

January 30, 1961.
Placed on Calendar.

House File 213
By COMMITTEE ON BANKS,
BUILDING AND LOAN.

Passed House, Date.....1-31-61..... Passed Senate, Date.....2-7-61.....
Vote: Ayes.....88..... Nays.....17..... Vote: Ayes.....48..... Nays.....1.....
Approved.....2-14-61.....

A BILL FOR

An Act to amend sections five hundred twenty-six point twenty-five (526.25) and six hundred eighty-two point twenty-three (682.23), Code 1958, relating to real estate loans by banks and fiduciaries and permitting certain loans to be made in amounts up to three-fourths ($\frac{3}{4}$ ths) of appraised value.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section five hundred twenty-six point twenty-five
2 (526.25),
3 Code 1958, is hereby amended by striking subparagraph "a" from sub-
4 section five (5) and inserting in lieu thereof the following:
5 "a. Any such loan may be made in an amount not to exceed
6 seventy-five (75) percentum of the appraised value of the real estate
7 offered as security and for a term not longer than twenty (20) years if
8 the loan is secured by an amortized mortgage, deed of trust, or other
9 such instrument under the terms of which the installment payments
10 are
sufficient to amortize the entire principal of the loan within the period
ending on the date of its maturity."

1 Sec. 2. Section six hundred eighty-two point twenty-three
2 (682.23),
3 Code 1958, is hereby amended by striking from subsection five (5)
4 thereof all following the semi-colon (;) in line eight (8) and inserting
5 in lieu thereof the following: "any such loan may be made in an
6 amount
7 not to exceed seventy-five (75) percentum of the appraised value of
8 the real estate offered as security and for a term not longer than
9 twenty
10 (20) years if the loan is secured by an amortized mortgage, deed of
trust,
or other such instrument under the terms of which the installment pay-

9 ments are sufficient to amortize the entire principal of the loan within
10 the period ending on the date of its maturity.”.

EXPLANATION OF HOUSE FILE 213

This measure would permit Iowa state incorporated banks to make amortized loans on improved real estate up to 75 per cent of the appraised value. The present Iowa law limits the making of such amortized loans up to 60 per cent of the appraised value. On September 9, 1969, the President signed Public Law 251 (H.R. 8160) passed by Congress at that time to amend the national banking act with respect to real estate mortgage loans by national banks by providing (and we quote from the federal law), “any such loan may be made in an amount not to exceed 75 percentum of the appraised value of the real estate offered as security and for a term not longer than 20 years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity”.

This proposed bill is identical, it will be noted with the one passed by Congress as above set forth. This bill is recommended by the Iowa Bankers Association, it being understood that there is nothing in this bill that would require our state banks to loan up to 75 per cent on any amortized real estate loan any more than the new national law would require national banks to do so. This proposed bill will put our state incorporated banks in Iowa on a lending parity in this regard with national banks in our state.