

*See amended version*

House File 62

January 30, 1967  
Commerce.

*Pass as amended 2-20*

By MENSING, BUSCH, COFFMAN,  
NIELSEN, VETTER, STRAND,  
MOWRY, SHEPHERD, KLUEVER,  
McCARTNEY, HARBOR, CAFFREY,  
FISCHER of Grundy, LIPSKY  
and STEFFEN  
(Denman, Reppert, Neu,  
Frommelt, Messerly, Briles,  
Mills, Elvers, Walsh, DeKoster,  
Rigler, Stanley and Flatt)

Passed House, Date 2-24-67

Passed Senate, Date 3-1-67

Vote: Ayes 109 Nays 0

Vote: Ayes 51 Nays 6

Approved \_\_\_\_\_

*House  
Concurred  
in Senate  
amendment 36  
Passed 110-0*

## A BILL FOR

An Act relating to savings and loan associations.

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

1 Section 1. Section five hundred thirty-four point two  
2 (534.2), Code 1966, is hereby amended by striking from line six  
3 (6) of subsection five (5) the word "fifty" and inserting in  
4 lieu thereof the words "one hundred".

1 Sec. 2. Section five hundred thirty-four point ten (534.10),  
2 Code 1966, is hereby amended by adding after the word "amount"  
3 in line twenty-two (22) the following:

4 ", excepting that an association may classify its savings  
5 accounts according to the character, amount or duration thereof,  
6 or regularity of additions thereto, and may agree in advance  
7 to pay an additional rate of earnings for particular classes  
8 of accounts such as a variable rate or bonus for saving larger  
9 amounts, or for maintaining such savings over a longer period  
10 of time or with regularity, as determined by the board of  
11 directors; however, all such accounts shall be available to  
12 all qualifying members. The board of directors may also deter-  
13 mine that earnings shall not be paid on any such account  
14 which has a withdrawable value in an amount less than fifty (50)

15 dollars".

1 Sec. 3. Section five hundred thirty-four point seventeen  
2 (534.17), Code 1966, is hereby amended by adding the following  
3 paragraph thereto:

4 "No association shall invest in any loan at any time when  
5 its liquid assets are less than five (5) percent of its savings  
6 liability, unless the supervisor of savings and loan associa-  
7 tions shall have issued written approval."

1 Sec. 4. Section five hundred thirty-four point nineteen  
2 (534.19), Code 1966, is hereby amended by striking the period  
3 at the end of subsection one (1) and inserting in lieu thereof  
4 the following: ", together with such implied powers as are  
5 reasonably necessary for the purpose of carrying out the express  
6 powers granted in this chapter."

7 Said section is further amended by adding after the comma in  
8 line five (5) of subsection six (6) the following: "and mobile  
9 homes".

10 Said section is further amended by striking from line fifteen  
11 (15) of subsection six (6) the word "five" and inserting in  
12 lieu thereof the word "six".

13 Said section is further amended by striking from lines seven  
14 (7) and eight (8) of subsection fifteen (15) the words "which  
15 the corporations could individually do under their own author-  
16 ity".

1 Sec. 5. Section five hundred thirty-four point twenty-one  
2 (534.21), Code 1966, is hereby amended by striking the words  
3 "two qualified persons" from line five (5) of subsection one  
4 (1) and inserting in lieu thereof the words "one qualified  
5 person".

6 Said section is further amended by adding to subsection one  
7 (1) the following:

8 "Unless otherwise agreed in writing, any prepayment of  
9 principal may, at the option of the association, be applied on  
10 the final installment of the note or other obligation until

11 fully paid, and thereafter on the installments in the inverse  
12 order of their maturity."

13 Said section is further amended by striking from line twelve  
14 (12) of subsection three (3) the word "thirty" and inserting in  
15 lieu thereof the word "forty".

16 Said section is further amended by striking from line two  
17 (2) of subsection four (4) the word "thirty" and inserting in  
18 lieu thereof the word "forty".

19 Said section is further amended by striking from lines six  
20 (6) and nine (9) of subsection four (4) paragraph "d" the word  
21 "thirty" and inserting in lieu thereof the word "forty".

22 Said section is further amended by striking all of subsection  
23 ten (10) and inserting in lieu thereof the following:

24 "Real estate loans on one to four family dwellings may be  
25 repaid in part or in full at any time, excepting that the  
26 association may charge not to exceed six months advance interest  
27 on that part of the aggregate amount of all prepayments made  
28 on such loan in any twelve-month period which exceeds twenty  
29 (20) percent of the original principal amount of the loan and  
30 may charge not to exceed five (5) percent of the original  
31 principal for prepayment on other loans."

1 Sec. 6. Section five hundred thirty-four point twenty-four  
2 (534.24), Code 1966, is hereby amended by striking from lines  
3 seven (7) and eight (8) of subsection one (1) the words "fifty-  
4 one percent or more of the votes of the members" and inserting  
5 in lieu thereof the following: "seventy-five (75) percent or  
6 more of the eligible votes of the members who vote in person or  
7 by proxy".

8 Said section is further amended by striking from line thirty-  
9 five (35) of subsection one (1) the word "of" and inserting in  
10 lieu thereof the word "or".

11 Said section is further amended by striking from line thirty-  
12 six (36) of subsection two (2) the word "section" and inserting  
13 in lieu thereof the word "chapter".

1       Sec. 7. Section five hundred thirty-four point thirty-one  
2 (534.31), Code 1966, is hereby amended by striking all after the  
3 period in line eleven (11) and inserting in lieu thereof the  
4 following:

5       "Every association organized under the provisions of this  
6 chapter shall have and exercise all of the rights, powers and  
7 privileges dealing with a bonus plan or variable dividend rate  
8 plan or similar plans which are for the purpose of encouraging  
9 systematic, long-term or stable savings which are not in conflict  
10 otherwise with the laws of this state pertaining to such associations  
11 and which are similar to such powers as may be conferred upon  
12 federal savings and loan associations."

1       Sec. 8. Section five hundred thirty-four point forty-two  
2 (534.42), Code 1966, is hereby amended by adding the following  
3 thereto:

4       "The board of directors of an association may classify its  
5 savings accounts according to the character, amount or duration  
6 thereof, or regularity of additions thereto, and may agree in ad-  
7 vance to pay an additional or variable rate of earnings for parti-  
8 cular classes of accounts as an incentive or bonus for larger  
9 amounts, or for maintaining such savings over a longer period of  
10 time or with regularity, as determined by the board of directors.  
11 The board of directors may also determine that the earnings  
12 shall not be paid on any such account which has a withdrawable  
13 value in an amount less than fifty (50) dollars."

1       Sec. 9. Section five hundred thirty-four point forty-four  
2 (534.44), Code 1966, is hereby repealed and the following enacted  
3 in lieu thereof:

4       "All expenses for management in conducting the affairs of  
5 an association, excluding the cost of borrowed money, shall be  
6 paid from interest, service charges and other sources of profit.  
7 The said expense for an association in any one year shall not  
8 exceed three (3) percent of the assets of said association as  
9 shown in its last annual report."

1 Sec. 10. Section five hundred thirty-four point forty-  
2 eight (534.48), Code 1966, is hereby amended by adding the  
3 following paragraph thereto:

4 "No foreign savings and loan association shall be considered  
5 doing business within this state by merely accepting within  
6 its own state savings investments from persons within the  
7 State of Iowa."

1 Sec. 11. Section five hundred thirty-three B point three  
2 (533B.3), Code 1966, is hereby amended by inserting after the  
3 second comma in line six (6) the following: "or the Federal  
4 Home Loan Bank of Des Moines, or federally or state chartered  
5 savings and loan associations,".

#### EXPLANATION

Iowa has forty-four (44) federally chartered associations and forty-eight (48) state chartered savings and loan associations- Federal associations are regulated and supervised by the Federal Home Loan Bank Board in Washington, D. C. and receive new operating regulations from time to time from this Board - State Chartered associations are regulated and supervised by the Office of the Auditor of the State of Iowa and must wait until the next session of the legislature in order to bring their association's operating regulations up to the same competitive level as the Federally chartered associations. These new items are needed by the state chartered associations in order to preserve the dual system on the same fair competitive level. State and National banks also operate on a dual system.

- 1 Amend H.F. 62 as follows:
- 2 1. Amend section 4 by striking lines 7, 8 and 9 of said
- 3 section.
- 4 2. Amend section 4, line 14 by inserting after the
- 5 word "eight (8)" the following: "and nine (9)".
- 6 3. Amend section 4 by adding thereto the following:
- 7 "Said section is further amended by adding at the end of
- 8 subsection fifteen (15) the following: 'An association may
- 9 invest in capital stock, obligations, or other securities of
- 10 service corporations in an amount not to exceed one (1)
- 11 percent of the association's assets.'"
- 12 4. Amend section 5 by striking lines 1 through 5 and
- 13 inserting in lieu thereof the following: "Section five hundred
- 14 thirty-four point twenty-one (534.21), Code 1966, is hereby
- 15 amended by adding after the word 'persons' in line 5 the
- 16 following: 'or one professional appraiser'."
- 17 5. Amend section 5, line 8, by striking the words "Unless
- 18 otherwise agreed in writing" and by inserting in lieu thereof
- 19 the words "If agreed in writing by written instrument separate
- 20 from the note and mortgage at anytime after execution of the
- 21 note and mortgage".
- 22 6. Amend section 5, lines 29, 30 and 31 by striking the
- 23 words "and may charge not to exceed five (5) percent of the
- 24 original principal for prepayment on other loans" and
- 25 inserting in lieu thereof the words "; and may charge any
- 26 negotiated rate not to exceed three (3) percent of the
- 27 original principal for prepayment on other loans during
- 28 the first three (3) years of said loans, after which time
- 29 the association may charge as above provided for on one
- 30 to four family dwellings.".
- 31 7. Amend section 6 by striking lines 1 through 7
- 32 and inserting in lieu thereof the following: "Section 6.
- 33 Section five hundred thirty-four point twenty-four (534.24),
- 34 Code 1966 is hereby amended by inserting after the word
- 35 'members' in line 8 of subsection one (1) the following:
- 36 ', in person or by proxy, such vote to be '." Said section
- 37 is further amended by inserting after the word "association"
- 38 in line five (5) of subsection two (2) the following: ", in
- 39 person or by proxy, such vote to be".
- 40 8. Amend section 7, line 12, by striking the period and
- 41 inserting in lieu thereof the following: ", if such plan is
- 42 approved by the supervisor and the auditor by departmental
- 43 rule. The plan is to be made available to all qualifying
- 44 members."
- 45 9. Section 8, line 10, is hereby amended by striking the
- 46 period after the word "directors' and inserting in lieu
- 47 thereof the following: ", this plan to be made available
- 48 to all qualifying members."
- 49 10. Section 9 is hereby amended by striking all of lines
- 50 8 and 9 of said section and inserting in lieu thereof the
- 51 following: "exceed three (3) percent for associations with

52 assets not to exceed eight hundred thousand (800,000) dollars  
53 and two (2) percent for those over such amount as shown by  
54 the associations in their last annual report."

55 11. Amend section 10 by striking all of said section  
56 and renumbering the remaining sections.

57 12. Amend section 11 by striking all of said section  
58 and inserting in lieu thereof the following: "Section five  
59 hundred thirty-three B point three (533B.3), Code 1966,  
60 is hereby amended by adding after the period in line ten  
61 (10) the following: 'The Federal Home Loan Bank of  
62 Des Moines and federally chartered and state chartered  
63 savings and loan associations may sell checks, drafts,  
64 or money orders for single transaction transmission  
65 of money'."

*House*

Filed - *Adopted 2-24*  
February 21, 1967

By COMMITTEE ON COMMERCE.

1 Amend House File 62 by striking in line ten (10) of  
2 Section five (5) the words, "principal may, at the option  
3 of the association," and by inserting in lieu thereof the  
4 words, "an installment may".

*Senate*

Filed - *Adopted 3-1*  
February 28, 1967

By GAUDINEER

House File 62

By MENSING, BUSCH, COFFMAN,  
NIELSEN, VETTER, STRAND,  
MOWRY, SHEPHERD, KLUEVER,  
McCARTNEY, HARBOR, CAFFREY,  
FISCHER of Grundy, LIPSKY  
and STEFFEN  
(Denman, Reppert, Neu,  
Frommelt, Messerly, Briles,  
Mills, Elvers, Walsh, DeKoster,  
Rigler, Stanley and Flatt)  
(As Amended and Passed by the House)

Passed House, Date 3-6-67 Passed Senate, Date 3-1-67  
Vote: Ayes 110 Nays 0 Vote: Ayes 51 Nays 6  
Approved March 17, 1967

## A BILL FOR

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5 accounts according to the character, amount or duration thereof,  
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7 to pay an additional rate of earnings for particular classes  
8 of accounts such as a variable rate or bonus for saving larger  
9 amounts, or for maintaining such savings over a longer period

10 of time or with regularity, as determined by the board of  
11 directors; however, all such accounts shall be available to  
12 all qualifying members. The board of directors may also deter-  
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7 tions shall have issued written approval."

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2 (534.19), Code 1966, is hereby amended by striking the period  
3 at the end of subsection one (1) and inserting in lieu thereof  
4 the following: ", together with such implied powers as are  
5 reasonably necessary for the purpose of carrying out the express  
6 powers granted in this chapter."

7 Said section is further amended by striking from line fifteen  
8 (15) of subsection six (6) the word "five" and inserting in  
9 lieu thereof the word "six".

10 Said section is further amended by striking from lines seven  
11 (7) and eight (8) and nine (9) of subsection fifteen (15) the words  
12 the corporations could individually do under their own author-<sup>which</sup>  
13 ity".

14 Said section is further amended by adding at the end of

15 subsection fifteen (15) the following: "An association may  
16 invest in capital stock, obligations, or other securities  
17 of service corporations in an amount not to exceed one (1)  
18 percent of the association's assets."

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3 word "persons" in line 5 the following: "or one professional  
4 appraiser".

5 Said section is further amended by adding to subsection one  
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7 If agreed in writing by written instrument  
8 separate from the note and mortgage at anytime after  
9 execution of the note and mortgage , any prepayment of  
10 principal may, at the option of the association, be applied on  
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13 order of their maturity."

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29 on such loan in any twelve-month period which exceeds twenty  
30 (20) percent of the original principal amount of the loan ; and  
31 may charge any negotiated rate not to exceed three (3)  
32 percent of the original principal for prepayment on other  
33 loans during the first three (3) years of said loans, after  
34 which time the association may charge as above provided for  
35 on one to four family dwellings."

1 Sec. 6. Section five hundred thirty-four point  
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3 inserting after the word "members" in line 8 of subsection  
4 one (1) the following: ", in person or by proxy, such  
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11 and which are similar to such powers as may be conferred upon <sup>associations</sup>  
12 federal savings and loan associations, if such plan is approved  
13 by the supervisor and the auditor by departmental rule. The  
14 plan is to be made available to all qualifying members."

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8 cular classes of accounts as an incentive or bonus for larger  
9 amounts, or for maintaining such savings over a longer period of  
10 time or with regularity, as determined by the board of directors,  
11 plan to be made available to all qualifying members. <sup>this</sup>

12 The board of directors may also determine that the earnings

13 shall not be paid on any such account which has a withdrawable  
14 value in an amount less than fifty (50) dollars."

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11 associations in their last annual report."

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Federally chartered associations. These new items are needed by the state chartered associations in order to preserve the dual system on the same fair competitive level. State and National banks also operate on a dual system.