly indexed and shall contain the following items:

1. The name of the person by whom posted.
2. The date and hour of posting.
3. The amount thereof.
4. The name of the person against whom posted.
5. The legal description that adequately describes the property to be charged with the lien.
6. The tax parcel identification number of the property to be charged.

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7. The address of the property or a description of the location of the property if the property cannot be reasonably identified by an address.

[R60, §1852; C73, §2138; C97, §3100; C24, 27, 31, 35, 39, §**10291;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.22]

2007 Acts, ch 83, §15; 2012 Acts, ch 1105, §16, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257; 2013 Acts, ch 99, §10, 11; 2013 Acts, ch 140, §79

572.23 Acknowledgment of satisfaction of claim.

1. When a mechanic's lien is satisfied by payment of the claim, the claimant shall acknowledge satisfaction thereof and, if the claimant neglects to do so for thirty days after demand in writing is personally served upon the claimant, the claimant shall forfeit and pay twenty-five dollars to the owner, general contractor, or owner-builder and be liable to any person injured to the extent of the injury.

2. If satisfaction is not acknowledged within thirty days after service of the demand in writing, the party serving the demand or causing the demand to be served may file for record with the administrator a copy of the demand with proofs of service attached and endorsed and, in case of service by publication, a personal affidavit that personal service could not be made within this state. Upon completion of the requirements of this subsection, the posting shall be constructive notice to all parties of the due forfeiture and cancellation of the lien. Upon the posting of the demand with the required attachments, the administrator shall mail a date-stamped copy of the demand to both parties.

[R60, §1867 – 1869; C73, §2145; C97, §3101; C24, 27, 31, 35, 39, §**10292;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.23]

99 Acts, ch 79, §1; 2000 Acts, ch 1154, §34; 2012 Acts, ch 1105, §17, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §12

572.24 Time of bringing action — court.

1. An action to enforce a mechanic's lien, or an action brought upon any bond given in lieu thereof, may be commenced in the district court after said lien is perfected.

2. An action to challenge a mechanic's lien may be commenced in the district court or small claims court if the amount of the lien is within jurisdictional limits. Any permissible claim or counterclaim meeting subject matter and jurisdictional requirements may be joined with the action. The court shall make written findings regarding the lawful amount and the validity of the mechanic's lien. In addition to any other appropriate order, the court may enter judgment on a permissibly joined claim or counterclaim. If the court determines that the mechanic's lien is invalid, valid for a lesser amount, frivolous, fraudulent, forfeited, expired, or for any other reason unenforceable, the clerk of the district court shall submit the ruling to the administrator who shall make a posting to the mechanics' notice and lien registry internet site regarding the proper amount of the lien or, if warranted, canceling the lien.

[R60, §1856; C73, §2142, 2143; C97, §3098; C24, 27, 31, 35, 39, §**10293;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.24]

99 Acts, ch 79, §2; 2012 Acts, ch 1105, §18, 27, 28; 2012 Acts, ch 1138, §13, 40, 43; 2013 Acts, ch 90, §257

Referred to in §631.1

572.25 Place of bringing action.

An action to enforce a mechanic's lien shall be brought in the county in which the property to be affected, or some part thereof, is situated.

[C73, §2142, 2578; C97, §3098, 3493; C24, 27, 31, 35, 39, §**10294;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.25]

572.26 Kinds of action — amendment.

1. An action to enforce a mechanic's lien shall be by equitable proceedings, and no other cause of action shall be joined therewith.

2. *a.* Except as provided in paragraph *"b"*, a claimant may only amend a lien statement by leave of court in furtherance of justice.

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b. A claimant may amend a lien statement without leave of court to decrease the amount demanded, and such amendment shall be effected through the mechanics' notice and lien registry. Amendment of a lien statement pursuant to this paragraph shall not change or otherwise affect its priority.

c. A claimant shall not amend a lien statement to increase the amount demanded.

[C51, §985; R60, §4183; C73, §2510; C97, §3429; C24, 27, 31, 35, 39, §**10295;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.26]

2018 Acts, ch 1097, §3

572.27 Limitation on action.

Any action to enforce a mechanic's lien shall be brought within two years from the expiration of ninety days after the date on which the last of the material was furnished or the last of the labor was performed.

[C51, §984; R60, §1865; C73, §2529; C97, §3447; S13, §3447; C24, 27, 31, 35, 39, §**10296;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.27]

87 Acts, ch 79, §8; 2007 Acts, ch 83, §16

572.28 Demand for bringing suit.

1. Upon the written demand of the owner served on the claimant requiring the claimant to commence action to enforce the lien, such action shall be commenced within thirty days thereafter, or the lien and all benefits derived therefrom shall be forfeited.

2. If an action is not filed within thirty days after demand to commence action is served, the party serving the demand or causing the demand to be served may post with the administrator a copy of the demand with proofs of service attached and endorsed and, in case of service by publication, a personal affidavit that personal service could not be made within this state. Upon completion of the requirements of this subsection, the record shall be constructive notice to all parties of the due forfeiture and cancellation of the lien. Upon the posting of the demand with the required attachments, the administrator shall mail a date-stamped copy of the demand to both parties.

[C73, §2143; C97, §3099; C24, 27, 31, 35, 39, §**10297;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.28]

99 Acts, ch 79, §3; 2007 Acts, ch 83, §17; 2012 Acts, ch 1105, §19, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §13

572.29 Assignment of lien.

A mechanic's lien is assignable, and shall follow the assignment of the debt for which it is claimed.

[C97, §3099; C24, 27, 31, 35, 39, §**10298;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §572.29]

572.30 Action by subcontractor or owner against general contractor or owner-builder.

Unless otherwise agreed, a general contractor or owner-builder who engages a subcontractor to supply labor or materials or both for improvements, alterations, or repairs to a specific residential construction property shall pay the subcontractor in full for all labor and materials supplied within thirty days after the date the general contractor or owner-builder receives full payment from the owner. If a general contractor or owner-builder fails without due cause to pay a subcontractor as required by this section, the subcontractor, or the owner by subrogation, may commence an action against the general contractor or owner-builder to recover the amount due. Prior to commencing an action to recover the amount due, a subcontractor, or the owner by subrogation, shall give notice of nonpayment of the cost of labor or materials to the general contractor or owner-builder paid for the improvement. Notice of nonpayment must be in writing, delivered in a reasonable manner, and in terms that reasonably identify the real estate improved and the nonpayment complained of. In an action to recover the amount due a subcontractor, or the owner by subrogation, under this section, the court in addition to actual damages, shall award a successful plaintiff exemplary damages against the general contractor or owner-builder in

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an amount not less than one percent and not exceeding fifteen percent of the amount due the subcontractor, or the owner by subrogation, for the labor and materials supplied, unless the general contractor or owner-builder does one or both of the following, in which case no exemplary damages shall be awarded:

1. Establishes that all proceeds received from the person making the payment have been applied to the cost of labor or material furnished for the improvement.

2. Within fifteen days after receiving notice of nonpayment the general contractor or owner-builder gives a bond, in an amount not less than the amount necessary to satisfy the nonpayment for which notice has been given under this section, and in a form approved by the administrator, to hold harmless the owner or person having the improvement made from any claim for payment of anyone furnishing labor or material for the improvement, other than the general contractor or owner-builder.

[81 Acts, ch 186, §4]

87 Acts, ch 79, §9; 2012 Acts, ch 1105, §20, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §14

572.31 Cooperative and condominium housing.

A lien arising under this chapter as a result of the construction of an apartment house or apartment building which is owned on a cooperative basis under chapter 499A, or which is submitted to a horizontal property regime under chapter 499B, is not enforceable, notwithstanding any contrary provision of this chapter, as against the interests of an owner in a unit contained in the apartment house or apartment building acquired in good faith and for valuable consideration, unless a lien statement specifically describing the unit is posted under section 572.8 within the applicable time period specified in section 572.9, but determined from the date on which the last of the material was supplied or the last of the labor was performed in the construction of that unit.

[C81, §572.30]

C83, §572.31

2012 Acts, ch 1105, §21, 27, 28; 2012 Acts, ch 1138, §13; 2013 Acts, ch 99, §15

572.32 Attorney fees — remedies.

1. In a court action to enforce a mechanic's lien, or an action brought upon any bond given in lieu thereof, a prevailing plaintiff may be awarded reasonable attorney fees.

2. In a court action to challenge a mechanic's lien posted on a residential construction property, or any bond given in lieu thereof, if the person challenging the lien or defending against any action on the bond prevails, the court may award reasonable attorney fees and actual damages. If the court determines that the mechanic's lien was posted in bad faith or the supporting affidavit was materially false, the court shall award the owner reasonable attorney fees plus an amount not less than five hundred dollars or the amount of the lien, whichever is less.

83 Acts, ch 106, §1; 99 Acts, ch 79, §4; 2012 Acts, ch 1105, §22, 27, 28; 2012 Acts, ch 1138, §13; 2021 Acts, ch 72, §2, 3

Referred to in §561.21, 631.1

572.33 Requirement of notification for commercial construction.

1. The notification requirements in this section apply only to commercial construction.

2. A person furnishing labor or materials to a subcontractor shall not be entitled to a lien under this chapter unless the person furnishing labor or materials does all of the following:

a. Notifies the general contractor or owner-builder in writing with a one-time notice containing the name, mailing address, and telephone number of the person furnishing the labor or materials, and the name of the subcontractor to whom the labor or materials were furnished, within thirty days of first furnishing labor or materials for which a lien claim may be made. Additional labor or materials furnished by the same person to the same subcontractor for use in the same construction project shall be covered by this notice.

b. Supports the lien claim with a certified statement that the general contractor or owner-builder was notified in writing with a one-time notice containing the name, mailing

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address, and telephone number of the person furnishing the labor or materials, and the name of the subcontractor to whom the labor or materials were furnished, within thirty days after the labor or materials were first furnished, pursuant to paragraph *"a"*.

3. Notwithstanding other provisions of this chapter, a general contractor or owner-builder shall not be prohibited from requesting information from a subcontractor or a person furnishing labor or materials to a subcontractor regarding payments made or payments to be made to a person furnishing labor or materials to a subcontractor.

84 Acts, ch 1248, §1; 98 Acts, ch 1142, §4; 99 Acts, ch 104, §1; 2007 Acts, ch 83, §18; 2012 Acts, ch 1105, §23, 27, 28

572.33A Liability of owner to general contractor — commercial construction.

1. An owner of a building, land, or improvement upon which a mechanic's lien of a subcontractor may be posted is not required to pay the general contractor compensation for work done or material furnished for the building, land, or improvement until the expiration of ninety days after the completion of the building or improvement unless the general contractor furnishes to the owner one of the following:

a. Receipts and waivers of claims for mechanics' liens, signed by all persons who furnished material or performed labor for the building, land, or improvement.

b. A good and sufficient bond to be approved by the owner, conditioned that the owner shall be held harmless from any loss which the owner may sustain by reason of the posting of mechanics' liens by subcontractors.

2. This section applies only to commercial construction properties.

2012 Acts, ch 1105, §24, 27, 28; 2013 Acts, ch 99, §16; 2014 Acts, ch 1092, §128

572.34 Mechanics' notice and lien registry.

1. A mechanics' notice and lien registry is created and shall be administered by the administrator. The administrator shall adopt rules pursuant to chapter 17A for the creation and administration of the registry.

2. The mechanics' notice and lien registry shall be accessible to the general public through the administrator's internet site.

3. The registry shall be indexed by owner name, general contractor name, mechanics' notice and lien registry number, property address, legal description, tax parcel identification number, and any other identifier considered appropriate as determined by the administrator pursuant to rule.

4. Any person who posts fictitious, forged, or false information to the mechanics' notice and lien registry shall be subject to a penalty as determined by the administrator by rule in addition to all other penalties and remedies available under applicable law.

5. A person may post a correction statement with respect to a record indexed on the mechanics' notice and lien registry internet site if the person believes the record is inaccurate or wrongfully posted.

6. The administrator shall charge and collect fees as established by rule necessary for the administration and maintenance of the registry and the registry's internet site. The administrator shall not charge a posting fee for a preliminary notice required pursuant to this chapter that exceeds the cost of sending such notice by certified mail with restricted delivery and return receipt. The administrator shall not charge a posting fee that exceeds forty dollars for a mechanic's lien.

7. Notices may be posted to the mechanics' notice and lien registry electronically on the administrator's internet site, or may be sent to the administrator for posting by United States mail or facsimile transmission, or other alternate method as provided by the administrator pursuant to rule. Notices received by United States mail or facsimile transmission shall be posted by the administrator to the mechanics' notice and lien registry within three business days of receipt.

8. Mechanics' liens may be posted to the mechanics' notice and lien registry electronically on the administrator's internet site or may be sent to the administrator for posting by United States mail. Liens received by United States mail shall be posted by the administrator to the mechanics' notice and lien registry within three business days of receipt.

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9. The administrator shall send a receipt acknowledging a notice or lien submitted by United States mail or facsimile transmission, as provided by the administrator by rule.

10. Information collected by and furnished to the administrator in conjunction with the submission and posting of notices pursuant to sections 572.13A and 572.13B shall be used by the administrator solely for the purposes of the mechanics' notice and lien registry.

11. Registration under chapter 91C shall not be required in order to post a notice or a lien under this chapter.

12. A preliminary notice that remains posted on the mechanics' notice and lien registry internet site two years after the date of posting shall be declared inactive by the administrator, unless renewed. A notice of commencement of work, if there are no related active postings, shall be declared inactive two years from the date of posting, unless renewed. The administrator shall establish a process for the removal of inactive notices and for the renewal of notices pursuant to rule.

13. The administrator shall make, or cause to be made, preservation duplicates of mechanics' notice and lien registry records, including records stored in a computer database. Any preservation duplicate record shall be accurate, complete, and clear, and shall be made, preserved, and made accessible to the public by means designated by the administrator by rule.

2012 Acts, ch 1105, §25, 27, 28; 2012 Acts, ch 1138, §13, 41, 43; 2013 Acts, ch 90, §257; 2013 Acts, ch 99, §17; 2013 Acts, ch 140, §79; 2014 Acts, ch 1092, §129

CHAPTER 573

LABOR AND MATERIAL ON PUBLIC IMPROVEMENTS

Referred to in §26.10, 161C.2, 262.34, 331.341, 418.4

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573.1 Definitions.

For the purpose of this chapter:

1. "*Construction*", in addition to its ordinary meaning, includes repair, alteration and demolition.

2. "*Material*" shall, in addition to its ordinary meaning, embrace feed, gasoline, kerosene, lubricating oils and greases, provisions and fuel, and the use of forms, accessories, and equipment, but shall not include personal expenses or personal purchases of employees for their individual use.

3. "*Public corporation*" shall embrace the state, and all counties, cities, public school

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corporations, and all officers, boards, or commissions empowered by law to enter into contracts for the construction of public improvements.

4. *"Public improvement"* is an improvement, the cost of which is payable from taxes or other funds under the control of the public corporation, except that in cases of public improvement for drainage or levee purposes the provisions of the drainage law, chapter 468, in cases of conflict shall govern.

5. *"Service"* shall, in addition to its ordinary meaning, include the furnishing to the contractor of workers' compensation insurance, and premiums and charges for such insurance shall be considered a claim for service.

[C24, 27, 31, 35, 39, §**10299;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.1]

85 Acts, ch 22, §1; 2019 Acts, ch 59, §196; 2020 Acts, ch 1063, §315

Referred to in §686.1

573.2 Public improvements — bond — waiver and remedies.

1. Contracts for the construction of a public improvement shall, when the contract price equals or exceeds twenty-five thousand dollars, be accompanied by a bond, with surety, conditioned for the faithful performance of the contract, and for the fulfillment of other requirements as provided by law. The bond may also be required when the contract price does not equal that amount. However, if a contractor provides a performance or maintenance bond as required by a public improvement contract governed by this chapter and subsequently the surety company becomes insolvent and the contractor is required to purchase a new bond, the contractor may apply for reimbursement from the governmental agency that required a second bond and the claims shall be reimbursed from funds allocated for road construction purposes.

2. If the requirement for a bond is waived pursuant to section 12.44, a person, firm, or corporation, having a contract with the targeted small business or with subcontractors of the targeted small business, for labor performed or materials furnished, in the performance of the contract on account of which the bond was waived, is entitled to any remedy provided under this chapter. When a bond has been waived pursuant to section 12.44, the remedies provided for under this subsection are available in an action against the public corporation.

[C24, 27, 31, 35, 39, §**10300;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.2; 82 Acts, ch 1096, §1]

86 Acts, ch 1246, §32; 88 Acts, ch 1032, §1

Referred to in §12.44, 573.3

573.3 Bond mandatory.

1. The obligation of the public corporation to require, and the contractor to execute and deliver said bond, shall not be limited or avoided by contract.

2. A public corporation, with respect to a public improvement which is or has been competitively bid or negotiated, shall not require a contractor to procure a bond, as required under section 573.2, from a particular insurance or surety company, agent, or broker.

[C24, 27, 31, 35, 39, §**10301;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.3]

2000 Acts, ch 1023, §58

573.4 Deposit in lieu of bond.

A deposit of money, a certified check on a solvent bank of the county in which the improvement is to be located, a credit union certified share draft, state or federal bonds, bonds issued by a city, school corporation, or county of this state, or bonds issued on behalf of a drainage or highway paving district of this state may be received in an amount equal to the amount of the bond and held in lieu of a surety on the bond, and when so received the securities shall be held on the terms and conditions applicable to a surety.

[C24, 27, 31, 35, 39, §**10302;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.4]

84 Acts, ch 1055, §14

573.5 Amount of bond.

Said bond shall run to the public corporation. The amount thereof shall be fixed, and the bond approved, by the official board or officer empowered to let the contract, in an amount

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not less than seventy-five percent of the contract price, and sufficient to comply with all requirements of said contract and to insure the fulfillment of every condition, expressly or impliedly embraced in said bond; except that in contracts where no part of the contract price is paid until after the completion of the public improvement the amount of said bond may be fixed at not less than twenty-five percent of the contract price.

[C24, 27, 31, 35, 39, §**10303;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.5]

573.6 Subcontractors on public improvements.

The following provisions shall be held to be a part of every bond given for the performance of a contract for the construction of a public improvement, whether said provisions be inserted in such bond or not, to wit:

> [1] The principal and sureties on this bond hereby agree to pay to all persons, firms, or corporations having contracts directly with the principal or with subcontractors, all just claims due them for labor performed or materials furnished, in the performance of the contract on account of which this bond is given, when the same are not satisfied out of the portion of the contract price which the public corporation is required to retain until completion of the public improvement, but the principal and sureties shall not be liable to said persons, firms, or corporations unless the claims of said claimants against said portion of the contract price shall have been established as provided by law.
>
> [2] Every surety on this bond shall be deemed and held, any contract to the contrary notwithstanding, to consent without notice:
>
> [a] To any extension of time to the contractor in which to perform the contract.
>
> [b] To any change in the plans, specifications, or contract, when such change does not involve an increase of more than twenty percent of the total contract price, and shall then be released only as to such excess increase.
>
> [c] That no provision of this bond or of any other contract shall be valid which limits to less than one year from the time of the acceptance of the work the right to sue on this bond for defects in the quality of the work or material not discovered or known to the obligee at the time such work was accepted.

[S13, §1527-s18; C24, 27, 31, 35, 39, §**10304;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.6]

2021 Acts, ch 76, §137
Referred to in §573.7

573.7 Claims for material or labor.

1. Any person, firm, or corporation who has, under a contract with the principal contractor or with subcontractors, performed labor, or furnished material, service, or transportation, in the construction of a public improvement, may file, with the officer, board, or commission authorized by law to let contracts for such improvement, an itemized, sworn, written statement of the claim for such labor, or material, service, or transportation.

2. A person furnishing only materials to a subcontractor who is furnishing only materials is not entitled to a claim against the retainage or bond under this chapter and is not an obligee or person protected under the bond pursuant to section 573.6.

[C97, §3102; S13, §1989-a57; C24, 27, 31, 35, 39, §**10305;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.7]

83 Acts, ch 55, §1

573.8 Highway improvements.

1. In case of highway improvements by the county, claims shall be filed with the county

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auditor of the county letting the contract. In case of contracts for improvements on the farm-to-market highway system paid from farm-to-market funds, claims shall be filed with the auditor of the state department of transportation.

2. Claims filed for credit extended for the personal expenses or personal purchases of employees for their individual use shall not cause any part of the unpaid funds of the contractor to be withheld.

[C24, 27, 31, 35, 39, §**10306;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.8]
2019 Acts, ch 59, §197

573.9 Officer to endorse time of filing claim.

The officer shall endorse over the officer's official signature upon every claim filed with the officer, the date and hour of filing.

[C24, 27, 31, 35, 39, §**10307;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.9]

573.10 Time of filing claims.

Claims may be filed with said officer as follows:

1. At any time before the expiration of thirty days immediately following the completion and final acceptance of the improvement.

2. At any time after said thirty-day period, if the public corporation has not paid the full contract price as herein authorized, and no action is pending to adjudicate rights in and to the unpaid portion of the contract price.

[C97, §3102; S13, §1989-a57; C24, 27, 31, 35, 39, §**10308;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.10]

573.11 Claims filed after action brought.

The court may permit claims to be filed with it during the pendency of the action hereinafter authorized, if it be made to appear that such belated filing will not materially delay the action.

[C24, 27, 31, 35, 39, §**10309;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.11]

573.12 Payments and retention from payments on contracts.

1. *Retention.*

a. Payments made under contracts for the construction of public improvements, unless provided otherwise by law, shall be made on the basis of monthly estimates of labor performed and material delivered, as determined by the project architect or engineer. The public corporation shall retain from each monthly payment not more than three percent of that amount that is determined to be due according to the estimate of the architect or engineer.

b. The contractor may retain from each payment to a subcontractor not more than the lesser of three percent or the amount specified in the contract between the contractor and the subcontractor.

2. *Prompt payment.*

a. (1) Interest shall be paid to the contractor on any progress payment that is approved as payable by the public corporation's project architect or engineer and remains unpaid for a period of fourteen days after receipt of the payment request at the place, or by the person, designated in the contract, or by the public corporation to first receive the request, or for a time period greater than fourteen days, unless a time period greater than fourteen days is specified in the contract documents, not to exceed thirty days, to afford the public corporation a reasonable opportunity to inspect the work and to determine the adequacy of the contractor's performance under the contract.

(2) Interest shall accrue during the period commencing the day after the expiration of the period defined in subparagraph (1) and ending on the date of payment. The rate of interest shall be determined as set forth in section 573.14.

b. (1) A progress payment or final payment to a subcontractor for satisfactory performance of the subcontractor's work shall be made no later than one of the following, as applicable:

(a) Seven days after the contractor receives payment for that subcontractor's work.

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(b) A reasonable time after the contractor could have received payment for the subcontractor's work, if the reason for nonpayment is not the subcontractor's fault.

(2) A contractor's acceptance of payment for one subcontractor's work is not a waiver of claims, and does not prejudice the rights of the contractor, as to any other claim related to the contract or project.

3. *Interest payments.*

a. If the contractor receives an interest payment under section 573.14, the contractor shall pay the subcontractor a share of the interest payment proportional to the payment for that subcontractor's work.

b. If a public corporation other than a school corporation, county, or city retains funds, the interest earned on those funds shall be payable at the time of final payment on the contract in accordance with the schedule and exemptions specified by the public corporation in its administrative rules. The rate of interest shall be determined by the period of time during which interest accrues, and shall be the same as the rate of interest that is in effect under section 12C.6 as of the day interest begins to accrue.

[S13, §1989-a57; C24, 27, 31, 35, 39, §**10310;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.12; 81 Acts, ch 127, §3]

87 Acts, ch 155, §1; 90 Acts, ch 1229, §1, 2; 91 Acts, ch 148, §1; 2005 Acts, ch 179, §158; 2013 Acts, ch 30, §261; 2025 Acts, ch 29, §1

Referred to in §573.13, 573.14

573.13 Inviolability and disposition of fund.

A public corporation shall not be permitted to plead noncompliance with section 573.12 and the retained percentage of the contract price, which in no case shall be more than three percent, constitutes a fund for the payment of claims for materials furnished and labor performed on the improvement and shall be held and disposed of by the public corporation as provided in this chapter.

[S13, §1989-a57; C24, 27, 31, 35, 39, §**10311;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.13]

90 Acts, ch 1229, §3; 2025 Acts, ch 29, §2

Referred to in §573.14, 573.15A

573.14 Retention of unpaid funds.

1. The fund provided for in section 573.13 shall be retained by the public corporation for a period of thirty days after the completion and final acceptance of the improvement. If at the end of the thirty-day period claims are on file, the public corporation shall continue to retain from the unpaid funds a sum equal to double the total amount of all claims on file. The remaining balance of the unpaid fund, or if no claims are on file, the entire unpaid fund, shall be released and paid to the contractor.

2. The public corporation shall order payment of any amount due the contractor to be made in accordance with the terms of the contract. Except as provided in section 573.12 for progress payments, failure to make payment pursuant to this section, of any amount due the contractor, within forty days, unless a greater time period not to exceed fifty days is specified in the contract documents, after the work under the contract has been completed and if the work has been accepted and all required materials, certifications, and other documentations required to be submitted by the contractor and specified by the contract have been furnished the awarding public corporation by the contractor, shall cause interest to accrue on the amount unpaid to the benefit of the unpaid party. Interest shall accrue during the period commencing the thirty-first day following the completion of work and satisfaction of the other requirements of this subsection and ending on the date of payment. The rate of interest shall be determined by the period of time during which interest accrues, and shall be the same as the rate of interest that is in effect under section 12C.6, as of the day interest begins to accrue, for a deposit of public funds for a comparable period of time. However, for institutions governed pursuant to chapter 262, the rate of interest shall be determined by the period of time during which interest accrues, and shall be calculated as the prime rate plus one percent per year as of the day interest begins to accrue. This subsection does not

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abridge any of the rights set forth in section 573.16. Except as provided in sections 573.12 and 573.16, interest shall not accrue on funds retained by the public corporation to satisfy the provisions of this section regarding claims on file. This chapter does not apply if the public corporation has entered into a contract with the federal government or accepted a federal grant which is governed by federal law or rules that are contrary to the provisions of this chapter. For purposes of this subsection, *"prime rate"* means the prime rate charged by banks on short-term business loans, as determined by the board of governors of the federal reserve system and published in the federal reserve bulletin.

[C97, §3104; S13, §1989-a59; C24, 27, 31, 35, 39, §**10312;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.14; 81 Acts, ch 127, §4]

90 Acts, ch 1229, §4; 91 Acts, ch 148, §2; 2005 Acts, ch 179, §159; 2020 Acts, ch 1062, §62; 2021 Acts, ch 80, §347

Referred to in §262.34, 384.58, 573.12, 573.15A, 573.16, 573.18

573.15 Claim against retainage or bond.

1. A person, firm, or corporation that has performed labor for or furnished materials, service, or transportation to a subcontractor shall not be entitled to a claim against the retainage or bond under this chapter unless the person, firm, or corporation that performed the labor or furnished the materials, service, or transportation does all of the following:

a. Notifies the principal contractor in writing with a one-time notice containing the name, mailing address, and telephone number of the person, firm, or corporation that performed the labor or furnished the materials, service, or transportation, and the name of the subcontractor for whom the labor was performed or the materials, service, or transportation were furnished, within thirty days of first performing the labor or furnishing the materials, service, or transportation for which a claim may be made. Additional labor performed or materials, service, or transportation furnished by the same person, firm, or corporation to the same subcontractor for use in the same construction project shall be covered by this notice.

b. Supports the claim with a certified statement that the principal contractor received the notice described in paragraph *"a"*.

2. This section shall not apply to highway, bridge, or culvert projects as referred to in section 573.28.

[C31, 35, §10312-d1; C39, §**10312.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.15]

2018 Acts, ch 1097, §4

573.15A Early release of retained funds.

Notwithstanding section 573.14, a public corporation may release retained funds upon completion of ninety-five percent of the contract in accordance with the following:

1. Any person, firm, or corporation who has, under contract with the principal contractor or with subcontractors, performed labor, or furnished materials, service, or transportation, in the construction of the public improvement, may file with the public corporation an itemized, sworn, written statement of the claim for the labor, or materials, service, or transportation. The claim shall be filed with the public corporation either before the expiration of the thirty days after completion of ninety-five percent of the contract or at any time after the thirty-day period if the public corporation has not paid the full contract price and no action is pending to adjudicate rights in and to the unpaid portion of the contract price.

2. The fund, as provided in section 573.13, shall be retained by the public corporation for a period of thirty days after ninety-five percent of the contract has been completed. If at the end of the thirty-day period, a claim has been filed, in accordance with this section, the public corporation shall continue to retain from the unpaid funds, a sum equal to double the total amount of all claims on file. The remaining balance of the unpaid fund, or if there are no claims on file, the entire unpaid fund, may be released and paid to the contractor.

3. The public corporation, the principal contractor, or any claimant for labor or materials, service, or transportation, who has filed a claim or the surety on any bond given for performance of the contract, at any time after the expiration of thirty days, and not later than sixty days after the completion of ninety-five percent of the contract, may bring an action in equity in the county where the public improvement is located to determine rights to moneys

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contained in the fund or to enforce liability on the bond. The action shall be brought in accordance with sections 573.16 through 573.18, with the completion of ninety-five percent of the contract taking the place of the date of final acceptance.

4. A public corporation that releases funds at the completion of ninety-five percent of the contract, in accordance with this section, shall not be required to retain additional funds.

96 Acts, ch 1126, §6

573.16 Optional and mandatory actions — bond to release.

1. *a.* The public corporation, the principal contractor, any claimant for labor or material who has filed a claim, or the surety on any bond given for the performance of the contract, may, at any time after the expiration of thirty days, and not later than sixty days, following the completion and final acceptance of said improvement, bring action in equity in the county where the improvement is located to adjudicate all rights to said fund, or to enforce liability on said bond.

b. No later than fourteen calendar days after final acceptance of the improvement, the public corporation shall send to the principal contractor, the surety on any bond given for the performance of the contract, and any claimant for labor or material who has filed a claim, a written notification of the date of the public corporation's final acceptance of the improvement. The public corporation shall not be liable for any claims or damages based on or arising out of the public corporation's failure to comply with this paragraph.

2. Upon written demand of the contractor served, in the manner prescribed for original notices, on the person filing a claim, requiring the claimant to commence action in court to enforce the claim, an action shall be commenced within thirty days, otherwise the retained and unpaid funds due the contractor shall be released. Unpaid funds shall be paid to the contractor within twenty days of the receipt by the public corporation of the release as determined pursuant to this section. Failure to make payment by that date shall cause interest to accrue on the unpaid amount. Interest shall accrue during the period commencing the twenty-first day after the date of release and ending on the date of the payment. The rate of interest shall be determined pursuant to section 573.14. After an action is commenced, upon the general contractor filing with the public corporation or person withholding the funds, a surety bond in double the amount of the claim in controversy, conditioned to pay any final judgment rendered for the claims so filed, the public corporation or person shall pay to the contractor the amount of funds withheld.

[C97, §3103; S13, §1989-a58; C24, 27, 31, 35, 39, §**10313;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.16]

91 Acts, ch 148, §3; 2026 Acts, ch 1094, §1

Referred to in §384.58, 573.14, 573.15A, 573.18
Action against surety, §616.15
Manner of service, R.C.P. 1.302 – 1.315
Subsection 1 amended

573.17 Parties.

The official board or officer letting the contract, the principal contractor, all claimants for labor and material who have filed their claim, and the surety on any bond given for the performance of the contract shall be joined as plaintiffs or defendants.

[C24, 27, 31, 35, 39, §**10314;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.17]

Referred to in §573.15A

573.18 Adjudication — payment of claims.

1. The court shall adjudicate all claims for which an action is filed under section 573.16. Payments from the retained percentage, if still in the hands of the public corporation, shall be made in the following order:

a. Costs of the action.

b. Claims for labor.

c. Claims for materials.

d. Claims of the public corporation.

2. Upon settlement or adjudication of a claim and after judgment is entered, unpaid funds retained with respect to the claim which are not necessary to satisfy the judgment shall be

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released and paid to the contractor within twenty days of receipt by the public corporation of evidence of entry of judgment or settlement of the claim. Failure to make payment by that date shall cause interest to accrue on the unpaid amount. Interest shall accrue during the period commencing on the twenty-first day after receipt by the public corporation of evidence of entry of judgment and ending on the date of payment. The rate of interest shall be determined as set forth in section 573.14.

[C24, 27, 31, 35, 39, §**10315;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.18]

91 Acts, ch 148, §4; 2013 Acts, ch 30, §261

Referred to in §573.15A, 573.19

573.19 Insufficiency of funds.

When the retained percentage is insufficient to pay all claims for labor or materials, the court shall, in making distribution under section 573.18, order the claims in each class paid in the order of filing the same.

[C97, §3102; S13, §1989-a57; C24, 27, 31, 35, 39, §**10316;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.19]

2020 Acts, ch 1063, §316

573.20 Converting property into money.

When it appears that the unpaid portion of the contract price for the public improvement, or a part thereof, is represented in whole or in part, by property other than money, or if a deposit has been made in lieu of a surety, the court shall have jurisdiction thereover, and may cause the same to be sold, under such procedure as it may deem just and proper, and disburse the proceeds as in other cases.

[C24, 27, 31, 35, 39, §**10317;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.20]

573.21 Attorney fees.

The court may tax, as costs, a reasonable attorney fee in favor of any claimant for labor or materials who has, in whole or in part, established a claim.

[C97, §3103; S13, §1989-a58; C24, 27, 31, 35, 39, §**10318;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.21]

573.22 Unpaid claimants — judgment on bond.

If, after the said retained percentage has been applied to the payment of duly filed and established claims, there remain any claims that are unpaid in whole or in part, judgment shall be entered for the amount of the claims that are unpaid against the principal and sureties on the bond. In case the said percentage has been paid over as provided in this chapter, judgment shall be entered against the principal and sureties on all such claims.

[C24, 27, 31, 35, 39, §**10319;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.22]

2020 Acts, ch 1063, §317

573.23 Abandonment of public work — effect.

When a contractor abandons the work on a public improvement or is legally excluded from work on a public improvement, the improvement shall be deemed completed for the purpose of filing claims as provided in this chapter, from the date of the official cancellation of the contract. The only fund available for the payment of the claims of persons for labor performed or material furnished shall be the amount then due the contractor, if any, and if that amount is insufficient to satisfy the claims, the claimants shall have a right of action on the bond given for the performance of the contract.

[C24, 27, 31, 35, 39, §**10320;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.23]

2021 Acts, ch 80, §348

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573.24 Notice of claims to state department of transportation.

If payment for such improvement is to be made in whole or in part from the primary road fund, the county auditor shall immediately notify the state department of transportation of the filing of all claims.

[C24, 27, 31, 35, 39, §**10321;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.24]
Referred to in §331.502

573.25 Filing of claim — effect.

The filing of any claim shall not work the withholding of any funds from the contractor except the retained percentage, as provided in this chapter.

[C24, 27, 31, 35, 39, §**10322;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.25]

573.26 Public corporation — action on bond.

Nothing in this chapter shall be construed as limiting in any manner the right of the public corporation to pursue any remedy on the bond given for the performance of the contract.

[C24, 27, 31, 35, 39, §**10323;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573.26]

573.27 Payment before work completed.

Notwithstanding anything in this Code to the contrary, when at least ninety-five percent of any contract for the construction of public improvements has been completed to the satisfaction of the public contracting authority and owing to conditions beyond the control of the construction contractor the remaining work on the contract cannot proceed for a period of more than sixty days, such public contracting authority may make full payment for the completed work and enter into a supplemental contract with the construction contractor involved on the same terms and conditions so far as applicable thereto for the construction of the work remaining to be done, provided however, that the contractor's surety consents thereto and agrees that the bond shall remain in full force and effect.

[C62, 66, 71, 73, 75, 77, 79, 81, §573.27]

573.28 Early release of retained funds.

1. For purposes of this section:

a. "Authorized contract representative" means the person chosen by the governmental entity or the department to represent its interests or the person designated in the contract as the party representing the governmental entity's or the department's interest regarding administration and oversight of the project.

b. "Department" means the state department of transportation.

c. "Governmental entity" means the state, political subdivisions of the state, public school corporations, and all officers, boards, or commissions empowered by law to enter into contracts for the construction of public improvements, excluding the state board of regents and the department.

d. "Public improvement" means a building or construction work which is constructed under the control of a governmental entity and is paid for in whole or in part with funds of the governmental entity, including a building or improvement constructed or operated jointly with any other public or private agency, but excluding urban renewal demolition and low-rent housing projects, industrial aid projects authorized under chapter 419, emergency work or repair or maintenance work performed by employees of a governmental entity, and excluding a highway, bridge, or culvert project, and excluding construction or repair or maintenance work performed for a city utility under chapter 388 by its employees or performed for a rural water district under chapter 357A by its employees.

e. "Repair or maintenance work" means the preservation of a building, storm sewer, sanitary sewer, or other public facility or structure so that it remains in sound or proper condition, including minor replacements and additions as necessary to restore the public facility or structure to its original condition with the same design.

f. "Substantially completed" means the first date on which any of the following occurs:

(1) Completion of the public improvement project or the highway, bridge, or culvert project or when the work on the public improvement or the highway, bridge, or culvert

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project has been substantially completed in general accordance with the terms and provisions of the contract.

(2) The work on the public improvement or on the designated portion is substantially completed in general accordance with the terms of the contract so that the governmental entity or the department can occupy or utilize the public improvement or designated portion of the public improvement for its intended purpose. This subparagraph shall not apply to highway, bridge, or culvert projects.

(3) The public improvement project or the highway, bridge, or culvert project is certified as having been substantially completed by either of the following:

(a) The architect or engineer authorized to make such certification.

(b) The authorized contract representative.

(4) The governmental entity or the department is occupying or utilizing the public improvement for its intended purpose. This subparagraph shall not apply to highway, bridge, or culvert projects.

2. Payments made by a governmental entity or the department for the construction of public improvements and highway, bridge, or culvert projects shall be made in accordance with the provisions of this chapter, except as provided in this section:

a. At any time after all or any part of the work on the public improvement or highway, bridge, or culvert project is substantially completed, the contractor may request the release of all or part of the retained funds owed. The request shall be accompanied by a sworn statement of the contractor that, ten calendar days prior to filing the request, notice was given as required by paragraphs "*f*" and "*g*" to all known subcontractors, sub-subcontractors, and suppliers.

b. Except as provided under paragraph "*c*", upon receipt of the request, the governmental entity or the department shall release all or part of the retained funds. Retained funds that are approved as payable shall be paid at the time of the next monthly payment or within thirty days, whichever is sooner. If partial retained funds are released pursuant to a contractor's request, no retained funds shall be subsequently held based on that portion of the work. If within thirty days of when payment becomes due the governmental entity or the department does not release the retained funds due, interest shall accrue on the amount of retained funds at the rate of interest that is calculated as the prime rate plus one percent per year as of the day interest begins to accrue until the amount is paid.

c. If labor and materials are yet to be provided at the time the request for the release of the retained funds is made, an amount equal to two hundred percent of the value of the labor or materials yet to be provided, as determined by the governmental entity's or the department's authorized contract representative, may be withheld until such labor or materials are provided.

d. An itemization of the labor or materials yet to be provided, or the reason that the request for release of retained funds is denied, shall be provided to the contractor in writing within thirty calendar days of the receipt of the request for release of retained funds.

e. The contractor shall release retained funds to the subcontractor or subcontractors in the same manner as retained funds are released to the contractor by the governmental entity or the department. Each subcontractor shall pass through to each lower-tier subcontractor all retained fund payments from the contractor.

f. Prior to applying for release of retained funds, the contractor shall send a notice to all known subcontractors, sub-subcontractors, and suppliers that provided labor or materials for the public improvement project or the highway, bridge, or culvert project.

g. The notice shall be substantially similar to the following:

NOTICE OF CONTRACTOR'S REQUEST
FOR EARLY RELEASE OF RETAINED FUNDS

You are hereby notified that [name of contractor] will be requesting an early release of funds on a public improvement project or a highway, bridge, or culvert project designated as [name of project] for which you have or may have provided labor or materials. The request will be made pursuant to Iowa Code section

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573.28. The request may be filed with the [name of governmental entity or department] after ten calendar days from the date of this notice. The purpose of the request is to have [name of governmental entity or department] release and pay funds for all work that has been performed and charged to [name of governmental entity or department] as of the date of this notice. This notice is provided in accordance with Iowa Code section 573.28.

2018 Acts, ch 1097, §5
Referred to in §573.15

CHAPTER 573A

EMERGENCY STOPPAGE OF PUBLIC CONTRACTS

Referred to in §331.341

573A.1	National emergency.	573A.6	Appeal.
573A.2	Termination of contracts.	573A.7	Order of court.
573A.3	Determination of dispute.	573A.8	Limit of payment.
573A.4	Rules applicable.	573A.9	Application of statute.
573A.5	Jurisdiction.	573A.10	Definitions.

573A.1 National emergency.

In the event work or construction upon a public improvement is stopped directly or indirectly by or as the result of an order or action of any federal or state authority or of any court because of the occurrence or existence of a situation which the president or the Congress of the United States has declared to be national emergency, and the circumstances or conditions are such that it is and will be impracticable to proceed with such work or construction, then the public corporation and the contractor or contractors may, by written agreement terminate said contract. Such an agreement shall include the terms and conditions of the termination of the contract and provision for the payment of compensation or money, if any, which any party shall pay to the other, or any other person, firm or corporation under the facts and circumstances in the case.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.1]
Referred to in §573A.2

573A.2 Termination of contracts.

Whenever a public corporation and a contractor or contractors, have entered into a contract for the construction of a public improvement, and any party to such contract desires to terminate said contract because of the occurrence of the event and under the circumstances stated in section 573A.1, and another party thereto will not agree to such termination, or said parties having agreed upon the termination of the contract cannot agree upon the terms and conditions thereof, then any party may have the issues in dispute determined in the manner hereinafter provided.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.2]

573A.3 Determination of dispute.

Any party to the contract may have the issue in dispute determined by filing in the district court of the county in which the public improvement or any part thereof is located a verified petition which shall allege in detail the ultimate facts upon which the petitioner relies for the termination of such contract. All subcontractors and the sureties upon all bonds given in connection with the contract and subcontracts shall be made parties to the proceeding.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.3]

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573A.4 Rules applicable.

The rules of civil procedure shall be applicable to such action. The cause shall be tried forthwith in equity, and the court shall give such cases preference over other cases, except criminal cases.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.4]

573A.5 Jurisdiction.

The district court shall have jurisdiction of the issue which is thus presented, and of all parties including any public corporation as defined in this chapter. The court shall make findings and render its judgment determining the issues involved in accordance with the purpose and spirit of this chapter.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.5]

573A.6 Appeal.

Any party aggrieved by the findings and judgment of the district court may appeal to the supreme court as in other cases and the case shall be given preference over other cases in the supreme court.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.6]

573A.7 Order of court.

1. If the court determines that said contract should be terminated, or if the parties have agreed to its termination, the court shall include in its order:

a. The terms and conditions imposed upon each party to the contract, including the extent of the liability of the sureties upon any bond;

b. The protective requirements, if any be deemed necessary, to protect the property, and provision for the payment of the cost thereof;

c. The determination of the relative rights of the parties involved, including the compensation or payments, if any, which any party shall pay to any other person, firm or corporation under the facts and circumstances of the case.

2. If the court determines that the contract shall not be terminated, it shall state in its order the reasons therefor. The court shall adjust and assess the costs in such manner as may be equitable and fair under the circumstances.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.7]

2013 Acts, ch 30, §261

573A.8 Limit of payment.

In no event shall the public corporation pay or be required to pay compensation or moneys in excess of the total compensation stated in the contract for the construction of the public improvement.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.8]

573A.9 Application of statute.

The provisions of this chapter shall not apply unless it is specifically contracted for between the contracting parties.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.9]

573A.10 Definitions.

For the purposes of this chapter:

1. "*Public corporation*" shall embrace the state, and all counties, cities, public school corporations, drainage districts, and all officers, boards or commissions empowered by law to enter into contracts for the construction of public improvements.

2. "*Public improvement*" is one, the cost of which is payable from taxes or other funds under the control of the public corporation.

3. "*Construction*" shall, in addition to its ordinary meaning, embrace repair and alteration.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §573A.10]

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CHAPTER 574

MINER'S LIEN

Referred to in §602.8102(82)

574.1 Nature of miner's lien.

574.1 Nature of miner's lien.

Every laborer or miner who shall perform labor in opening, developing, or operating any coal mine shall have a lien for the full value of such labor upon all the property of the person, firm, or corporation owning or operating such mine and used in the construction or operation thereof, including real estate and personal property. Such lien shall be secured and enforced in the same manner as a mechanic's lien.

[C97, §3105; C24, 27, 31, 35, 39, §**10324;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §574.1]

Mechanic's lien, chapter 572

CHAPTER 575

NONSTATUTORY LIENS

575.1 Nonstatutory liens.

575.1 Nonstatutory liens.

1. A person claiming a common law lien, an equitable servitude lien, or a lien of similar nature which is other than a statutory lien, shall first give notice to any legal and equitable owners and persons in possession of the real or personal property against which the lien is sought.

a. If the lien is filed by an owner of the real or personal property, notice shall first be given to any person with a lien or other interest in the property.

b. The notice shall be given pursuant to the Iowa rules of civil procedure.

2. Prior to the filing of the lien in any office of record in the county where the real or personal property is located, the following shall occur:

a. The clerk of the district court shall confirm that all notices required pursuant to subsection 1 have been given.

b. The district court in such county shall hold a hearing to determine the validity of the lien.

(1) Pendency of such a proceeding shall not be indexed under section 617.10 and shall not constitute lis pendens or constructive notice to third persons under sections 617.11 through 617.15.

(2) A bona fide purchaser takes title to the real or personal property free of any claims arising from such proceeding unless proper filing is made in the office of the county recorder as provided in this section.

(3) The person claiming the lien is required to prove the validity of the lien by a preponderance of the evidence.

(4) If the court determines the person claiming the lien has willfully and maliciously proceeded, a judgment may be entered against the person claiming the lien in favor of any resisting party for reasonable damages, including actual damages, costs, and reasonable attorney fees incurred by the resisting party.

3. A lien, as described in this section, shall not be filed in any office of record other than as provided in this section and if such lien is filed other than as provided in this section, the lien shall be null and void and of no force or effect.

4. If, after hearing, the district court enters an order determining the lien to be valid, the person claiming the lien shall file a certified copy of the order in the office of the county recorder where the real or personal property is located.

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5. An appeal from the district court arising from such proceeding is by certiorari.
89 Acts, ch 163, §1; 99 Acts, ch 35, §1
Bond to release; chapter 584

CHAPTER 576

FORWARDING AND COMMISSION MERCHANT'S LIEN

576.1 Nature of lien.
576.2 Enforcement of lien.

576.1 Nature of lien.

Every forwarding and commission merchant shall have a lien upon all property of every kind in the merchant's possession, for the transportation and storage thereof, for all lawful charges and services thereon or in connection therewith, and, if sold under the provisions of this chapter, for selling the same.

[R60, §1898, 1899, 1900 – 1902; C73, §2177 – 2179; C97, §3130, 3131; S13, §3131; C24, 27, 31, 35, 39, §**10341;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §576.1]
Bond to release, chapter 584

576.2 Enforcement of lien.

Said lien may be foreclosed in the manner provided in the uniform commercial code, section 554.7308.

[R60, §1898 – 1905; C73, §2177 – 2182; C97, §3130 – 3134; S13, §3131; C24, 27, 31, 35, 39, §**10342;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §576.2]
Attachment to enforce lien, §640.1

CHAPTER 577

ARTISAN'S LIEN

Referred to in §321.47

577.1 Nature of lien — generally — aircraft and equipment.
577.2 Enforcement of lien.
577.3 Possession of certain property to be surrendered upon notice from attorney general.

577.1 Nature of lien — generally — aircraft and equipment.

1. Any person who renders any service or furnishes any material in the making, repairing, improving, or enhancing the value of any inanimate personal property, with the assent of the owner, express or implied, shall have a lien thereon for the agreed or reasonable compensation for the service and material while such property is lawfully in the person's possession, which possession the person may retain until such compensation is paid, but such lien shall be subject to all prior liens of record, unless notice is given to all lienholders of record and written consent is obtained from all lienholders of record to the making, repairing, improving, or enhancing the value of any inanimate personal property and in this event the lien created under this section shall be prior to liens of record.

2. *a.* The assent of the owner shall be implied, for purposes of determining whether a lien on inanimate personal property exists, if all of the following are established:

(1) The inanimate personal property is a multi-engine aircraft, eligible for registration under section 501 of the federal Aviation Act of 1958, 49 U.S.C. §44102.

(2) The aircraft is either owned, leased, operated, or on order by an air carrier certified under section 604(b) of the federal Aviation Act of 1958, 49 U.S.C. §44705, or by any other person that rents or leases commercial airliners to certified air carriers in the regular course of business.

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(3) The material furnished is new electronic navigation or communications aviation equipment.

(4) The equipment is delivered for installation on the aircraft at the request of a lessee, operator, or other person, or an agent of the lessee, operator, or other person, who has an interest in or exercises control over the aircraft.

b. The aircraft and equipment shall be deemed, for purposes of determining priority over perfected security interests, to be in the possession of the person who furnished the equipment, if the person either manufactures or sells the equipment in the regular course of business and allows the equipment to be made available for installation on the aircraft by releasing it for delivery. Possession of the aircraft and equipment shall be deemed to continue up to, and including, ninety days after the equipment is fully installed on the aircraft, except that if a notice of lien is filed with the federal aviation administration, and no subsequent release of the lien is on file, it shall be deemed to continue indefinitely. A notice of lien under this section is not required to be verified or notarized, but shall be signed by the lienholder, the lienholder's designated agent, or the lienholder's attorney and must identify the aircraft which is the subject of the lien. Notwithstanding subsection 1, liens obtained under this subsection attach and take priority over all other prior liens of record without the giving of prior notice or the obtaining of consent and are enforceable against all persons, including a bona fide purchaser.

[R60, §1898; C73, §2177; C97, §3130; C24, 27, 31, 35, 39, §**10343;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §577.1]

91 Acts, ch 22, §1; 2013 Acts, ch 90, §168

Bond to release, chapter 584
Secured transactions; §554.9101 et seq.

577.2 Enforcement of lien.

Said lien may be foreclosed in the manner provided in the uniform commercial code, section 554.7308.

[R60, §1898 – 1905; C73, §2177-2182; C97, §3130 – 3134; S13, §3131; C24, 27, 31, 35, 39, §**10344;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §577.2]

Attachment to enforce lien, §640.1

577.3 Possession of certain property to be surrendered upon notice from attorney general.

1. A supplier, as defined in section 537B.2, upon receipt of a written notice from the attorney general that the attorney general has reason to believe that the supplier has engaged in a deceptive act or practice pursuant to section 537B.6, subsections 2 through 12, in connection with a transaction in which the supplier is asserting a lien to personal property pursuant to this chapter, shall surrender possession of the property to the owner of the property. The supplier shall make the property available to the owner within one business day of receiving notice from the attorney general during the supplier's usual business hours.

2. The attorney general shall serve the written notice pursuant to subsection 1 by certified mail and such notice shall be presumed to have been received by the supplier upon the earlier of the date of actual receipt, the date upon which the supplier refused initial delivery, or the date the supplier was notified was the last day to retrieve the delivery from the postal service.

3. The attorney general's belief that the supplier has engaged in a deceptive act or practice pursuant to section 537B.6, subsections 2 through 12, the supplier's surrendering possession of the motor vehicle to the owner pursuant to this section, and the attorney general's service of notice on the supplier pursuant to this section shall not be admissible in any litigation between the supplier and the owner of the property subject to the lien unless the supplier fails to comply with the requirements of this section.

4. An otherwise valid lien under this chapter is not lost as a result of the supplier surrendering possession of the property pursuant to this section and an otherwise valid lien may be foreclosed pursuant to section 554.7308 within one year of the supplier surrendering possession under this section.

5. In addition to any other applicable remedy, the attorney general may seek relief against a supplier for a violation of this section to the same extent the attorney general may seek

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relief under section 714.16, subsection 6, for failure or refusal to obey a subpoena issued by the attorney general.

2010 Acts, ch 1008, §1, 2

CHAPTER 578

COLD STORAGE LOCKER LIEN

578.1 Storage lien.
578.2 Enforcement of lien.

578.1 Storage lien.

Every lessor owning or operating a refrigerated locker plant or plants, shall have a lien upon all property of every kind in its possession for all reasonable charges and rents thereon and for the handling, keeping, and caring for the same.

[C39, §**10344.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §578.1]

Bond to release, chapter 584

578.2 Enforcement of lien.

Said lien may be foreclosed in the manner provided in the uniform commercial code, section 554.7308.

[C39, §**10344.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §578.2]

Attachment to enforce lien, §640.1

CHAPTER 578A

SELF-SERVICE STORAGE FACILITIES

Former chapter 578A repealed by 2019 Acts, ch 50, §18

578A.1 Short title.
578A.2 Definitions.
578A.3 Facility not residence.
578A.4 Notice and consent for inspection and repair.
578A.5 Lien — late fee — electronic communication permitted.
578A.6 Rental agreement — right to deny access due to default.
578A.7 Enforcement of lien.
578A.8 Exclusive care, custody, and control of personal property vested in occupant.
578A.9 Supplemental nature of chapter.
578A.10 Disclosure of flood zone.
578A.11 Fire, flood, or other catastrophic event damage or destruction.

578A.1 Short title.

This chapter shall be known as the *"Self-Service Storage Facilities Act"*.

2019 Acts, ch 50, §1; 2026 Acts, ch 1040, §108

Former §578A.1 repealed by 2019 Acts, ch 50, §18

Section amended

578A.2 Definitions.

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

1. *"Commercially reasonable sale"* means a sale that is conducted at the self-service storage facility, at the nearest suitable place to where the personal property is held or stored, or on a publicly accessible internet site that conducts sales or auctions.

2. *"Default"* means the failure by the occupant to perform on time any obligation or duty set forth in a rental agreement or this chapter.

3. *"Emergency"* means any sudden, unexpected occurrence or circumstance at or near a self-service storage facility that requires immediate action to avoid injury to persons or property at or near the self-service storage facility, including a fire.

4. *"Last-known address"* means the postal address or electronic mail address provided by

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an occupant in a rental agreement or the postal address or electronic mail address provided by the occupant in a subsequent written notice of a change of address.

5. *"Late fee"* means any fee or charge assessed for an occupant's failure to pay rent when due. *"Late fee"* does not include interest on a debt, reasonable expenses incurred in the collection of unpaid rent, or costs associated with the enforcement of any other remedy provided by law or contract.

6. *"Leased space"* means individual storage space at a self-service storage facility which is rented to an occupant pursuant to a rental agreement.

7. *"Occupant"* means a person entitled to the use of leased space at a self-service storage facility under a rental agreement or the person's successors or assigns.

8. *"Operator"* means the owner, operator, lessor, or sublessor of a self-service storage facility or an agent or any other person authorized to manage the facility. *"Operator"* does not include a warehouse worker if the warehouse worker issues a warehouse receipt, bill of lading, or other document of title for the personal property stored.

9. *"Personal property"* means movable property not affixed to land, including goods, wares, merchandise, motor vehicles, watercraft, household items, and furnishings.

10. *"Property that has no commercial value"* means property offered for sale in a commercially reasonable sale that receives no bid or offer.

11. *"Rental agreement"* means an agreement or lease, written or oral, that establishes or modifies the terms, conditions, or rules concerning the use and occupancy of leased space at a self-service storage facility.

12. *"Self-service storage facility"* means real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to the space for the purpose of storing personal property. If an operator issues a warehouse receipt, bill of lading, or other document of title for the personal property stored, the operator and occupant are subject to chapter 554, article 7, and this chapter does not apply.

13. *"Verified mail"* means any method of mailing offered by the United States postal service or private delivery service that provides evidence of the mailing.

2019 Acts, ch 50, §2
Referred to in §306.23
Former §578A.2 repealed by 2019 Acts, ch 50, §18

578A.3 Facility not residence.

1. An operator shall not knowingly permit a leased space at a self-service storage facility to be used for residential purposes.

2. An occupant shall not use a leased space for residential purposes. An occupant who uses a leased space for residential purposes is immediately in default and the operator may limit the occupant's access to the leased space to the hours which the office is open at the self-service storage facility and proceed in accordance with this chapter.

2019 Acts, ch 50, §3; 2026 Acts, ch 1099, §1
Former §578A.3 repealed by 2019 Acts, ch 50, §18
Subsection 2 amended

578A.4 Notice and consent for inspection and repair.

Unless otherwise provided in a rental agreement, an occupant, upon reasonable request from the operator, shall allow the operator to enter a leased space for the purpose of inspection or repair. If an emergency occurs, an operator may enter a leased space for inspection or repair without notice to or consent from the occupant.

2019 Acts, ch 50, §4
Former §578A.4 repealed by 2019 Acts, ch 50, §18

578A.5 Lien — late fee — electronic communication permitted.

1. The operator of a self-service storage facility and the operator's heirs, executors, administrators, successors, and assigns shall have a lien upon all of an occupant's personal property located at the self-service storage facility for delinquent rent, late fees, labor, or other charges incurred pursuant to a rental agreement and for expenses incurred for preservation, sale, or disposition of the personal property. The lien established by this

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subsection shall have priority over all other liens and security interests except for those perfected prior to the time the personal property is brought to the self-service storage facility.

2. The lien described in subsection 1 attaches on the date on which personal property is brought to the self-service storage facility.

3. If the rental agreement specifies a limit on the value of personal property that the occupant may store in the leased space, such limit shall be deemed to be the maximum value of the personal property in the occupant's leased space.

4. A rental agreement under this chapter may provide for a reasonable late fee for failure of the occupant to timely make payments for the leased space when due. A monthly late fee of twenty dollars or twenty percent of the monthly rental amount, whichever is greater, shall be reasonable and is not a penalty.

5. The operator and occupant may agree to use electronic mail to satisfy all notice requirements under this chapter. The parties, if consenting to use electronic mail for notice, must consent to use electronic mail for all notices. If the parties agree, the rental agreement shall contain a section outlining the rights and duties for each party regarding the use of electronic mail.

2019 Acts, ch 50, §5
Referred to in §578A.6, 578A.7
Former §578A.5 repealed by 2019 Acts, ch 50, §18

578A.6 Rental agreement — right to deny access due to default.

1. A rental agreement may be a written or oral agreement. If a written rental agreement is presented to a potential occupant by an operator and if the potential occupant takes possession of a leased space, or if an existing occupant retains possession of the leased space, a failure by the occupant to execute and deliver the written rental agreement to the operator within thirty days from the initial or renewed date of occupancy constitutes acceptance of the terms of the written rental agreement.

2. If the occupant is in default for a reason other than nonpayment of rent, or if the operator does not renew the occupant's rental agreement, the operator shall deliver to the occupant a written notice or an electronic mail notice, if consented to by the parties in accordance with section 578A.5, subsection 5, to remove personal property from the leased space within fifteen days. During the fifteen-day period, the operator has the right to place reasonable restrictions on the occupant's use of the leased space, including the right to deny or limit the occupant's access to the leased space to the hours which the office is open at the self-service storage facility if such right is set forth in the rental agreement.

3. If the occupant is in default for nonpayment of rent, the operator may deny the occupant access to the leased space at the self-service storage facility if such right is set forth in the rental agreement.

4. Any personal property remaining is subject to lien as provided in section 578A.5 and in accordance with section 578A.7.

2019 Acts, ch 50, §6; 2026 Acts, ch 1099, §2
Former §578A.6 repealed by 2019 Acts, ch 50, §18
Section amended

578A.7 Enforcement of lien.

1. If an occupant is in default for a period of at least thirty days, the operator may enforce the lien granted in section 578A.5 by selling the occupant's personal property. Sale of the occupant's personal property may be by public or private proceedings. Such personal property may be sold as a unit or in parcels, by way of one or more contracts, at any time or place, and on any terms as long as the sale is commercially reasonable. The operator may otherwise dispose of any property that has no commercial value.

2. Before conducting a sale under this section, the operator shall do all of the following:

a. Send notice of default to the occupant by hand mail, verified mail, or electronic mail pursuant to subsection 7. The notice of default shall include all of the following:

(1) A statement of the operator's claim showing that the amount due at the time of the notice and the date when the amount became due.

(2) A brief and general description of the personal property subject to the lien. The

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description shall be reasonably adequate to permit the occupant to identify the property, except that any container including a trunk, valise, or box that is locked, fastened, sealed, or tied in a manner which deters immediate access to the container's contents shall be described as such and shall omit a description of the contents.

(3) A demand for payment of the charges due within a specified time, which shall not be less than fourteen days after the date of the notice.

(4) A statement that unless the claim is paid within the time stated, the contents of the occupant's leased space will be sold or otherwise disposed of after a specified time.

(5) The name, street address, and telephone number of the operator or a designated agent whom the occupant may contact to respond to the notice.

b. Notify all persons who claim a security interest in the personal property of whom the operator has actual knowledge. An operator shall conduct a search to determine whether there is a security interest in property subject to sale if the property is registered under chapter 321 or 462A. At least seven days before the sale, the operator shall also advertise the time, place, and terms of the sale in a commercially reasonable manner. The manner of advertisement is deemed commercially reasonable if it is likely to attract at least three independent bidders to attend or view the sale in person or online at the time and place advertised. The operator may buy the occupant's personal property at any public sale held pursuant to this section.

3. If the personal property subject to the operator's lien is a vehicle, watercraft, or trailer, and rent or other charges remain due and unpaid for thirty days, the operator may have the vehicle, watercraft, or trailer towed from the self-service storage facility. The operator shall not be liable for any damages to the vehicle, watercraft, or trailer once the tower takes possession of the property. Removal of any vehicle, watercraft, or trailer from the self-service storage facility shall not release the operator's lien.

4. At any time before a sale is held under this section or before a vehicle, watercraft, or trailer is towed under this section, the occupant may pay the amount necessary to satisfy the lien and redeem the occupant's personal property.

5. In the event of a sale under this section, the operator may satisfy the lien from the proceeds of the sale, but shall hold the balance, if any, for a period of ninety days for delivery on demand to the occupant. If the occupant does not claim the balance within ninety days, the balance shall be paid to the county treasurer in the county where the self-service storage facility is located. The county treasurer shall hold the funds for a period of two years. If a claim is not made by the occupant for the funds, then the funds shall become the property of the county. There shall be no further recourse by any person against the operator for an action pursuant to this section.

6. A purchaser in good faith of any personal property sold to satisfy a lien under this chapter takes the property free of any rights of persons against whom the lien was valid, despite noncompliance by the operator with the requirements of this chapter. The purchaser of a motor vehicle shall apply for a new title to the vehicle by the procedures outlined in section 321.47. For all other property which has a written title, the purchaser shall follow the applicable procedures for the property for the transfer of title by operation of law.

7. Notice to the occupant under subsection 2, paragraph "*a*", shall be sent to the occupant's last-known address by hand delivery, verified mail, or electronic mail. Notices sent by hand delivery shall be deemed delivered when the occupant has signed an acknowledgment of delivery. Notices sent by verified mail shall be deemed delivered when deposited with the United States postal service or private delivery service if the notices are properly addressed with postage prepaid. Notices sent by electronic mail shall be deemed delivered when an electronic mail is sent to the last-known address provided by the occupant. If the operator sends notice by electronic mail and receives an automated message stating that the electronic mail cannot be delivered, the operator shall send notice by hand delivery or by verified mail to the occupant's last-known address with postage prepaid.

8. If the operator complies with the requirements of this section, the operator's liability:

a. To the occupant, shall be limited to the net proceeds received from the sale of the occupant's personal property less any proceeds paid to the holders of any lien or security interest of record on the personal property being sold.

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b. To the holders of any lien or security interest of record on the personal property being sold, shall be limited to the net proceeds received from the sale of the personal property subject to the holder's lien or security interest.

2019 Acts, ch 50, §7; 2020 Acts, ch 1063, §318, 319
Referred to in §321.20, 321.20A, 321.23, 321.47, 462A.77, 462A.82, 578A.6, 578A.8

578A.8 Exclusive care, custody, and control of personal property vested in occupant.

Unless the rental agreement specifically provides otherwise and until a lien sale under section 578A.7, the exclusive care, custody, and control of all personal property stored in a leased space remains vested in the occupant.

2019 Acts, ch 50, §8

578A.9 Supplemental nature of chapter.

This chapter does not impair the powers of the parties to a rental agreement to create rights, duties, or obligations that do not arise from this chapter. This chapter does not impair or impact the rights of parties to create liens by special contract or agreement, nor does it affect or impair other liens arising at common law or in equity, or by a statute of this state. The rights provided to an operator by this chapter are in addition to all other rights provided by law to a creditor against a debtor.

2019 Acts, ch 50, §9

578A.10 Disclosure of flood zone.

The operator shall disclose in the rental agreement whether the self-service storage facility is located in a "special flood hazard area" as defined by the federal emergency management agency in 44 C.F.R. pt. 61, Appendix A(3).

2019 Acts, ch 50, §10

578A.11 Fire, flood, or other catastrophic event damage or destruction.

If the self-service storage facility is damaged or destroyed by a fire, flood, or other catastrophic event to the extent that the leased space is rendered unusable, the operator shall make a good faith effort to notify the occupant of the event and the occupant may terminate the rental agreement by giving the required notice in the rental agreement. If the occupant terminates the rental agreement under this section, the occupant shall remove all contents of the leased space as soon as is reasonably practicable. Any prepaid rent is due to the occupant upon removal of the occupant's property from the leased space.

2019 Acts, ch 50, §11

CHAPTER 579

LIENS FOR CARE OF STOCK AND STORAGE OF BOATS AND MOTOR VEHICLES

Referred to in §321.47

579.1 Nature of liens.
579.2 Satisfaction of lien by sale.
579.3 Disposal of proceeds.

579.1 Nature of liens.

1. Livery and feed stable keepers, herders, feeders, or keepers of stock shall have a lien on all property coming into their hands, as such, for their charges and the expense of keeping, but such lien shall be subject to chapter 579A and all prior liens of record.

2. Places for the storage of motor vehicles, boats, and boat engines and boat motors shall

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have a lien on all property coming into their hands, as such, for their charges and the expense of keeping, but such lien shall be subject to all prior liens of record.

[C97, §3137; C24, 27, 31, 35, 39, §**10345;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §579.1]

95 Acts, ch 59, §1

Bond to release, chapter 584

579.2 Satisfaction of lien by sale.

If such charges and expenses are not paid, the lienholder may sell said stock and property at public auction, after giving to the owner or claimant, if found within the county, ten days' notice in writing of the time and place of such sale and also by posting written notices thereof in three public places in the township where said stock and property were kept or received.

[C97, §3137; C24, 27, 31, 35, 39, §**10346;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §579.2]

Attachment to enforce, §640.1

579.3 Disposal of proceeds.

Out of the proceeds of such sale the lienholder shall pay all of the charges and expenses of keeping said stock and property, together with the costs and expenses of said sale, and the balance shall be paid to the owner or claimant of the stock and property.

[C97, §3137; C24, 27, 31, 35, 39, §**10347;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §579.3]

CHAPTER 579A

CUSTOM CATTLE FEEDLOT LIEN

Referred to in §570.1, 579.1, 579B.7, 580.1

579A.1 Definitions.
579A.2 Establishment of lien — priority.
579A.3 Enforcement.
579A.4 Waivers unenforceable.
579A.5 Alternate lien procedure.

579A.1 Definitions.

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

1. *"Cattle"* means an animal classified as bovine, regardless of the age or sex of the animal.
2. *"Custom cattle feedlot"* means a feedlot where cattle owned by a person are provided feed and care by another person.
3. *"Custom cattle feedlot operator"* means the owner of a custom cattle feedlot or the owner's personal representative.
4. *"Feedlot"* means a lot, yard, corral, building, or other area in which cattle are confined and fed and maintained for forty-five days or more in any twelve-month period.
5. *"Lien"* means a custom cattle feedlot lien created in section 579A.2.
6. *"Personal representative"* means a person who is authorized by the owner of a custom cattle feedlot to act on behalf of the owner, including by executing an agreement, managing a custom cattle feedlot, filing a financing statement to perfect a lien, and enforcing a lien under this chapter.
7. *"Processor"* means the same as defined in section 202B.102.

95 Acts, ch 59, §2; 99 Acts, ch 169, §7, 8, 22, 24; 2001 Acts, ch 25, §1, 2

Referred to in §579B.7

579A.2 Establishment of lien — priority.

1. A custom cattle feedlot lien is created. The lien is an agricultural lien as provided in section 554.9302.
2. A custom cattle feedlot operator shall have a lien upon the cattle and the identifiable cash proceeds from the sale of the cattle for the amount of the contract price for the feed and care of the cattle at the custom cattle feedlot pursuant to a written or oral agreement by the custom cattle feedlot operator and the person who owns the cattle, which may be enforced

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as provided in section 579A.3. The custom cattle feedlot operator is a secured party and the owner of the cattle is a debtor for purposes of chapter 554, article 9.

3. A custom cattle feedlot lien becomes effective at the time the cattle arrive at the custom cattle feedlot. In order to perfect the lien, the custom cattle feedlot operator must file a financing statement in the office of the secretary of state as provided in section 554.9308 within twenty days after the cattle arrive at the custom cattle feedlot.

a. The financing statement shall substantially meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516.

b. The lien terminates one year after the cattle have left the custom cattle feedlot. The lien may be terminated by the custom cattle feedlot operator who files a termination statement as provided in chapter 554, article 9.

4. Filing a financing statement as provided in this section substantially satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

5. *a.* A custom cattle feedlot lien that is perfected under this section is superior to and shall have priority over a conflicting lien or security interest in the cattle, including a lien or security interest that was perfected prior to the perfection of the custom cattle feedlot lien.

b. Notwithstanding paragraph "*a*", a custom cattle feedlot lien shall not be superior to a court-ordered lien provided in section 717.4 or a veterinarian's lien created under chapter 581, if such lien is perfected as an agricultural lien as provided in chapter 554, article 9.

c. A custom cattle feedlot lien that is effective but not perfected under this section has priority as provided in section 554.9322.

95 Acts, ch 59, §3; 99 Acts, ch 169, §9 – 11, 22, 24; 2001 Acts, ch 25, §3; 2005 Acts, ch 136, §38; 2005 Acts, ch 179, §74; 2011 Acts, ch 81, §2

Referred to in §579A.1, 579A.3

579A.3 Enforcement.

While the cattle are located at the custom cattle feedlot, the custom cattle feedlot operator may enforce a lien created in section 579A.2 in the manner provided for the enforcement of an agricultural lien as provided in chapter 554, article 9, part 6. After the cattle have left the custom cattle feedlot, the custom cattle feedlot operator may enforce the lien by commencing an action at law for the amount of the lien against either of the following:

1. The holder of the identifiable cash proceeds from the sale of the cattle.

2. The processor who has purchased the cattle within three days after the cattle have left the custom cattle feedlot.

95 Acts, ch 59, §4; 2000 Acts, ch 1149, §180, 187; 2002 Acts, ch 1119, §93

Referred to in §579A.2

579A.4 Waivers unenforceable.

A waiver of a right created by this chapter, including but not limited to a waiver of the right to file a financing statement pursuant to this chapter, is void and unenforceable. This section does not affect other provisions of a contract, including a production contract or a related document, policy, or agreement which can be given effect without the voided provision.

99 Acts, ch 169, §12, 22, 24; 2001 Acts, ch 25, §4

579A.5 Alternate lien procedure.

A person who is a custom cattle feedlot operator may file a financing statement and enforce a lien as a contract producer under this chapter or chapter 579B, but not both.

99 Acts, ch 169, §13, 22, 24; 2001 Acts, ch 25, §5

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CHAPTER 579B

COMMODITY PRODUCTION CONTRACT LIEN

Referred to in §570.1, 579A.5

Alternative lien procedure for cattle; see chapter 579A

579B.1 Definitions.
579B.2 Lien depends upon production contracts.
579B.3 Establishment of lien.
579B.4 Perfecting the lien — filing requirements — priority.
579B.5 Enforcement.
579B.6 Waivers unenforceable.
579B.7 Alternate lien procedure.

579B.1 Definitions.

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

1. *"Commodity"* means livestock, raw milk, or a crop.

2. *"Continuous arrival"* means the arrival of livestock at a contract livestock facility on a monthly basis or more frequently as provided in a production contract.

3. *"Contract crop field"* means farmland where a crop is produced according to a production contract executed pursuant to section 579B.2 by a contract producer who owns or leases the farmland.

4. *"Contract livestock facility"* means an animal feeding operation as defined in section 459.102, in which livestock or raw milk is produced according to a production contract executed pursuant to section 579B.2 by a contract producer who owns or leases the animal feeding operation. *"Contract livestock facility"* includes a confinement feeding operation as defined in section 459.102, an open feedlot as defined in section 459A.102, or an area which is used for the raising of crops or other vegetation and upon which livestock is fed for slaughter or is allowed to graze or feed.

5. *"Contract operation"* means a contract livestock facility or contract crop field.

6. *"Contract producer"* means a person who owns or leases a contract operation and who produces a commodity under a production contract executed pursuant to section 579B.2.

7. *"Contractor"* means a person who owns a commodity at the time that the commodity is under the authority of the contract producer as provided in section 579B.3 pursuant to a production contract executed pursuant to section 579B.2.

8. *a.* *"Crop"* means a plant used for food, animal feed, fiber, or oil, if the plant is classified as a forage or cereal plant, including but not limited to alfalfa, barley, buckwheat, corn, flax, forage, millet, oats, popcorn, rye, sorghum, soybeans, sunflowers, wheat, and grasses used for forage or silage.

b. A *"crop"* does not include trees or nuts or fruit grown on trees; sod; shrubs; greenhouse plants; or plants or plant parts produced for precommercial, experimental, or research purposes.

9. *"Farmland"* means agricultural land suitable for use in farming as defined in section 9H.1.

10. *"Lien"* means a commodity production contract lien created in section 579B.3.

11. *"Livestock"* means beef cattle, dairy cattle, sheep, or swine.

12. *"Personal representative"* means a person who is authorized by a contract producer to act on behalf of the contract producer, including by executing an agreement, managing a contract operation, filing a financing statement perfecting a lien, and enforcing a lien as provided in this chapter.

13. *"Processor"* means a person engaged in the business of manufacturing goods from commodities, including by slaughtering or processing livestock, processing raw milk, or processing crops.

14. *"Produce"* means to do any of the following:

a. Provide feed or services relating to the care and feeding of livestock. If the livestock is dairy cattle, *"produce"* includes milking the dairy cattle and storing raw milk at the contract producer's contract livestock facility.

b. Provide for planting, raising, harvesting, and storing a crop. *"Produce"* includes

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preparing the soil for planting and nurturing the crop by the application of a fertilizer or beneficial substance as defined in section 200.3 or a pesticide as defined in section 206.2.

15. *"Production contract"* means an oral or written agreement executed pursuant to section 579B.2 that provides for the production of a commodity by a contract producer.

99 Acts, ch 169, §14, 22, 24; 2001 Acts, ch 25, §6, 7; 2002 Acts, ch 1119, §94; 2007 Acts, ch 22, §100, 101; 2025 Acts, ch 134, §26

579B.2 Lien depends upon production contracts.

1. A lien established under section 579B.3 depends upon the execution of a production contract that provides for producing a commodity owned by a contractor by a contract producer at the contract producer's contract operation.

2. A production contract is executed when it is signed or orally agreed to by each party to the contract or by a person authorized by a party to act on the party's behalf, including the contract producer's personal representative.

3. This chapter applies to any production contract that is in force on or after May 24, 1999, regardless of the date that the production contract is executed.

99 Acts, ch 169, §15, 22, 24
Referred to in §579B.1, 579B.3

579B.3 Establishment of lien.

1. A commodity production contract lien is created. The lien is an agricultural lien as provided in section 554.9302.

2. A contract producer who is a party to a production contract executed pursuant to section 579B.2 shall have a lien as provided in this section. The contract producer is a secured party and the contractor is a debtor for purposes of chapter 554, article 9. The amount of the lien shall be the amount owed to the contract producer pursuant to the terms of the production contract, which may be enforced as provided in section 579B.5.

3. If the production contract is for the production of livestock or raw milk, all of the following shall apply:

a. For livestock, the lien shall apply to all of the following:

(1) If the livestock is not sold or slaughtered by the contractor, the lien shall be on the livestock.

(2) If the livestock is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

(3) If the livestock is slaughtered by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

b. For raw milk, the lien shall apply to all of the following:

(1) If the raw milk is not sold or processed by the contractor, the lien shall be on the raw milk.

(2) If the raw milk is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

(3) If the raw milk is processed by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

4. If the production contract is for the production of crops, all of the following shall apply:

a. If the crop is not sold or processed by the contractor, the lien shall be on the crop.

b. If the crop is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

c. If the crop is processed by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

99 Acts, ch 169, §16, 22, 24; 2000 Acts, ch 1149, §181 – 183, 187; 2001 Acts, ch 25, §8 – 10; 2002 Acts, ch 1119, §95
Referred to in §579B.1, 579B.2, 579B.5

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579B.4 Perfecting the lien — filing requirements — priority.

1. A commodity production contract lien becomes effective and is perfected as follows:

a. For a lien arising out of producing livestock or raw milk, the lien becomes effective the day that the livestock first arrives at the contract livestock facility. In order to perfect the lien, the contract producer must file a financing statement in the office of the secretary of state as provided in section 554.9308. Unless the production contract provides for continuous arrival, the contract producer must file the financing statement for the livestock within forty-five days after the livestock's arrival. If the production contract provides for continuous arrival, the contract producer must file the financing statement for the livestock within one hundred eighty days after the livestock's arrival. The lien terminates one year after the livestock is no longer under the authority of the contract producer. For purposes of this section, livestock is no longer under the authority of the contract producer when the livestock leaves the contract livestock facility. Section 554.9515 shall not apply to a financing statement perfecting the lien. The lien may be terminated by the contract producer who files a termination statement as provided in chapter 554, article 9.

b. For a lien arising out of producing a crop, the lien becomes effective the day that the crop is first planted. In order to perfect the lien, the contract producer must file a financing statement in the office of the secretary of state as provided in section 554.9308. The contract producer must file a financing statement for the crop within forty-five days after the crop is first planted. The lien terminates one year after the crop is no longer under the authority of the contract producer. For purposes of this section, a crop is no longer under the authority of the contract producer when the crop or a warehouse receipt issued by a warehouse operator licensed under chapter 203C for grain from the crop is no longer under the custody or control of the contract producer. The lien may be terminated by the contract producer who files a termination statement as provided in chapter 554, article 9.

2. The financing statement shall substantially meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516.

3. Filing a financing statement as provided in this section satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

4. *a.* (1) A commodity production contract lien that is perfected under this section is superior to and shall have priority over a conflicting lien or security interest in the commodity, including a lien or security interest that was perfected prior to the perfection of the commodity production contract lien under this chapter.

(2) Notwithstanding subparagraph (1), a commodity production contract lien shall not be superior to a court-ordered lien provided in section 717.4 or a veterinarian's lien created under chapter 581, if such lien is perfected as an agricultural lien.

b. A commodity production contract lien that is effective but not perfected under this section has priority as provided in section 554.9322.

99 Acts, ch 169, §17, 22, 24; 2000 Acts, ch 1154, §35; 2001 Acts, ch 25, §11; 2005 Acts, ch 136, §39; 2005 Acts, ch 179, §75; 2011 Acts, ch 81, §3

579B.5 Enforcement.

Before a commodity leaves the authority of the contract producer as provided in section 579B.3, the contract producer may enforce a lien created in that section in the manner provided for the enforcement of an agricultural lien as provided in chapter 554, article 9, part 6. After the commodity is no longer under the authority of the contract producer, the contract producer may enforce the lien in the manner provided in chapter 554, article 9, part 6.

99 Acts, ch 169, §18, 22, 24; 2000 Acts, ch 1149, §184, 187
Referred to in §579B.3

579B.6 Waivers unenforceable.

A waiver of a right created by this chapter, including but not limited to a waiver of the right to file a lien pursuant to this chapter, is void and unenforceable. This section does not affect

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other provisions of a contract, including a production contract or a related document, policy, or agreement which can be given effect without the voided provision.

99 Acts, ch 169, §19, 22, 24

579B.7 Alternate lien procedure.

A person who is a custom cattle feedlot operator as defined in section 579A.1 may file and enforce a lien as a contract producer under this chapter or chapter 579A, but not both.

99 Acts, ch 169, §20, 22, 24

CHAPTER 580

LIEN FOR SERVICES OF ANIMALS

Referred to in §331.653, 602.8102(82)

580.1	Nature of lien — forfeiture.	580.5	Possession and notice.
580.2	Period of lien — sale or removal.	580.6	Service of notice.
580.3	Sale or removal prohibited — penalty.	580.7	Joinder of liens.
580.4	Affidavit of foreclosure.	580.8	Sale — application of proceeds.
		580.9	Right of contest — injunction.

580.1 Nature of lien — forfeiture.

Except as provided in chapter 579A, the owner or keeper of any stallion, bull or jack kept for public service, or any person, firm, or association which invokes pregnancy of animals for the public by means of artificial insemination shall have a prior lien on the progeny of such stallion, bull, artificial insemination or jack, to secure the amount due such owner, artificial inseminator or keeper for the service resulting in such progeny, but no such lien shall obtain where the owner or keeper misrepresents the animal by a false or spurious pedigree, or fails to substantially comply with the laws of Iowa relating to such animals.

[S13, §2341-s; C24, 27, 31, §2967; C35, §10347-a1; C39, §**10347.01;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.1]

95 Acts, ch 59, §5

580.2 Period of lien — sale or removal.

The lien herein provided for shall attach at the birth of such progeny and shall remain in force on such progeny for one year and shall not be lost by reason of any sale, exchange, or removal from the county of the animals subject to such lien.

[S13, §2341-t; C24, 27, 31, §2968; C35, §10347-a2; C39, §**10347.02;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.2]

580.3 Sale or removal prohibited — penalty.

It shall be unlawful to sell, exchange, or remove permanently from the county any animal subject to the lien herein provided for, without the written consent of the holder of such lien, and any person violating this provision, shall be guilty of a simple misdemeanor.

[C24, 27, 31, §2969; C35, §10347-a3; C39, §**10347.03;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.3]

580.4 Affidavit of foreclosure.

Liens may be enforced by the holder filing with the sheriff of the county in which the progeny is kept, an affidavit which shall, in addition to a demand for foreclosure, contain:

1. A description of the stallion, bull or jack, when used and of the dam and its progeny.
2. The time and terms of said service.
3. A statement of the amount due for said service.

[S13, §2341-u; C24, 27, 31, §2970; C35, §10347-a4; C39, §**10347.04;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.4]

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580.5 Possession and notice.

The sheriff shall, under said affidavit, take immediate possession of said progeny, and give written notice of the sale thereof, which notice shall contain:

1. A copy of the said affidavit.
2. The date and hour when, and the particular place at which, said property will be sold.

[S13, §2341-u; C24, 27, 31, §2971; C35, §10347-a5; C39, §**10347.05;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.5]

580.6 Service of notice.

Said notice shall be served as follows:

1. By posting a duplicate copy for ten days prior to the day of sale in three public places in the township in which the sale is to take place, and
2. If the owner of the progeny resides in the said county, by also serving a duplicate copy on the owner in the manner in which original notices are served, at least ten days prior to the day of sale.

[S13, §2341-u; C24, 27, 31, §2972; C35, §10347-a6; C39, §**10347.06;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.6]

Manner of service, R.C.P. 1.302 – 1.315

580.7 Joinder of liens.

A foreclosure may embrace liens on more than one progeny of the same stallion, bull, inseminator or jack when all of said progenies are owned by the same person. In such case there shall be separate sales until an amount is realized sufficient to pay all liens and costs.

[C24, 27, 31, §2973; C35, §10347-a7; C39, §**10347.07;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.7]

580.8 Sale — application of proceeds.

If payment of the service fee, and costs, be not made prior to the time of sale, as fixed in such notice, the sheriff may sell property so held by the sheriff, or so much thereof as may be necessary, at public auction to the highest bidder, and the proceeds shall be applied, first, to the payment of the costs, and second, in payment of amount due for service fee. Any surplus arising from such sale shall be forthwith paid to the owner of the property sold.

[S13, §2341-u; C24, 27, 31, §2974; C35, §10347-a8; C39, §**10347.08;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.8]

580.9 Right of contest — injunction.

The right of the owner or keeper to foreclose, as well as the amount claimed to be due, may be contested by anyone interested in so doing, and the proceeding may be transferred to the district court, for which purpose an injunction may issue, if necessary.

[S13, §2341-v; C24, 27, 31, §2975; C35, §10347-a9; C39, §**10347.09;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §580.9]

Injunctions, R.C.P. 1.1501 et seq.

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CHAPTER 581

VETERINARIAN'S LIEN

Referred to in §570.1, 579A.2, 579B.4

581.1	Nature of lien. Repealed by 2003 Acts, ch 82, §21.	581.2A	Lien created.
581.1A	Definitions.	581.3	Perfecting the lien — filing requirements.
581.2	Priority.	581.4	Enforcement.

581.1 Nature of lien. Repealed by 2003 Acts, ch 82, §21.

581.1A Definitions.

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

1. *"Livestock"* means an animal belonging to the bovine, caprine, equine, ovine, or porcine species, ostriches, rheas, emus, poultry, or fish or shellfish.

2. *"Veterinarian"* means a person who practices veterinary medicine under a valid license or temporary permit as provided in chapter 169.

3. *"Veterinarian's lien"* or *"lien"* means a veterinarian's lien created under section 581.2A.

2003 Acts, ch 82, §15

581.2 Priority.

Except as provided in this section, section 554.9322 shall govern the priority of a veterinarian's lien that is effective or perfected as provided in section 581.3.

1. A veterinarian's lien that is effective but not perfected under section 581.3 shall have priority as provided in section 554.9322.

2. *a.* A veterinarian's lien that is perfected under section 581.3 shall have priority over any conflicting security interest or lien in livestock treated by a veterinarian, regardless of when such security interest or lien is perfected.

b. Notwithstanding paragraph *"a"*, a veterinarian's lien shall not be superior to a court-ordered lien provided in section 717.4, if such lien is perfected as an agricultural lien.

[C35, §10347-f2; C39, §**10347.11;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §581.2]

2003 Acts, ch 82, §16; 2011 Acts, ch 81, §4

581.2A Lien created.

A veterinarian shall have an agricultural lien as provided in section 554.9102 for the actual and reasonable value of treating livestock, including the cost of any product used and the actual and reasonable value of any professional service rendered by the veterinarian. The veterinarian is a secured party and the owner of the livestock is a debtor for purposes of chapter 554, article 9. The lien applies to the livestock treated by the veterinarian.

2003 Acts, ch 82, §17

Referred to in §581.1A

581.3 Perfecting the lien — filing requirements.

Except as provided in this section, a financing statement filed to perfect a veterinarian's lien shall be governed by chapter 554, article 9, part 5, in the same manner as any other financing statement.

1. The lien becomes effective at the time that the veterinarian treats the livestock.

2. In order to perfect the lien, the veterinarian must file a financing statement in the office of the secretary of state as provided in section 554.9308 within sixty days after the day that the veterinarian treats the livestock. The financing statement shall meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516. Filing a financing statement as provided in this subsection satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

[C35, §10347-f3; C39, §**10347.12;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §581.3]

2003 Acts, ch 82, §18

Referred to in §581.2

581.4 Enforcement.

A veterinarian may enforce a veterinarian's lien in the manner provided for agricultural liens pursuant to the uniform commercial code, chapter 554, article 9, part 6.

[C35, §10347-f4; C39, §**10347.13;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §581.4]

2003 Acts, ch 82, §19

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CHAPTER 582

HOSPITAL LIEN

Referred to in §602.8102(82)

582.1	Definitions.	582.3	Duration and enforcement of lien.
582.1A	Nature of lien.		
582.2	Written notice of lien.	582.4	Lien docket — fees.

582.1 Definitions.

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

1. *"Health plan"* means an individual or group plan that provides, or pays the costs of, medical care as that term is defined in the federal Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 and regulations promulgated thereunder.

2. *"Hospital"* means a public or private institution licensed pursuant to chapter 135B.

3. *"Provider agreement"* means a contract, understanding, or arrangement made by an association, corporation, county, municipal corporation, or other institution maintaining a hospital in the state, with any health plan or other entity for the provision or payment of health care services.

2007 Acts, ch 154, §1; 2011 Acts, ch 34, §132

582.1A Nature of lien.

1. Every association, corporation, county, municipal corporation, or other institution maintaining a hospital in the state, which shall furnish medical or other service to any patient injured by reason of an accident not covered by the workers' compensation Act, shall, if such injured party shall assert or maintain a claim against another for damages on account of such injuries, have a lien upon that part going or belonging to such patient of any recovery or sum had or collected or to be collected by such patient, or by the patient's heirs or personal representatives in the case of the patient's death, whether by judgment or by settlement or compromise to the amount of the reasonable and customary charges of such hospital for the treatment, care, and maintenance of such patient in such hospital up to the date of payment of such damages, except as provided in subsection 2.

2. If a patient provides proof of insurance coverage under a health plan within thirty days of the patient's discharge from a hospital, the hospital shall submit all charges to the patient's health plan prior to filing the notice of the lien pursuant to section 582.2. The patient's health plan shall not deny payment for hospital services received on the basis that a third party or other insurance carrier is responsible for the patient's injuries. If the health plan denies payment for any other reason, the health plan shall nonetheless provide the hospital and the patient with a statement detailing the amount the health plan would have paid for the hospital services provided and the amount the patient would have been responsible for had the claim not been denied. In such a case, the amount of the lien shall be limited to the amount the hospital would have received if such charges were covered by the patient's health plan. A health plan's failure to provide a statement shall not affect the limitations on a hospital lien pursuant to this section. This subsection shall not prohibit a hospital from filing notice of a lien pursuant to section 582.2 for the amount owed to the hospital due to patient responsibility including but not limited to deductibles, copayments, and coinsurance.

3. If at any time subsequent to the filing of the notice of the lien a hospital receives health plan information regarding a patient, the hospital shall not be required to withdraw notice of the lien but shall submit the hospital's charges to the health plan. In such a case, the amount of the hospital's lien shall be limited pursuant to subsection 2.

4. The lien shall not in any way prejudice or interfere with any lien or contract which may be made by such patient or the patient's heirs or personal representatives with any attorney or attorneys for handling the claim on behalf of such patient, the patient's heirs, or personal representatives; provided, further, that the lien shall not be applied or considered valid against a patient covered under the workers' compensation Act pursuant to chapters 85, 85A, and 85B.

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5. A hospital that recovers from a judgment, verdict, or settlement pursuant to this chapter shall be responsible for the pro rata share of the legal and administrative expenses incurred in obtaining the judgment, verdict, or settlement.

[C35, §10347-f5; C39, §**10347.14;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §582.1]
2007 Acts, ch 154, §2
CS2007, §582.1A
Referred to in §582.3

582.2 Written notice of lien.

No such lien shall be effective, however, unless a written notice containing the name and address of the injured person, the date of the accident, the name and location of the hospital, and the name of the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries received, shall be filed in the office of the clerk of the district court of the county in which such hospital is located, prior to the payment of any moneys to such injured person, the person's attorneys or legal representative, as compensation for such injuries; nor unless the hospital shall also mail, postage prepaid, a copy of such notice with a statement of the date of filing thereof to the person or persons, firm or firms, corporation or corporations alleged to be liable to the injured party for the injuries sustained prior to the payment of any moneys to such injured person, the person's attorneys or legal representative, as compensation for such injuries. Such hospital shall mail a copy of such notice to any insurance carrier which has insured such person, firm or corporation against such liability, if the name and address shall be known. Such hospital shall also mail a copy of such notice to the injured person or to the injured person's attorney or legal representative, if known.

[C35, §10347-f6; C39, §**10347.15;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §582.2]
2007 Acts, ch 154, §3
Referred to in §582.1A, 582.3

582.3 Duration and enforcement of lien.

1. Any person, firm, or corporation, including an insurance carrier, making any payment to such patient or to the patient's attorneys or heirs or legal representatives as compensation for the injury sustained, after the filing and mailing of such notice without paying to such hospital the amount of its lien recoverable pursuant to section 582.1A from such person, firm, or corporation or so much thereof as can be satisfied out of the moneys due under any final judgment or compromise or settlement agreement, after paying the amount of any prior liens, shall, for a period of one year from the date of payment to such patient or the patient's heirs, attorneys, or legal representatives, as aforesaid, be and remain liable to such hospital for the amount which such hospital was entitled to receive as aforesaid; any such association, corporation, or other institution maintaining such hospital may, within such period, enforce its lien by a suit at law against such person, firm, or corporation making any such payment.

2. Prior to payment by a person, firm, or corporation, including an insurance carrier, to a patient's attorney, the patient's attorney may notify the person, firm, or corporation that will be making the payment that the attorney agrees to assume responsibility for the satisfaction of some or all liens of which the person, firm, or attorney has received notice pursuant to section 582.2. Upon receipt of such notification by the patient's attorney, such person, firm, or corporation shall provide the patient's attorney with copies of any lien notice relating to a hospital lien for which the attorney has agreed to assume responsibility and such person, firm, or corporation shall not thereafter be responsible to any hospital encompassed by such notification. A patient's attorney who so notifies a person, firm, or corporation and who receives a copy of any lien notice encompassed by such notification from the person, firm, or corporation shall pay such hospital the amount to which the hospital is entitled pursuant to section 582.1A from the amount received from the person, firm, or corporation. If there is a dispute concerning the amount owed to a hospital pursuant to section 582.1A, a patient's attorney shall hold in trust the maximum amount to which the hospital may be entitled pursuant to section 582.1A and may disburse any other amounts to the patient, attorney, or other persons entitled to the funds. Any dispute concerning the amount owed to a hospital

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pursuant to section 582.1A shall be resolved by the court in which the patient filed an action to recover for the patient's injury and the court shall retain jurisdiction of the case to resolve the amount of the lien after dismissal of the action. If no such action was commenced by the patient, a court in which such action could have been brought shall have jurisdiction to determine the amount owed to the hospital.

[C35, §10347-f7; C39, §**10347.16;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §582.3]
2007 Acts, ch 154, §4

582.4 Lien docket — fees.

Every clerk of the district court shall maintain a hospital lien docket in which, upon the filing of any lien claim under the provisions of this chapter, the clerk shall enter the name of the injured person, the date of the accident, and the name of the hospital or other institution making the claim. The clerk shall make a proper index of the same in the name of the injured person and the clerk shall collect a fee in the amount provided for in section 602.8105 for filing each lien claim.

[C35, §10347-f8; C39, §**10347.17;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §582.4]
95 Acts, ch 91, §2; 2006 Acts, ch 1144, §6
Referred to in §602.8104

CHAPTER 583

HOTELKEEPER'S LIEN

583.1	Definitions.	583.4	Satisfaction of lien by sale.
583.2	Nature of hotelkeeper's lien.	583.5	Disposal of proceeds — statement.
583.3	Enforcement of claim by ordinary action.	583.6	Duty of county treasurer — right of guest.

583.1 Definitions.

For the purposes of this chapter:

1. *"Baggage"* shall include all property which is in any hotel belonging to or under the control of any guest.
2. *"Guest"* shall include boarder and patron, or any legal occupant of any hotel as herein defined.
3. *"Hotel"* shall include inn, rooming house, and eating house, or any structure where rooms or board are furnished, whether to permanent or transient occupants.
4. *"Hotelkeeper"* shall mean a person who owns or operates a hotel.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10348;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.1]

583.2 Nature of hotelkeeper's lien.

A hotelkeeper shall have a lien upon the baggage of any guest, which may be in that hotel, for:

1. The accommodations and keep of said guest.
2. The money paid for or advanced to said guest.
3. The extras and other things furnished said guest.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10349;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.2]
Bond to release, chapter 584

583.3 Enforcement of claim by ordinary action.

The hotelkeeper may take and retain possession of all baggage and may enforce the claim by an ordinary action. Said baggage shall be subject to attachment and execution for the

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reasonable charges of the hotelkeeper against the guest, and for the costs of enforcing the lien thereon.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10350;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.3]

Attachment to enforce lien, §640.1

583.4 Satisfaction of lien by sale.

If the hotelkeeper does not proceed by an ordinary action the hotelkeeper shall retain the baggage upon which the hotelkeeper has a lien for a period of ninety days, at the expiration of which time, if such lien is not satisfied, the hotelkeeper may sell such baggage at public auction after giving ten days' notice of the time and place of sale in a newspaper of general circulation in the county where the hotel is situated, and also by mailing a copy of such notice addressed to said guest at the place of residence registered by the guest in the register of the hotel.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10351;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.4]

583.5 Disposal of proceeds — statement.

From the proceeds of said sale the hotelkeeper shall satisfy the lien, the reasonable expense of storage, and the costs for enforcing the lien, and any remaining balance shall, on demand within six months, be paid to the guest, and if not demanded within said period of time, said balance shall be deposited by the hotelkeeper with the county treasurer of the county in which the hotel is situated, together with:

1. A statement of the hotelkeeper's claim and the costs of enforcing same.
2. A copy of the published notice of sale.
3. A statement of the amounts received for the goods sold at said sale.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10352;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.5]

Referred to in §583.6

583.6 Duty of county treasurer — right of guest.

The balance received by the county treasurer under section 583.5 shall be credited to the county, subject to a right of the guest, or the guest's representative, to reclaim it at any time within three years from the date of deposit with the county treasurer.

[C97, §3138; S13, §3138; C24, 27, 31, 35, 39, §**10353;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §583.6]

83 Acts, ch 123, §193, 209

Referred to in §331.427, 331.552

CHAPTER 584

RELEASE OF LIENS BY BOND

Referred to in §602.8102(82)

584.1	Liens subject to release.	584.3	Effect of bond.
584.2	Requirements of bond.	584.4	Action on bond.

584.1 Liens subject to release.

An owner of personal property in this state who disputes, either the existence, on such property, of a common law or statutory lien, or the amount of any such lien, may release such lien, if any, and become entitled to the immediate possession of said property by filing a bond as hereinafter provided.

[C24, 27, 31, 35, 39, §**10354;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §584.1]

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584.2 Requirements of bond.

Said bond shall be in an amount equal to twice the amount of the lien claimed, shall have one or more sureties, shall be approved by and filed with the clerk of the district court of the county where the property is being held under the claimed lien, and shall be conditioned to pay claimant any sum found to be due and also found to have been a lien on said property at the time the bond is filed.

[C24, 27, 31, 35, 39, §**10355;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §584.2]

584.3 Effect of bond.

When said bond is filed and claimant is given written notice of such filing, the said lien, if any, shall stand released, and the owner shall be entitled to the immediate possession of said property.

[C24, 27, 31, 35, 39, §**10356;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §584.3]

584.4 Action on bond.

An action upon said bond shall be brought in the county where the owner of the property resides; when the said owner is a nonresident of this state, the action shall be brought in the county where the bond is filed.

[C24, 27, 31, 35, 39, §**10357;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §584.4]

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SUBTITLE 4

LEGALIZING ACTS

CHAPTER 585

PUBLICATION OF PROPOSED LEGALIZING ACTS

Referred to in §3.7

585.1 Publication prior to passage.
585.2 Place of publication in certain cases.
585.3 Caption of publication.
585.4 Cost of publication.
585.5 Subsequent amendment — effect.

585.1 Publication prior to passage.

No bill which seeks to legalize the official proceedings of any board of supervisors, board of school directors, or city council, or which seeks to legalize any warrant or bond issued by any of said official bodies, shall be placed on passage in either house or senate until such bill as introduced shall have been published in full in some newspaper published within the territorial limits of the public corporation whose proceedings, warrants, or bonds are proposed to be legalized, nor until proof of such publication shall have been filed with the chief clerk of the house, and with the secretary of the senate, and a brief minute of such filing entered on the respective journals.

[C24, 27, 31, 35, 39, §**10358;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §585.1]

Additional requirements, §2.9

585.2 Place of publication in certain cases.

In case no newspaper is published within such territorial limits, the publication required by this chapter shall be made in one newspaper of general circulation published within the county.

[C24, 27, 31, 35, 39, §**10359;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §585.2]

585.3 Caption of publication.

1. The publication required by this chapter shall be made under the following caption or heading, to wit:

Proposed bill for the legalization of the proceedings of (name of official body).

2. If the proposed bill be for the legalization of the bonds or warrants of the public corporation, the caption shall be modified accordingly.

[C24, 27, 31, 35, 39, §**10360;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §585.3]

2013 Acts, ch 30, §181

585.4 Cost of publication.

If the bill be introduced at the instance of the public body whose proceedings, bonds, or warrants are sought to be legalized, the cost of the aforesaid publication may be paid from the general fund of the public corporation.

[C24, 27, 31, 35, 39, §**10361;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §585.4]

Cost of printing, §2.9

585.5 Subsequent amendment — effect.

The amendment of the proposed bill after its publication as aforesaid shall not affect its legality, provided the subject matter of the bill is not substantially changed.

[C24, 27, 31, 35, 39, §**10362;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §585.5]

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CHAPTER 586

ACKNOWLEDGMENTS, OTHER ACTS, AND INSTRUMENTS

586.1 Specific defects legalized.

586.1 Specific defects legalized.

The following acts and instruments are hereby legalized and declared to be as valid as though all defects and irregularities therein as set forth below had never existed; nothing in this section, however, shall affect pending litigation:

1. Official acts performed more than ten years earlier by notaries public during the time that they held over in office without qualifying after the expiration of the preceding term, if such notaries public subsequently qualified.

2. Acknowledgments taken more than ten years earlier by notaries public outside their jurisdiction.

3. Acknowledgments taken and oaths administered by mayors under section 691, Code 1897, or section 1216 of subsequent Codes to and including Code 1939 and section 78.2, Code 1966 and earlier editions, in proceedings not connected with their offices.

4. Acknowledgments of deeds, mortgages, permanent school fund mortgages and contracts taken and certified before 1970 by any county auditor, deputy county auditor, or deputy clerk of the district court although such officer was not authorized to take the acknowledgments at the time they were taken.

5. Acknowledgments taken and certified as provided by the Code of 1873, which were taken and certified after September 29, 1897, and prior to April 14, 1898, by officers having authority under the Code of 1873 to take and certify acknowledgments, as though such acknowledgments were taken and certified according to the provisions of the Code of 1897, and as though the officers were authorized to take and certify acknowledgments.

6. Acknowledgments taken, certified, and recorded before 1970 in the proper counties, and which are defective only in the form of the certificate of the officer taking the acknowledgment or because made before an official not qualified to take such acknowledgment but who was qualified to take acknowledgments generally.

7. Acknowledgments taken outside the United States before 1970 by officers authorized by section 10092, Codes 1924 to 1939 and section 558.28, Code 1946 to and including the Code of 1966, to take such acknowledgments, whether or not a certificate of authenticity as provided by section 10093, Codes of 1924 to 1939 and section 558.29, Code 1946 to and including the Code of 1966, is attached to such instrument; and the certificate of acknowledgment of such officer is hereby made conclusive evidence that such officer was duly qualified to make such certificate of acknowledgment.

8. Any instrument affecting real estate executed before 1970 by an attorney in fact for the grantor where a duly executed and sufficient power of attorney was on file in the county where the land was situated, although the instrument was executed and acknowledged in the form of "A, attorney in fact for B", instead of "B, by A, the attorney in fact for B"; or if such instrument is duly recorded and there is no record in the county where the land is situated of a power of attorney authorizing the attorney in fact to so act.

9. Any written instrument and the recording thereof, recorded prior to 1970 in the office of the recorder of the proper county, although there is attached to the instrument a defective certificate of acknowledgment.

[S13, §2942-c, -e, -k, -l; SS15, §2963-v, -x; C24, 27, §10363 – 10374; C31, 35, §10363 – 10374-b1; C39, §**10363 – 10374.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §586.1; 82 Acts, ch 1020, §1]

83 Acts, ch 185, §53, 62; 96 Acts, ch 1060, §2; 2005 Acts, ch 3, §98

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CHAPTER 587

JUDGMENTS AND DECREES LEGALIZED

587.1	Decrees against unknown claimants.	587.7	Judgments or decrees quieting title.
587.2	Certain publications of original notices.	587.8	Decrees in general — affidavit of nonresidence.
587.3	Original notices failing to name term.	587.9	Decrees in general — affidavit of publication.
587.4	Decrees for sale of real estate by guardian.	587.10	Affidavit of publication of notice by assistant publisher.
587.5	Judgments or decrees respecting wills.	587.11	Annulment of marriages — service by publication.
587.6	Judgments in probate by circuit courts.	587.12	Service by publication under former rule 60.

587.1 Decrees against unknown claimants.

All decrees of court obtained in actions against unknown defendants in which the notice was entitled in the initial or initials of the plaintiff instead of the plaintiff's full given name are legalized, and the decrees have the same force and effect as if the notice had been entitled in the full name of the plaintiff as was provided for in section 3538, Code of 1897, and in section 3538 of the supplement to the Code of 1913.

[SS15, §3540-a; C24, 27, 31, 35, 39, §**10375;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.1]

85 Acts, ch 67, §52

587.2 Certain publications of original notices.

No action in which unknown persons were made parties defendant pursuant to the requirements of section 3538, supplemental supplement to the Code 1915, and in which notice of such action was given by publication between July 1, 1913, and July 1, 1915, for four consecutive weeks, the last publication being ten days prior to the first day of the term for which said action was brought as shown by proof on file in the office of the clerk of the court where said action was pending, shall be held ineffectual, void, or insufficient because the records fail to show that the court or judge approved said notice before publication or failed to endorse approval on said notice or failed to designate in which paper said notice should be published as required by section 3539, Code of 1897.

[C24, 27, 31, 35, 39, §**10376;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.2]

587.3 Original notices failing to name term.

All judgments and decrees heretofore entered by default prior to July 4, 1963, in causes wherein the original notices set out the date when and the place where the court would convene are hereby declared legal and binding, notwithstanding the fact that said original notices fail to name the term at which defendant or defendants was or were required to appear. Nothing contained in this section shall affect pending litigation.

[C39, §**10376.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.3]

587.4 Decrees for sale of real estate by guardian.

In all cases where decrees and orders of court have been obtained for the sale of real estate by a guardian prior to January 1, 1969, where the original notice shows that service of notice pertaining to the sale of such real estate was made on the minor or protected person outside of the state of Iowa, such services of notices are hereby legalized. All decrees so obtained as aforesaid are hereby legalized and held to have the same force and effect as though the service of such original notice had been made on the minor or protected person within the state of Iowa.

[C24, 27, 31, 35, 39, §**10377;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.4]

2024 Acts, ch 1009, §51

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587.5 Judgments or decrees respecting wills.

No judgment or decree purporting to set aside any will or the provisions of any will, or to place any construction upon any will or terms of any will, or to aid in carrying out the provisions of any will, and no contract or agreement purporting to be a settlement of any suit or action to set aside any will or the terms of any will, or to place any construction upon any will or any of the terms thereof, shall be held ineffectual, void, or insufficient because the records fail to show proper service of notice on all parties interested, that persons under disability affected by the action were not properly served with notice or represented by guardian or guardian ad litem, either in suit, action, or in a settlement thereof, that all persons interested participated in the settlement, or that any other provisions of law had been complied with which are necessary to make a valid decree, judgment, or settlement; provided more than ten years had elapsed since the judgment, decree, contract, or agreement was filed, entered, or placed on record in the county where the real estate affected thereby is situated. Said decree, judgment, contract, or agreement shall be conclusive evidence of the right, title, or interest it purports to establish or adjudicate insofar as it affects the title to such real estate, and said proceedings therein are hereby made legal and effectual the same as though all provisions of law had been complied with in the obtaining of said decree, judgment, or execution of said contract or agreement, and any judgment, decree, contract, or agreement such as above described which is now of record less than ten years in the county in which the real estate is situated shall, at the expiration of ten years from date of filing, entering, or recording thereof, have the same force and effect as is above given to those now in effect more than ten years.

[S13, §2963-m; C24, 27, 31, 35, 39, §**10378;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.5]

587.6 Judgments in probate by circuit courts.

In all cases where matters or proceedings in probate have been heard by the circuit courts or judges outside the county in which such matters or proceedings were pending, and in all cases where orders and judgments in probate matters and proceedings have been made by the circuit courts and judges outside the county in which such proceeding or matter was pending, and where such hearing was had or order or judgment made within the circuit to which the county belonged in which such proceeding or matter was pending, such hearing, order, or judgment shall be held and deemed to be of the same validity and force and effect as if such hearing was had or such order or judgment was made within the county in which such proceeding or matter was pending, and all title and rights acquired under such orders and judgments shall be held and deemed to be of the same legal force and effect and to be as valid as if such order or judgment had been made within the county in which the proceeding or matter was pending.

[C24, 27, 31, 35, 39, §**10379;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.6]

587.7 Judgments or decrees quieting title.

No existing judgment or decree quieting title to real estate as against defects arising prior to January 1, 1966, and purporting to sustain the record title shall be held ineffectual because of the failure to properly set out in the petition or notice the derivation or devolution of the interest of the unknown defendants, or on account of the failure of the record to show that such notice was approved by the court or that the same was published as directed by the court, or because of the failure of the record to show that an affidavit was filed by plaintiff showing that personal service could not be made on any defendant in the state of Iowa, or because of the failure of defense by a guardian ad litem for any defendant under legal disability, or where there was more than one tract of real estate described in the same petition and decree, or where the plaintiffs have no joint or common interest in the property or defects of title, or because of failure to comply with any other provision of law. All such decrees are hereby made legal and effectual the same as if all provisions of law had been complied with in obtaining them.

[S13, §2963-f; C24, 27, 31, 35, 39, §**10380;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.7]

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587.8 Decrees in general — affidavit of nonresidence.

In all cases where decrees of court have been obtained prior to January 1, 1966, upon publication of notice before the filing of the affidavit of nonresidence, as provided by section 3534, Code of 1897, or section 11081, Codes of 1924, 1927, 1931, 1935, 1939 and rule of civil procedure, number 60, effective July 4, 1943, and the same have not been filed as provided by law, but have been filed during the time that the notice was being published, on which such decrees are based, are hereby legalized and such decrees shall have the same force and effect as though the affidavit of nonresidence, as provided in said section, was filed at the time of or prior to the first publication of such notice. All decrees so obtained, as aforesaid, are hereby legalized and held to have the same force and effect as though the affidavit of nonresidence had been filed, as by law required.

[S13, §3534-a; C24, 27, 31, 35, 39, §**10381;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.8]

587.9 Decrees in general — affidavit of publication.

In all cases where decrees of court have been obtained prior to January 1, 1969, in which the proof of publication of the original notice has been made by the affidavit of the editor of the newspaper or the publisher, manager, cashier, or supervisor thereof in which such original notice was published, the same are hereby legalized and such decrees shall have the same force and effect as though the affidavit of the publisher or supervisor of the newspaper in which original notice was published had been filed as provided by section 3536, Code of 1897, or section 11085, Codes of 1924, 1927, 1931, 1935, 1939 and rule of civil procedure, number 60, Code 1946, that all decrees obtained as aforesaid are hereby legalized and held to have the same force and effect as though the proof of the publication on the original notice had been made by the affidavit of the publisher or supervisor of the newspaper in which such original notice was published.

[S13, §3536-a; C24, 27, 31, 35, 39, §**10382;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.9]

587.10 Affidavit of publication of notice by assistant publisher.

All affidavits of proof of publication of any notice or original notice made by the assistant publisher of any newspaper of general circulation, which were executed and filed more than ten years earlier, are hereby legalized, declared valid, binding, and of full force and effect.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.10]

91 Acts, ch 183, §10

587.11 Annulment of marriages — service by publication.

All decrees of the courts of this state made and entered of record in actions brought to annul a marriage in which the service of the original notice was made by publication in the manner provided by law for actions for divorce are hereby legalized and validated as fully and to the same extent as if the statute at the time such suit was instituted had provided for service of the original notice by publication in the time and manner aforesaid.

[S13, §3187-a; C24, 27, 31, 35, 39, §**10383;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.11]

587.12 Service by publication under former rule 60.

1. In all actions or in proceedings in probate where an order, judgment, or decree has been entered prior to July 1, 1970, based upon service of notice by publication as provided by rule 60 of the Iowa rules of civil procedure, Code 1966, or any statute authorizing publication of notice or upon service of notice by publication or posting pursuant to authorization or direction of any court of competent jurisdiction in the state of Iowa, all such orders, judgments, or decrees are hereby declared valid and of full force and effect, unless an action shall be commenced within the time provided in subsection 2 to question such order, judgment, or decree, or any right or status created, confirmed, or existing thereunder.

2. No action shall be maintained in any court to question any such order, judgment, or

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decree, or any right or status created, confirmed, or existing thereunder unless such action shall be commenced within one year from July 1, 1970.

3. The provisions of section 614.8 as to the rights of minors and persons with mental illness and any other provision of law fixing or extending the time within which actions may be commenced shall not be applicable to extend the time within which any such action shall be commenced beyond one year after July 1, 1970.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §587.12]

96 Acts, ch 1129, §113; 2017 Acts, ch 29, §157; 2018 Acts, ch 1026, §165

CHAPTER 588

EXECUTION SALES

588.1 Failure to make proper entries.
588.2 Homestead selection — deficiency.

588.1 Failure to make proper entries.

All execution sales heretofore had wherein the execution officer has failed to endorse on the execution the day and hour when received, the levy, sale, or other act done by virtue thereof, with the date thereof, the dates and amounts of any receipts or payment in satisfaction thereof at the time of the receipt or act done, or has failed to endorse thereon, an exact description of the property levied upon at length with the date of levy, be and the same are hereby legalized and declared to be legal and valid as if all of the provisions of laws as required by sections 11664 through 11668.1, Code 1939, had been in all respects strictly and fully complied with.

[C35, §10383-e1; C39, §**10383.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §588.1]

2021 Acts, ch 76, §138

588.2 Homestead selection — deficiency.

All execution sales of real estate heretofore had in which the execution officer has failed to serve notice upon the titleholders in possession to select their homestead or has defectively served such notice or, having served such notice, has, upon the failure of defendants to select a homestead, neglected to plat the same or has defectively platted the same, or where said execution officer in such sales has offered the property en masse without first offering the same in the least legal subdivisions, or where said officer has failed to offer property, including the homestead, first separately in least legal subdivisions exclusive of homestead, then offering all property en masse, exclusive of the homestead, then offering the homestead separately, then offering all of the property for sale, en masse, be and the same are hereby legalized and declared to be legal and valid in all particulars as if all of the provisions of the law had been in all respects strictly and fully complied with at the time of said acts or said sales.

[C39, §**10383.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §588.2]

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CHAPTER 589

REAL PROPERTY

589.1 Acknowledgments — seal not affixed.
589.2 Conveyances by county.
589.3 Absence of or defective acknowledgments.
589.4 Acknowledgments by corporation officers.
589.5 Acknowledgments by stockholders.
589.6 Instruments affecting real estate.
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589.8 Mortgages, trust deeds and realty liens — releases.
589.9 Marginal releases of school-fund mortgages.
589.10 Marginal assignment of mortgage or lien.
589.11 Conveyances by fiduciaries.
589.12 Sheriffs' deeds.
589.13 Sheriff's deed executed by deputy.
589.14 Defective tax deeds.
589.15 Tax deeds legalized.
589.16 Tax sales legalized.
589.16A Defect in tax sale proceeding.
589.17 Conveyances by spouse under power.
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589.25 Sales of real estate by school district.
589.26 Land transfers by the department of health and human services legalized.
589.27 Condemnation by department of transportation.
589.28 County surplus property — sale legalized.
589.29 Permission to lay water mains.
589.30 Establishment of ancient county roads.
589.31 City and county deeds.

589.1 Acknowledgments — seal not affixed.

All deeds, mortgages, or other instruments in writing for the conveyance of lands which have been made and executed more than ten years earlier, and the officer taking the acknowledgment has not affixed the officer's seal to the acknowledgment; the acknowledgment is, nevertheless, good and valid in law and equity, any other provision of law to the contrary notwithstanding.

[S13, §2942-h; C24, 27, 31, 35, 39, §**10384;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.1]

84 Acts, ch 1090, §1; 91 Acts, ch 183, §11

589.2 Conveyances by county.

All deeds executed more than ten years earlier, by a court or the chairperson of the board of supervisors of a county, and to which the officer executing the deed has failed or omitted to affix the county seal, and all deeds where the clerk has failed or omitted to countersign when required so to do, are legalized and valid as though the law had in all respects been fully complied with.

[C24, 27, 31, 35, 39, §**10385;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.2]

84 Acts, ch 1090, §2; 91 Acts, ch 183, §12

589.3 Absence of or defective acknowledgments.

Any instrument in writing affecting the title to real estate within the state of Iowa, to which is attached no certificate of acknowledgment, or to which is attached a defective certificate of acknowledgment, which was, more than ten years earlier, recorded or spread upon the records in the office of the recorder of the county in which the real estate described in the instrument is located, is, together with the recording and the record of the recording, valid, legal, and binding as if the instrument had been properly acknowledged and legally recorded.

[S13, SS15, §2963-a; C24, 27, 31, 35, 39, §**10386;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.3]

84 Acts, ch 1090, §3; 91 Acts, ch 183, §13

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589.4 Acknowledgments by corporation officers.

The acknowledgments of all deeds, mortgages, or other instruments in writing taken or certified more than ten years earlier, which instruments have been recorded in the recorder's office of any county of this state, including acknowledgments of instruments made by a corporation, or to which the corporation was a party, or under which the corporation was a beneficiary, and which have been acknowledged before or certified by a notarial officer as provided in chapter 9B who was at the time of the acknowledgment or certifying a stockholder or officer in the corporation, are legal and valid official acts of the notarial officers, and entitle the instruments to be recorded, anything in the laws of the state of Iowa in regard to acknowledgments to the contrary notwithstanding. This section does not affect pending litigation.

[C39, §**10387.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.4]

84 Acts, ch 1090, §4; 91 Acts, ch 183, §14; 2012 Acts, ch 1050, §51, 60; 2013 Acts, ch 140, §100; 2014 Acts, ch 1092, §130

589.5 Acknowledgments by stockholders.

All deeds and conveyances of lands within this state executed more than ten years earlier, but which have been acknowledged or proved according to and in compliance with the laws of this state before a notarial officer as provided in chapter 9B who was, at the time of the acknowledgment, an officer or stockholder of a corporation interested in the deed or conveyance, or otherwise interested in the deeds or conveyances, are, if otherwise valid, valid in law as though acknowledged or proved before an officer not interested in the deeds or conveyances; and if recorded more than ten years earlier, in the respective counties in which the lands are, the records are valid in law as though the deeds and conveyances, so acknowledged or proved and recorded, had, prior to being recorded, been acknowledged or proved before a notarial officer having no interest in the deeds or conveyances.

[S13, §2942-d; C24, 27, 31, 35, 39, §**10388;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.5]

84 Acts, ch 1090, §5; 91 Acts, ch 183, §15; 2012 Acts, ch 1050, §52, 60; 2013 Acts, ch 140, §101; 2014 Acts, ch 1092, §131

589.6 Instruments affecting real estate.

All instruments in writing executed by a corporation before July 1, 1996, which are more than one year old, conveying, encumbering, or affecting real estate, including releases or satisfactions of mortgages, judgments, or any other liens by entry of the release or satisfaction upon the page where the lien appears recorded or entered, where the corporate seal of the corporation has not been affixed or attached, and which are otherwise legally and properly executed, are legal, valid, and binding as though the corporate seal had been attached or affixed.

[S13, §3068-a; C24, 27, 31, 35, 39, §**10389;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.6]

84 Acts, ch 1090, §6; 91 Acts, ch 183, §16; 96 Acts, ch 1154, §9; 97 Acts, ch 23, §74

589.7 Reserved.

589.8 Mortgages, trust deeds and realty liens — releases.

A release or satisfaction of a mortgage or trust deed, or of an instrument in writing creating a lien upon real estate where the release or satisfaction has been recorded in the recorder's office of the county in this state, or upon the margin of the record, where the original instrument was recorded and which release or satisfaction was made by an individual, association, partnership, assignee, corporation, attorney in fact, or by a resident or foreign executor, administrator, referee, receiver, trustee, guardian, or commissioner, and which release or satisfaction was executed, filed, and recorded more than ten years earlier,

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is valid, legal and binding, any defects in the execution, acknowledgment, recording, filing, or otherwise of the releases or satisfactions to the contrary notwithstanding.

[S13, §2938-b; C24, 27, 31, 35, 39, §**10391;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.8]

84 Acts, ch 1090, §7; 91 Acts, ch 183, §17; 2008 Acts, ch 1032, §106

589.9 Marginal releases of school-fund mortgages.

The release or satisfaction of a school-fund mortgage entered on the margin of the record of the mortgage by the auditor of the county more than ten years earlier, is legalized as though the auditor had, at the time of entering the release or satisfaction, the same power thereafter conferred upon the auditor by 1894 Iowa Acts, ch 53.

[C24, 27, 31, 35, 39, §**10392;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.9]

84 Acts, ch 1090, §8; 91 Acts, ch 183, §18; 2005 Acts, ch 3, §99

589.10 Marginal assignment of mortgage or lien.

If an assignment of a mortgage or other recorded lien on real estate has been executed more than ten years earlier, by written assignment on the margin of the record where the mortgage or other lien is recorded or entered, the assignment passed all the right, title, and interest in the real estate, which the assignor at the time had, with like force and effect as if the assignment had been made by separate instrument duly acknowledged and recorded; and an assignment or a duly authenticated copy of an assignment when accompanied by a duly authenticated copy of the record of the instrument or lien it purports to assign, is admissible in evidence as provided by law for the admission of the records of deeds and mortgages.

[SS15, §2963-x2; C24, 27, 31, 35, 39, §**10393;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.10]

84 Acts, ch 1090, §9; 91 Acts, ch 183, §19

589.11 Conveyances by fiduciaries.

If an executor, administrator, trustee, guardian, assignee, receiver, referee, or commissioner, acting in that capacity in this or any state, has conveyed in the trust capacity real estate lying in this state and the conveyance has been of record for more than ten years, in the county where the real estate so conveyed is located and which conveyance purports to sustain the title in the present record owner, the conveyance is not void or insufficient because due and legal notice of all proceedings with reference to the making of the conveyance was not served upon all interested or necessary parties, or that the executor, administrator, trustee, guardian, assignee, receiver, referee, or commissioner is not shown to have been duly authorized by an order of court to make and execute the conveyance, that a bond was not given, or that a report of the sale was not made; or the sale or deed of conveyance was not approved by order of court, or a foreign executor, administrator, trustee, guardian, assignee, receiver, referee, or commissioner was not appointed or qualified in the state of Iowa prior to the making of the conveyance, or the record fails to disclose compliance with any law, and all such conveyances are valid, legal, and binding. Allotments by referees in partition are conveyances within the meaning of this section.

[S13, SS15, §2963-l; C24, 27, 31, 35, 39, §**10394;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.11]

84 Acts, ch 1090, §10; 91 Acts, ch 183, §20

589.12 Sheriffs' deeds.

A sheriff's deed executed more than ten years earlier which purports to sustain the record title is not ineffectual on account of the failure of the record to show that any of the steps in obtaining the judgment or in the sale of the property were complied with. The proceedings are legalized as if the record showed that the law has been complied with.

[S13, §2963-c; C24, 27, 31, 35, 39, §**10396;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.12]

84 Acts, ch 1090, §11; 91 Acts, ch 183, §21

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589.13 Sheriff's deed executed by deputy.

All conveyances of land in this state, executed in this state by a deputy sheriff, and properly recorded in the office of the county recorder of the county where the land is located, more than ten years earlier, have the same force and effect as though the conveyance had been executed by the sheriff.

[C24, 27, 31, 35, 39, §**10397;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.13]

84 Acts, ch 1090, §12; 91 Acts, ch 183, §22

589.14 Defective tax deeds.

A tax deed executed more than ten years earlier which purports to sustain the record title, is not ineffectual because of the failure of the record to show that any of the steps in the sale and deeding of the property were complied with and these proceedings are legalized and valid as if the record showed that the law had been complied with.

[S13, §2963-o; C24, 27, 31, 35, 39, §**10398;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.14]

84 Acts, ch 1090, §13; 91 Acts, ch 183, §23

589.15 Tax deeds legalized.

That in all instances where tax deeds have been issued by county treasurers in the absence of the report and entry required by section 7283, Code 1939, or corresponding sections of earlier Codes relating to collection of costs of serving notices, such tax deeds shall not by reason of omission to make such report and entry be held invalid, but are hereby legalized. Nothing herein contained shall be construed as curing any other defect in tax deeds than that herein specifically described. Nothing herein contained shall be so construed as to affect pending litigation.

[C35, §10398-g1; C39, §**10398.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.15]

589.16 Tax sales legalized.

In all instances where a county treasurer heretofore conducted a tax sale at the time provided in section 7259, Code 1935, or section 7262, Code 1935, sales made at such tax sale or any adjournment thereof shall not be held invalid by reason of the failure of the county treasurer to have brought forward the delinquent tax of prior years upon the current tax lists in use by the said county treasurer at the time of conducting the sale, or by reason of the failure of the county treasurer to have offered all the property unsold before each adjournment of said sale and said tax sales are hereby legalized and declared valid notwithstanding the provisions of section 7193, Code 1935, and section 7259, Code 1935, provided the delinquent taxes for which the said real estate was sold had been brought forward upon the current tax list of the year preceding the year in which the said tax sale was conducted. Provided, however, that no tax sale so legalized and validated shall affect a special assessment if the same continues to remain a lien notwithstanding a tax deed now or hereafter issued pursuant to such tax sale.

[C39, §**10398.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.16]

2014 Acts, ch 1026, §124

589.16A Defect in tax sale proceeding.

An action shall not be commenced after July 1, 1987, which asserts a claim against any real estate sold at a tax sale, based upon any defect in the tax sale proceeding, including the inadequacy of the notice of tax sale or the inadequacy of the notice of the expiration of the redemption period, where the tax sale was made prior to July 1, 1986.

86 Acts, ch 1139, §10

589.17 Conveyances by spouse under power.

A conveyance of real estate executed more than ten years earlier, in which the husband or wife conveyed or contracted to convey the inchoate right of dower through the other spouse, acting as the attorney in fact, by virtue of a power of attorney executed by the spouse, the

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power of attorney not having been executed as a part of a contract of separation, are not invalid.

[S'02, §2942-f; C24, 27, 31, 35, 39, §**10399;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.17]

84 Acts, ch 1090, §14; 91 Acts, ch 183, §24

589.18 Conveyances by foreign executors.

All conveyances of real property executed more than ten years earlier, by executors or trustees under foreign wills and prior to the date upon which the will was admitted to probate in Iowa or prior to the expiration of three months after the recording of a duly authenticated copy of the will, original record of appointment, qualification, and bond, and in which the will was, subsequent to the conveyance, probated in Iowa, and in which a duly authenticated copy of the will, original record of appointment, qualification, and bond was, subsequent to the conveyance, made a matter of record as provided in those sections, are legalized and valid in law and in equity as though the will had been probated in Iowa prior to the conveyance. However, this section does not affect pending litigation.

[S13, §3295-c; C24, 27, 31, 35, 39, §**10401;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.18]

84 Acts, ch 1090, §15; 91 Acts, ch 183, §25

589.19 Conveyances under school-fund foreclosures.

If the title to real estate has been conveyed more than ten years earlier, by the sheriff of a county pursuant to sheriff's sale under the foreclosure of permanent school-fund mortgages to the state, or to the state for the use of the school fund, or to the county for the school fund; and the land has been sold under authority of the board of supervisors of the county and conveyed under its authority, more than ten years earlier, and the full purchase price paid and credited to, and used by, the county for the permanent school fund of the county, all right, title, or interest of the state in and to the real estate is relinquished and quitclaimed to the purchaser or the purchaser's grantees forever, and the title confirmed in the purchaser, or the purchaser's grantees insofar as the erroneous conveyance is concerned.

[C31, 35, §10401-c1; C39, §**10401.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.19]

84 Acts, ch 1090, §16; 91 Acts, ch 183, §26

589.20 Reserved.

589.21 Releases and discharges.

All releases and discharges of judgments, mortgages, or deeds of trust affecting property in this state executed more than ten years earlier, by administrators, executors, or guardians appointed by the court of any other state or country are legalized, valid and effective in law and in equity. However, this section does not affect pending litigation.

[S13, §3308-a; C24, 27, 31, 35, 39, §**10403;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.21]

84 Acts, ch 1090, §17; 91 Acts, ch 183, §27

589.22 Certain loans, contracts, and mortgages.

All loans, contracts, and mortgages which are affected by the repeal of 1898 Iowa Acts, ch. 48, are hereby legalized so far as to permit recovery to be had thereon for interest at the rate of eight percent per annum, but at no greater rate, and nothing contained in such contracts shall be construed to be usurious so as to work a forfeiture of any penalty to the school fund.

[S13, §1898-b; C24, 27, 31, 35, 39, §**10404;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.22]

2005 Acts, ch 3, §100; 2014 Acts, ch 1026, §143

589.23 Descriptions referring to defective plats.

The description of land in all instruments, conveyances, and encumbrances describing lots in or referring to plats of survey or to plats made by a county auditor, or by a county surveyor

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for the owner, and placed of record by a county recorder more than ten years earlier, are legalized, valid and binding.

[S13, §924-b; C24, 27, 31, 35, 39, §**10405;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.23]

84 Acts, ch 1090, §18; 91 Acts, ch 183, §28

589.24 Defective instruments.

A deed of conveyance, or other instrument purporting to convey real estate within the state, where the deed or instrument has been recorded in the office of the recorder of any county in which the real estate is situated, and the deed or instrument was executed by a county treasurer under a tax sale, a sheriff under execution sale, or by a resident or foreign executor, administrator, referee, receiver, trustee, guardian, commissioner, individual, partnership, association, or corporation, and was executed and recorded more than ten years earlier, and if the grantee named in the deed or conveyance, or other instrument, or the grantee's heirs or devisees, by direct line of title or conveyance have been in the actual, open, adverse possession of the premises since that date, is legalized, valid, and binding, notwithstanding defects in the execution of the deed or instrument.

[S13, §2963-c; C24, 27, 31, 35, 39, §**10406;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §589.24]

84 Acts, ch 1090, §19; 91 Acts, ch 183, §29; 2008 Acts, ch 1032, §106

589.25 Sales of real estate by school district.

All deeds and conveyances of land executed by or purporting to be executed by a school district or by the board of directors of a school district, and placed of record more than ten years earlier, which deeds or conveyances purport to sustain the record title, are legalized and valid, even though the record fails to show that all necessary steps in the sale and deeding of the property were complied with. The deeds and conveyances are legalized and valid as if the record showed that the law had been complied with, and that the sales had been duly authorized by the electors of the school district.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §589.25]

84 Acts, ch 1090, §20; 91 Acts, ch 183, §30

589.26 Land transfers by the department of health and human services legalized.

Every deed, release, or other instrument in writing purporting to transfer any interest in land held or claimed by the department of health and human services or a predecessor agency, which is signed by a departmental official, and which was filed of record more than ten years earlier, in the office of the auditor or recorder or clerk of the district court of any county is legalized and shall be good and valid in law and in equity as fully as if the record expressly showed that it in all respects complied with and was fully authorized as provided in any statute pertaining to such instrument, any other provision of law to the contrary notwithstanding.

[C62, 66, 71, 73, 75, 77, 79, 81, §589.26]

91 Acts, ch 183, §31; 2023 Acts, ch 19, §1230

589.27 Condemnation by department of transportation.

1. In any condemnation proceedings instituted by the state department of transportation and pending on or filed subsequent to January 1, 1968, in any court of the state, under chapter 6B, wherein the property owner has served a proper notice of appeal on the applicant for condemnation within the statutory period, but has failed to serve notice of appeal on a lienholder within the statutory period as required by section 6B.18, such failure shall not deprive the court of jurisdiction insofar as the property owner is concerned, unless a lienholder can show prejudice thereby, and in such instances the appeal, as it affects the property owner, is legalized and validated.

2. Any award of damages and judgment for costs, in any such proceeding, which has been set aside or vacated, by reason of the failure of the property owner to serve notice of appeal on a lienholder within the statutory period required under section 6B.18, shall be reinstated by

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the court where such award and judgment was entered after notice and hearing, as prescribed by the court, and after a finding that such lienholder will not be prejudiced thereby.

[C73, 75, 77, 79, 81, §589.27]

2021 Acts, ch 76, §150

589.28 County surplus property — sale legalized.

All proceedings taken by the board of supervisors of any county pertaining to the sale of any property which was no longer needed for the purpose for which it was acquired or any other county purpose and sold pursuant to section 331.361, where the board failed to offer such property for sale at a public auction on or after June 30, 1974 and on or before July 1, 1975 are validated, legalized, and confirmed and shall constitute a valid, legal, and binding sale of such property sold on or after June 30, 1974 and on or before July 1, 1975 by the board of supervisors of any county.

[C81, §589.28]

589.29 Permission to lay water mains.

The provisions of section 320.4, relating to the laying of water mains apply to all permits or permissions granted by a county board of supervisors or the state department of transportation and its predecessors before July 1, 1979 and are retroactive to that extent.

[82 Acts, ch 1165, §1]

589.30 Establishment of ancient county roads.

Effective January 1, 1993, the establishment of a county road pursuant to proceedings by a board of supervisors, in which the proceedings, plans, or plats were on file or recorded with the county auditor or county recorder prior to January 1, 1920, are not ineffectual because of the failure of the board of supervisors to comply with any of the steps necessary for the establishment of the road, and these proceedings are legalized and valid as if the record showed that the law had been complied with, unless the adjacent property owner, or an attorney, agent, guardian, conservator, trustee, or parent of a minor adjacent property owner, files in the office of the county recorder in the county where the property is located, a statement in writing, which is duly acknowledged, and which specifically describes the property involved, the nature and extent of the right of the interest claimed, and the nature of the alleged failure to comply with any of the steps necessary for the establishment of the road, on or before December 31, 1992.

92 Acts, ch 1169, §1

589.31 City and county deeds.

All deeds and conveyances of land executed by or purporting to be executed by the governing body of a city or county, and placed of record more than ten years earlier, which deeds or conveyances purport to sustain the record title, are legalized and valid, even though the record fails to show that all necessary steps in the conveyance and deeding of the property were complied with. The deeds and conveyances are legalized and valid as if the record showed that the law had been complied with, and that the conveyances and deeding had been duly authorized by the governing body of the city or county.

97 Acts, ch 156, §1

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CHAPTER 590

WILLS

590.1 Notice of appointment of executors.
590.2 Notice of hearing in probate.

590.1 Notice of appointment of executors.

1. In all instances prior to January 1, 1964, where executors or administrators have failed

to publish notice of their appointment as required by section 3304, Code of 1897, and section 11890, Codes of 1924 through 1939, and section 633.46, Codes 1946 through 1962, but have published a notice of appointment, such notice of appointment is hereby legalized and shall have the same force and effect as though the same had been published as directed by the court or clerk.

2. In all instances where more than five years have passed since the appointment of a personal representative or probate of a will without administration, where administrators have failed to publish notice of their appointment as required by section 633.230, and executors have failed to publish a notice of admission of the will to probate and their appointment as required by sections 633.304 and 633.305, but have published a notice of appointment or notice of admission of the will to probate and of the appointment of the executor, such notice of appointment or notice of admission of the will to probate and of the appointment of the executor, is hereby legalized and shall have the same force and effect as though the same had been published as required.

[C24, 27, 31, 35, 39, §**10407;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §590.1]
2021 Acts, ch 76, §139

590.2 Notice of hearing in probate.

In all instances prior to January 1, 1964, where the clerk of the district court of any county failed to publish notice of the time fixed for hearing of the probate of any will filed in such county as required by section 11865 of the Code [1924 through 1939], and section 633.20, Codes 1946 through 1962, but did publish a notice of the time fixed for such hearing signed by the clerk and addressed to whom it may concern in a daily or weekly newspaper printed in the county where the will was filed, such notice of time fixed for the hearing of the probate of such will is hereby legalized and shall have the same force and effect as though the same had been published in strict conformity with the requirements of said section.

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §590.2]
2022 Acts, ch 1032, §98

CHAPTER 591

CORPORATIONS LEGALIZED

591.1 Defective publication.
591.2 Publication after required time.
591.3 Filing of renewals after required time.
591.4 Defective notice or acknowledgment, etc.
591.5 Notices of incorporation.
591.6 Amended articles and change of name.
591.7 Cooperative associations or corporations.
591.8 Defective organization or renewal.
591.9 Interstate bridges — merger and consolidation.
591.10 Failure to publish notice of renewal.
591.11 Failure to publish notice of amendment.
591.12 Effect of foregoing statutes.
591.13 Corporation stock — certificates of information.
591.14 Failure to file certificate — penalty.
591.15 Failure to publish notice of incorporation or amendment.
591.16 Nonprofit corporate renewal legalized.
591.17 Nonprofit corporations legalized.

591.1 Defective publication.

Corporations heretofore incorporated under the laws of the state which have caused notice of their incorporation to be published once each week for four consecutive weeks in some daily, semiweekly or triweekly newspaper, instead of causing the same to be published in each issue of such newspaper for four consecutive weeks, are hereby legalized and are declared

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legal incorporations the same as though the law had been complied with in all respects in regard to the publication of notice.

[S13, §1613-a; C24, 27, 31, 35, 39, §**10408;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.1]

Referred to in §591.12

591.2 Publication after required time.

In all instances where the incorporators of corporations organized in this state for pecuniary profit have omitted to publish notice of such incorporation within three months after the date of the certificates of incorporation issued by the secretary of state, but did publish such notices thereafter in the manner and form as required by law, such notices of incorporation are hereby legalized and shall have the same force and effect as though published within said period of three months.

[C24, 27, 31, 35, 39, §**10409;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.2]

Referred to in §591.12

591.3 Filing of renewals after required time.

In all instances where proper action has been taken prior to July 1, 1959, by the stockholders for renewal of any corporation for pecuniary profit and the certificates showing such proceedings, together with the articles of incorporation, have been filed and recorded in the office of the county recorder and later in the office of the secretary of state, or have been filed and recorded in the office of the secretary of state and later in the office of the county recorder, although there has been failure to file such certificates and articles of incorporation in either or both of the said offices within the time specified therefor by law, such renewals are hereby legalized and shall be held to have the same force and effect as though the filings of the said documents in the said offices had been made within the periods prescribed by statute.

[SS15, §1618-1a; C24, 27, 31, 35, 39, §**10410;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.3]

Referred to in §591.12

591.4 Defective notice or acknowledgment, etc.

In all instances where the incorporators of corporations organized in the state prior to January 1, 1959, have failed to publish notices of such incorporation within three months from and after the date of the certificates of incorporation issued by the secretary of state, but did publish such notices within three months after the date required by law in such cases in manner and form as required by law, and in all instances where the number of incorporators or the signatures or acknowledgment thereof were less than the number required by law, or the articles of incorporation were otherwise defective, but where the corporation or association has thereafter been conducted with the requisite number of stockholders or members, such notices of incorporation and the incorporation of corporations or associations so defectively incorporated are in each and every case hereby legalized and all the corporate acts of all such corporations and associations are hereby legalized in all respects.

[C24, 27, 31, 35, 39, §**10411;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.4]

Referred to in §591.12

591.5 Notices of incorporation.

In all instances where the incorporators of corporations for pecuniary profit have omitted to publish notice of incorporation within three months from the date of the certificate of incorporation issued by the secretary of state, but have published notice thereafter in manner and form as by law required, such notices are hereby legalized and shall have the same force and effect as though published within said period of three months, as to all acts of said corporation from the date of said completed publication.

[C24, 27, 31, 35, 39, §**10412;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.5]

Referred to in §591.12

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591.6 Amended articles and change of name.

Any corporation, organized under chapter 2 of Title IX, Code of 1897, or chapter 394, Codes of 1924, 1927, 1931, 1935 and 1939, or chapter 504, Codes of 1946, 1950, 1954 and 1958, which shall have heretofore adopted articles of incorporation or changed its name or amended its articles, and some question has arisen as to whether such articles, change in name or amendment was adopted by a majority of the members of such corporation as required by section 1651, Code of 1897, and section 8593, Codes of 1924, 1927, 1931, 1935 and 1939, and section 504.19, Codes of 1946, 1950, 1954 and 1958, and such corporation shall have been engaged in the exercise of its corporate functions for the period of at least three years, such articles, change in name or amendment shall be held and considered to have been duly adopted by a majority of all the members of such corporation and are hereby legalized and made valid.

[S13, §1642-b; C24, 27, 31, 35, 39, §**10413;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.6]

Referred to in §591.12

591.7 Cooperative associations or corporations.

In all instances where cooperative associations or corporations have been organized under the law as it appears in chapter 389, Code of 1927, where such associations or corporations have filed the original articles rather than a verified copy with the county recorder or where the secretary of state failed to certify the filing and acceptance of such articles, or where the certificate of the secretary of state contained a facsimile signature rather than the true signature of the secretary of state, or where there is any defect in the articles, notice, procedure or otherwise, the incorporation of such corporation or association and all of the corporate acts thereof are hereby legalized in all respects.

[C31, 35, §10413-c1; C39, §**10413.1;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.7]

Referred to in §591.12

591.8 Defective organization or renewal.

In all cases wherein a corporation organized or purporting to have been organized under the laws of this state has adopted articles of incorporation or other instrument of similar import and has functioned as a corporation in carrying out the objects and purposes set forth therein and in the transaction of its business, but has failed to file its articles of incorporation or such other instrument with the secretary of state, or otherwise to comply with the laws of this state relating to the organization of corporations, or to take appropriate action for the renewal of its existence within the period limited by law, and has, subsequent thereto, filed in the office of the secretary of state its renewal articles of incorporation and a certificate of the adoption thereof, paid all fees in connection therewith and has heretofore received a certificate from the secretary of state renewing and extending its corporate existence, the acts, franchises, rights, privileges and corporate existence of any such corporation are hereby legalized and validated and shall have the same force and effect as if all the laws of this state relating to the organization of corporations and the renewal of their corporate existence had been strictly complied with.

[C31, 35, §10413-d1; C39, §**10413.2;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.8]

Referred to in §591.12

591.9 Interstate bridges — merger and consolidation.

In all cases wherein any corporation organized or purporting to have been organized under the laws of this state for the purpose of constructing or operating a bridge or both, one extremity of which shall rest in an adjacent state, has attempted to merge or consolidate its stock, property, franchises, assets and liabilities with the stock, property, franchises, assets and liabilities of a corporation organized or purporting to have been organized for a similar purpose under the laws of such adjacent state, and such corporations have in fact united and combined their stock, property, franchises, assets and liabilities, such merger or consolidation, together with the action taken in effecting such merger or consolidation, is hereby legalized and validated, and such corporations so merging or consolidating shall be deemed to have become one corporation under such name as shall have been agreed upon,

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and such corporation shall be deemed on the date of such merger or consolidation to have succeeded to all the property, rights, privileges, assets and franchises and to have assumed all of the liabilities of such merging or consolidating corporations.

[C31, 35, §10413-d2; C39, §**10413.3;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.9]
Referred to in §591.12

591.10 Failure to publish notice of renewal.

In all instances where there has been an omission to publish notice of renewal within three months after the filing of the certificate and articles of incorporation with the secretary of state as provided in section 491.32, Code 1954, but such notice was published thereafter in the manner and form as required by law and proof of publication filed in the office of the secretary of state, such notices are hereby legalized and shall have the same force and effect as though published within said period of three months and proper proof of publication thereof was filed.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.10]
Referred to in §591.12

591.11 Failure to publish notice of amendment.

In all instances where notices of amendments to articles of incorporation have not been published within three months after the filing with and approval by the secretary of state of such amendments, as provided in section 491.20, Code 1954, but such notices have been thereafter published in the form and manner as required by law and proof of publication filed with the secretary of state, such notices are hereby legalized and shall have the same force and effect as though published within said period of three months and proper proof of publication filed with the secretary of state.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §591.11]
2006 Acts, ch 1010, §151
Referred to in §591.12

591.12 Effect of foregoing statutes.

Sections 591.1 through 591.11 shall not affect pending litigation and shall not operate to revive rights or claims previously barred, and shall not permit an action to be brought or maintained upon any claim or cause of action which was barred by any statute which was in force prior to July 4, 1955.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §591.12]
2021 Acts, ch 80, §349

591.13 Corporation stock — certificates of information.

In all instances in which corporations, incorporated under the laws of this state, have properly issued any of their capital stock prior to July 4, 1951, and have filed in the office of secretary of state certificates relative thereto containing the specific information required by statute at the time of the issuance of said stock, although there has been failure to file such certificates in said office within the time specified therefor by law, such filings are hereby legalized and shall be held to have the same force and effect as though the filings of the said certificates had been made within the period prescribed by the statute then in effect.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §591.13]

591.14 Failure to file certificate — penalty.

Any corporation organized under the laws of this state which failed to file with the office of secretary of state a certificate relative to any issuance of its capital stock prior to July 4, 1951, containing the specific information required by statute at the time of such issuance of stock may file with the office of the secretary of state subsequent to July 4, 1955, a certificate of issuance of said stock upon first paying to the secretary of state a penalty of ten dollars when said certificate is offered for filing and, provided that the penalty herein provided for is first paid and that said certificate contains the specific information required by section 492.9, said certificate when so filed shall be received by the secretary of state as a compliance with the statutes requiring the filing of such certificates in effect at the time of the issuance of said

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stock and shall be held to have the same force and effect as though the filing of said certificate had been made within the period prescribed by statute then in effect.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §591.14]

591.15 Failure to publish notice of incorporation or amendment.

In all instances where the incorporators, stockholders and directors of corporations organized in this state for pecuniary profit have omitted to publish notice of incorporation or notice of amendments to articles of incorporation within three months after the date of the certificates of incorporation issued by the secretary of state or approval by the secretary of state of such amendments, but have published such notices of incorporation or notices of amendments to articles of incorporation and filed proper proof of publication with the secretary of state prior to July 4, 1963, such notices of incorporation and notices of amendments to articles of incorporation are hereby legalized and shall have the same force and effect as though published within said period of three months.

[C66, 71, 73, 75, 77, 79, 81, §591.15]

591.16 Nonprofit corporate renewal legalized.

1. In all cases wherein any corporation organized under chapter 2 of Title IX, Code of 1897, or chapter 394 of the Codes of 1924, 1927, 1931, 1935 and 1939, or chapter 504 of the Codes of 1946, 1950, 1954, 1958 and 1962, or purporting to have been organized, reincorporated or renewed thereunder, whose articles of incorporation, either original or on renewal or reincorporation, are filed with the secretary of state has thereafter taken action to reincorporate or renew its period of existence and has filed with the secretary of state articles of incorporation on renewal or reincorporation with a certificate or proof of the adoption thereof and has paid all fees in connection therewith and has heretofore received a certificate from the secretary of state approving said articles of incorporation filed on renewal or reincorporation, the acts, franchises, rights, privileges and corporate existence of any such corporation for the period provided by any such renewal or reincorporation but not in excess of the period permitted by law and the articles of incorporation adopted on such renewal or reincorporation, as filed in the office of the secretary of state, are hereby legalized and validated and shall have the same force and effect as if all the laws of this state relating to the organization or reincorporation of such corporations and the renewal of their corporate existence by reincorporation or renewal had been strictly complied with.

2. This section shall not operate to revive rights or claims previously barred and shall not permit an action to be brought or maintained upon any claim or cause of action which was barred by any statute which was in force prior to April 3, 1964.

[C66, 71, 73, 75, 77, 79, 81, §591.16]

2021 Acts, ch 76, §150; 2022 Acts, ch 1032, §99

591.17 Nonprofit corporations legalized.

1. In all instances where corporations not for pecuniary profit have heretofore adopted renewal articles of incorporation or articles of reincorporation and there has been a failure to set forth therein the time of the annual meeting or the time of the annual meeting of the trustees or directors and such renewal articles of incorporation or articles of reincorporation are otherwise complete and in compliance with the law as set forth in section 504.1, Code 1989, such renewal articles of incorporation or articles of reincorporation are hereby legalized and validated and shall be held to have the same force and effect as though all of such provisions had been complied with in all respects.

2. In all instances where corporations not for pecuniary profit have adopted renewal articles of incorporation or articles of reincorporation and the certificate thereof shall not have been signed and acknowledged by the three or more persons who shall have adopted the same but such documents shall have been signed and acknowledged by one or more officers of the corporation or of its board of directors or trustees, such certificates of renewal are hereby legalized and validated and shall be held to be in full force and effect.

[C66, 71, 73, 75, 77, 79, 81, §591.17]

2004 Acts, ch 1086, §95; 2021 Acts, ch 76, §150

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CHAPTER 592
CITIES AND TOWNS

592.1 Bonds for garbage disposal plants.
592.2 Plats legalized.
592.3 City and town plats.
592.4 Making and recording plats.
592.5 Ordinances and proceedings of council.
592.6 Contracts, elections and ordinances in re libraries.
592.7 Changing names of streets.
592.8 Taxes for secondary roads.
592.9 City utilities and utility boards.

592.1 Bonds for garbage disposal plants.

All proceedings of such cities and towns as herein included, heretofore had, subsequent to the adoption of section 696-b [SS 15] by the Thirty-sixth General Assembly, and prior to the passage of this Act*, providing for the issuance of bonds within the limitations of this Act, for the purchase or erection of garbage disposal plants, the vote of the people authorizing such issue and the bonds issued under such proceedings and vote, are hereby legalized and declared legal and valid, the same as though all of the provisions of this Act had been included in said section 696-b of the Supplemental Supplement to the Code, 1915, and such cities may issue and sell such bonds without again submitting such question to vote.

[C24, 27, 31, 35, 39, §**10414;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.1]

2023 Acts, ch 64, §96

*See 17 Acts, ch 367, effective May 1, 1917

592.2 Plats legalized.

None of the provisions of this chapter [ch 13, title V, Code of 1897] shall be construed to require replatting in any case where plats have been made and recorded in pursuance of law; and all plats heretofore filed for record and not subsequently vacated are hereby declared valid, notwithstanding irregularities and omissions in the required statement or plat, or in the manner or form of acknowledgment, or certificates thereof.

[C73, §571; C97, §929; C24, 27, 31, 35, 39, §**10415;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.2]

592.3 City and town plats.

1. *a.* In all cases where, prior to January 1, 1980, any person has laid out any parcel of land into town or city lots and the plat of the lots has been recorded and the plat appears to be insufficient because of failure to show certificates of the county clerk of the district court, county treasurer, or county recorder, or the affidavit and bond, if any, and the certificate of approval of the local governing body or because the certificates are defective, or because of a failure to fully comply with all of the provisions of chapter 354 of the Code in effect at the time of the recording of the plat, or corresponding statutes of earlier Codes, or because the plat failed to show signatures or acknowledgment of proprietors as provided by law, or because the acknowledgment was defective, and subsequent to the platting, lots or subdivisions of the lots have been sold and conveyed, all such said plats which have not been vacated, are legalized as of the date of the recording of the plat, the same as though all certificates have been attached and all the other necessary steps taken as provided by law, and the record of the plat shall be conclusive evidence that the person was the proprietor of the tract of land and the owner of the tract at the time of the platting, and that the tract of land was free and clear of all encumbrances unless an affidavit to the contrary was filed at the time of recording the plat.

b. After July 1, 1992, no action shall be brought on any cause arising more than ten years earlier or which has been in existence for more than ten years, to establish, enforce, or recover any right, title, interest, lien, or condition existing at the time of the platting, and adverse to a clear and unqualified title in fee simple in the owner unless on or before July 1, 1992, there is filed in the office of county recorder of the county where the real estate involved is located a written statement, acknowledged by the claimant, definitely describing the real

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estate involved, stating the nature and extent of the right or interest claimed, and stating the facts upon which the claim is based.

2. *a.* After July 1, 1992, in all cases where more than ten years earlier, a plat of lots from a parcel of land which has been laid into town or city lots has been recorded and the plat appears to be insufficient, the plat is legalized as of the date of the recording of the plat to the same extent as if the plat did not appear insufficient, if subsequent to the platting, the lots or a subdivision of the lots have been sold and conveyed, and the plats have not been vacated. A plat shall appear insufficient because of one of the following:

(1) A failure to show or a deficiency in a certificate of the county clerk of the district court, county treasurer, or county recorder, or an affidavit and bond, or a certificate of approval of a local governing body.

(2) A failure to fully comply with Code provisions in effect at the time of the recording of the plat.

(3) A failure to show or a deficiency in a signature or acknowledgment of a proprietor as provided by law.

b. The record of the plat shall be conclusive evidence that the person was the proprietor of the tract of land and the owner of the tract at the time of the platting, and that the tract of land was free and clear of all encumbrances unless an affidavit to the contrary was filed at the time of recording the plat.

[C24, 27, 31, 35, 39, §**10416;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.3]

91 Acts, ch 183, §32; 2013 Acts, ch 30, §261

592.4 Making and recording plats.

The acts of the county auditors of Iowa, in making and recording plats as authorized under sections 922, 923, and 924 of the Code of 1897, and sections 6289 through 6299 of subsequent Codes* to and including the Code of 1939, without first having properly signed or acknowledged the same, and the acts of the county recorders of Iowa in recording such plats, are hereby legalized and the same declared valid and binding the same as though they had in such respects been made and recorded in strict compliance with law.

[S13, §924-a; C24, 27, 31, 35, 39, §**10417;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.4]

2021 Acts, ch 76, §140

*The cited provisions did not appear at sections 6289 – 6299 until the Code of 1924; see, sections 4079 – 4080 of the Compiled Code of 1919

592.5 Ordinances and proceedings of council.

All acts, motions, proceedings, resolutions, and ordinances heretofore passed or adopted by the council of any city and incorporated towns in the state on the supposition that the mayor was not a member of such council, and which would conform to the law if the mayor had not been a member of said council, shall for all purposes from the date of such act, motion, proceeding, resolution, or ordinance, be considered as valid and legal as they would have been had the mayor not been a member of such body.

[S13, §658-a; C24, 27, 31, 35, 39, §**10418;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.5]

592.6 Contracts, elections and ordinances in re libraries.

Where cities or incorporated towns and institutions of learning have established or contracted to establish public libraries to be maintained and controlled jointly as contemplated by this Act,* all contracts, elections, ordinances, and other proceedings made, held, or passed in the manner provided by law are hereby declared as valid and obligatory upon the parties thereto as though the same had been made, held, or passed after the taking effect of this Act.

[S13, §730-a; C24, 27, 31, 35, 39, §**10419;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.6]

*See 1904 Acts, ch 24, §3, effective July 4, 1904

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592.7 Changing names of streets.

Whereas, certain cities throughout the state of Iowa have passed ordinances changing the name or names of certain streets in the cities;

Now, therefore, it is provided that the acts of the city councils of the cities in enacting the ordinances changing the names of certain streets are hereby declared valid. The proper method for recording a change of street name is found in section 354.26.

[C24, 27, 31, 35, 39, §**10420;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §592.7]

90 Acts, ch 1236, §51

592.8 Taxes for secondary roads.

All taxes heretofore* assessed, levied or collected by any county, for secondary road construction and maintenance purposes, on real and personal property within cities and towns located in any such county, be and the same are hereby declared to be legal and valid, and where the same have not been paid, the officers of such counties are hereby empowered and directed to proceed at once to collect the same as other taxes are collected and to use the same for authorized secondary road construction and maintenance purposes.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §592.8]

*Effective May 27, 1955

592.9 City utilities and utility boards.

All proceedings taken prior to July 1, 2023, purporting to provide for the establishment, organization, formation, operation, or maintenance of a city utility or utility board and not previously declared invalid by any court, are legalized, validated, and confirmed. All such proceedings are declared to be legally sufficient to create, establish, and authorize the maintenance and operation of a city utility, as defined in section 362.2, subsection 6.

[81 Acts, ch 187, §1]

2023 Acts, ch 51, §5; 2025 Acts, ch 30, §95

CHAPTERS 593 and 594

RESERVED

CHAPTER 594A

SCHOOL CORPORATIONS

594A.1	Organization or change in boundaries.	594A.6	Organization or change before January 1, 1967.
594A.2	Organization or change before July 2, 1960.	594A.7	Merged area schools before January 1, 1969.
594A.3	Organization or change before September 1, 1963.	594A.8	Organization or change before January 1, 1969.
594A.4	Public community or junior colleges.	594A.9	Merged areas before January 1, 1972.
594A.5	Organization or change before January 1, 1965.		

594A.1 Organization or change in boundaries.

1. All proceedings taken prior to January 2, 1959, purporting to provide for the organization, reorganization, enlargement, or change in the boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending at the

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time this section* becomes effective involving the organization, reorganization, enlargement, or change in boundaries of any school corporation.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §594A.1]

*Effective July 4, 1959
See also 59 Acts, ch 349, effective February 13, 1959

594A.2 Organization or change before July 2, 1960.

All proceedings taken prior to July 2, 1960, purporting to provide for the organization, reorganization, enlargement, or change in the boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated and confirmed.

[C62, 66, 71, 73, 75, 77, 79, 81, §594A.2]

594A.3 Organization or change before September 1, 1963.

1. All proceedings taken prior to September 1, 1963, purporting to provide for the organization, reorganization, enlargement, or change in the boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending at the time this section becomes effective involving the organization, reorganization, enlargement, or change in boundaries of any school corporation.

[C66, 71, 73, 75, 77, 79, 81, §594A.3]

594A.4 Public community or junior colleges.

All proceedings heretofore taken by or on behalf of any school corporation for the organization, establishment and maintenance of a public community or junior college therein are hereby legalized, validated and confirmed.

[C66, 71, 73, 75, 77, 79, 81, §594A.4]

594A.5 Organization or change before January 1, 1965.

1. All proceedings taken prior to January 1, 1965, purporting to provide for the organization, reorganization, enlargement, or change in the boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending at the time this section becomes effective involving the organization, reorganization, enlargement, or change in boundaries of any school corporation.

[C66, 71, 73, 75, 77, 79, 81, §594A.5]

594A.6 Organization or change before January 1, 1967.

1. All proceedings taken prior to January 1, 1967, purporting to provide for the organization of, reorganization of, attachment of territory to, enlargement of, or change in boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending at the time this section becomes effective, involving the organization of, reorganization of, attachment of territory to, enlargement of, or change in boundaries of any school corporation.

3. This section shall not apply to proceedings purporting to provide for the attachment of territory to a school corporation pursuant to section 275.1, if such attachment was disapproved by the state board of public instruction pursuant to said section and was not subsequently approved by the state board of public instruction prior to January 1, 1967.

[C71, 73, 75, 77, 79, 81, §594A.6]
2018 Acts, ch 1041, §127

594A.7 Merged area schools before January 1, 1969.

1. All proceedings taken prior to January 1, 1969, purporting to provide for the

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establishment, organization, formation, and changes in the boundaries of merged areas under the provisions of chapter 260C and not heretofore declared invalid by any court, are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending July 1, 1969, involving the establishment, organization, formation, or changes in the boundaries of any such merged area.

[C71, 73, 75, 77, 79, 81, §594A.7]

594A.8 Organization or change before January 1, 1969.

1. All proceedings taken prior to January 1, 1969, purporting to provide for the organization of, reorganization of, attachment of territory to, enlargement of, or change in boundaries of any school corporation in this state and not heretofore declared invalid by any court are hereby legalized, validated, and confirmed.

2. The foregoing shall not be construed to affect any litigation that may be pending at the time this section becomes effective, involving the organization of, reorganization of, attachment of territory to, enlargement of, or change in boundaries of any school corporation.

3. This section shall not apply to proceedings purporting to provide for the attachment of territory to a school corporation pursuant to section 275.1, if such attachment was disapproved by the state board of public instruction pursuant to said section and was not subsequently approved by the state board of public instruction prior to January 1, 1969.

[C71, 73, 75, 77, 79, 81, §594A.8]

2018 Acts, ch 1041, §127

594A.9 Merged areas before January 1, 1972.

All proceedings taken after January 1, 1969 and prior to January 1, 1972, purporting to provide for the establishment, organization, formation, and changes in the boundaries of merged areas under the provisions of chapter 260C, and not heretofore declared invalid by any court, are legalized, validated, and confirmed. The foregoing shall not be construed to affect any litigation that may be pending July 1, 1972 involving the establishment, organization, formation, or changes in the boundaries of any such merged area.

[C73, 75, 77, 79, 81, §594A.9]

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