

January 27, 1965.
Commerce. *Pass as amended 2/17*

House File 98
By MELROSE.

Passed House, Date *3-15-65* Passed Senate, Date *3/31*

Vote: Ayes *109* Nays *0* Vote: Ayes *49* Nays *0*

Approved *April 13, 1965*

Steering Com. N.C. Cal 3/10

*passed on file 3/15
substituted for SF 87-3/31*

A BILL FOR

An Act to amend the law relating to savings and loan associations so as to bring the requirements of Iowa state chartered associations in line with the federal associations, together with certain supervisory and corrective measures.

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

1 Section 1. Section five hundred thirty-four point seventeen
2 (534.17), Code 1962, is amended by striking from the end of
3 subsection one (1) the words "of this state".

1 Sec. 2. Section five hundred thirty-four point nineteen
2 (534.19), Code 1962, is amended as follows:

3 1. By striking from lines seven (7) and eight (8) of sub-
4 section six (6) the words "three thousand, five hundred" and
5 inserting in lieu thereof the words "five thousand".

6 2. By striking from line fourteen (14) of subsection six
7 (6) the word "five" and inserting in lieu thereof the word
8 "eight".

1 Sec. 3. Section five hundred thirty-four point nineteen
2 (534.19), Code 1962, is amended by adding thereto the following
3 subsections:

4 "Service corporations. Any association shall have the power
5 to organize and own, alone or with any other similar corporation,
6 a service corporation for the purpose of owning and operating
7 automation or record-keeping equipment and other functions for
8 the mutual good of said corporations which the corporations

9 could individually do under their own authority.

10 "Urban renewal investments. Any association shall have the
11 power to organize or purchase stock in a corporation for the
12 purpose of lending, owning, or construction property in urban
13 renewal areas, so long as the total investment in such corporation
14 does not exceed five percent of the assets of said association.

15 "Educational loans. Any association is authorized to invest
16 in loan, obligations, and advance of credit (all of which are
17 hereinafter referred to in this subsection as 'loans') made for
18 the purpose of expenses of college or university education, but
19 no association shall make any investment in loans under this
20 paragraph if the principal amount of its investment in such
21 loans, exclusive of any investment which is or which at the
22 time of its making was otherwise authorized, would thereupon
23 exceed five percent of its assets. Such loans may be secured,
24 partly secured, or unsecured, and the association may require
25 a comaker or comakers, insurance, guaranty under a governmental
26 student loan guarantee plan, or other protection against contin-
27 gencies. The borrower shall certify to the association that
28 the proceeds of the loan are to be used by a full-time student
29 solely for the payment of expenses of college or university
30 education. For the purpose of this subsection, the term 'col-
31 lege or university education' means education at an institution
32 which provides an educational program for which it awards a
33 bachelor's degree, or provides not less than a two-year program
34 which is acceptable for full credit toward such a degree."

1 Sec. 4. Section five hundred thirty-four point twenty-one
2 (534.21), Code 1962, is amended as follows:

3 1. By striking from line two (2) of subsection two (2) the

4 word "twenty-five" and inserting in lieu thereof the word
5 "thirty".

6 2. By striking from lines three (3) and eleven (11) of sub-
7 section three (3) the word "thirty-five" and inserting in lieu
8 thereof the word "forty" in each of said lines.

9 3. By striking from line three (3) of paragraph "a" of sub-
10 section four (4) the word "thirty-five" and inserting in lieu
11 thereof the word "forty".

1 Sec. 5. Section five hundred thirty-four point forty-one
2 (534.41), Code 1962, is amended by adding after the period in
3 line eleven (11) of subsection two (2) the following:

4 "Such examiners' salaries shall be fixed by the auditor of
5 state subject to the approval of the comptroller and governor,
6 which salaries shall be commensurate with that in the range of
7 other employees as prescribed by certain classifications in
8 accordance with their experience and qualifications. In addi-
9 tion such examiners shall be reimbursed for their actual and
10 necessary expense."

1 Sec. 6. Section five hundred thirty-four point forty-one
2 (534.41), Code 1962, is amended by striking subsection five (5)
3 and inserting in lieu thereof the following:

4 "Where the examination is made under the provisions of sub-
5 section three (3) of this section, each examiner shall file with
6 the auditor of state an itemized, certified and sworn voucher of
7 his expense for the time such examiner is actually engaged in such
8 examination. On the fifteenth and last days of each month each
9 examiner shall file in triplicate with the auditor of state a
10 certified statement of the actual days engaged in such examination.
11 The salaries shall be included in a semimonthly payroll. Upon

12 approval of the auditor of state the state comptroller is here-
13 by authorized to issue warrants for the payment of said vouchers
14 and salary payments, other than vacation or sick leave, from
15 funds appropriated to the savings and loan division. Repayment
16 to the state shall be made as provided by section five hundred
17 thirty-four point sixty-one (534.61) of the Code, subsection
18 four (4).”

1 Sec. 7. Section five hundred thirty-four point forty-one
2 (534.41), Code 1962, is amended by adding after the period in
3 line fourteen (14) of subsection six (6) the following:

4 “However, any evidence of felonious acts on the part of the
5 officers, directors or employees of such association may be
6 referred by the office of the auditor of state to proper
7 authorities.”

1 Sec. 8. Section five hundred thirty-four point forty-two
2 (534.42), Code 1962, is amended by striking all after the word
3 “month” in line fourteen (14) and inserting in lieu thereof the
4 following:

5 “, or by such later date of that month as is authorized by
6 the supervisor of savings and loan associations, which shall
7 in no event be later than the twentieth day of a particular
8 month. If, however, such date falls on Sunday, holiday, or
9 another business day on which the particular association is
10 normally closed, then money received by the next business day
11 shall earn dividends from the first of that month.”

1 Sec. 9. Section five hundred sixty-five A point one (565A.1),
2 Code 1962, is amended by adding after the word “bank” in line
3 three (3) of subsection two (2) the following: “, or savings
4 and loan associations”.

- 1 Sec. 10. Section five hundred sixty-five A point one
- 2 (565A.1), Code 1961, is amended by inserting in line ten
- 3 (10) of subsection twelve (12) after the comma, the following:
- 4 "or shares invested in savings and loan associations".

EXPLANATION OF HOUSE FILE 98

Iowa has 91 savings and loan associations, 43 of which are federally chartered and 48 state chartered. Our federally chartered associations derive their powers from the Federal Home Loan Bank Board in Washington and their regulations can be changed any day by a directive from that body. Our state-chartered associations must wait until the next session of our legislature in order to bring their powers to do business up to the same competitive level as federally chartered associations. State and national banks operate in the same way. This bill will allow all state-chartered savings and loan associations in Iowa to operate on the same basis as the federally chartered associations. The bill also has a few general items for the benefit of all associations.

HOUSE FILE 98

- 1 Amend House File 98 as follows:
- 2 1. By striking from line three (3) of section one (1) the
- 3 words "of this state" and inserting in lieu thereof the words
- 4 "of the state so long as the total investment in such corporation
- 5 does not exceed five percent of the assets of said association".
- 6 2. By striking all of section nine (9) and inserting in
- 7 lieu thereof the following:
- 8 "Sec. 9. Section five hundred sixty-five A point four
- 9 (565A.4), Code 1962, is hereby amended by inserting after the
- 10 word 'bank' in line nine (9) of subsection seven (7) the
- 11 following: 'or in share accounts in savings and loan associations'."

adopted 3/12

Filed
February 12, 1965.

COMMERCE COMMITTEE,
AL MEACHAM, *Chairman.*

HOUSE FILE 98
(Corrected March 12, 1965)

- 1 Amend House File 98 as follows:
- 2 1. By striking the period at the end of line three (3) of
- 3 section one (1) and inserting in lieu thereof the following:
- 4 "and inserting in lieu thereof the words 'so long as the total
- 5 investment in such corporation does not exceed five percent
- 6 of the assets of said association'."
- 7 2. By striking all of section nine (9) and inserting in lieu
- 8 thereof the following:
- 9 "Sec. 9. Section five hundred sixty-five A point four
- 10 (565A.4), Code 1962, is hereby amended by inserting after the
- 11 word 'bank' in line nine (9) of subsection seven (7) the following:
- 12 'or in share accounts in savings and loan associations'."

Filed and adopted
March 12, 1965.

MEACHAM of Poweshiek.