

January 30, 1969

SENATE FILE 140

Passed on File

Commence 2-3, Pass as amended 2-27
Sen. " 3-26

By BENDA, FROMMELT, WALSH,
NEU, BRILES and STANLEY
(Kluever, Andersen, Strand,
Miller of Des Moines, Caffrey,
Koch and Lipsky)

Passed Senate, Date *2-24-69* Passed House, Date *4-7-69*

Vote: Ayes *52* Nays *0* Vote: Ayes *120* Nays *0*

Approved *April 14, 1969*

A BILL FOR

- 1 An Act relating to savings and loan associations.
- 2 *Be It Enacted by the General Assembly of the State of Iowa:*
- 3 Section 1. Section five hundred thirty-four point two
- 4 (534.2), Code 1966, is hereby amended as follows:
- 5 1. By adding the following to subsection three (3):
- 6 " 'Dividend' may also be referred to as 'interest' for the
- 7 purposes of this chapter."
- 8 2. By striking subsection sixteen (16) and inserting in
- 9 lieu thereof the following:
- 10 " 'Share accounts', 'savings accounts', or 'savings' may
- 11 also be referred to as 'deposits'. These terms shall mean
- 12 that part of the savings liability of the association which
- 13 is credited to the account of the holder thereof."
- 14 Sec. 2. Section five hundred thirty-four point eight
- 15 (534.8), Code 1966, is hereby amended by adding the following
- 16 new subsection:
- 17 "Any person shall be indemnified or reimbursed by the asso-
- 18 ciation for reasonable expenses, including but not limited to
- 19 attorney fees, actually incurred by him in connection with any
- 20 action, suit or proceeding, instituted or threatened, judicial
- 21 or administrative, civil or criminal, to which he is made a
- 22 party by reason of his being or having been a director, offi-
- 23 cer, or employee of an association. No person shall be so
- 24 indemnified or reimbursed, nor shall he retain any advancement
- 25 or allowance for indemnification which may have been made by

1 the association in advance of final disposition, in relation
2 to such action, suit or proceeding in which and to the extent
3 that he finally shall be adjudicated to have been guilty of a
4 breach of good faith, to have been negligent in the performance
5 of his duties or to have committed an action or failed to per-
6 form a duty for which there is a common law or a statutory
7 liability; except a person may with the approval of the super-
8 visor, be so identified or reimbursed for:

9 a. Amounts paid in compromise or settlement of any action,
10 suit or proceeding, including reasonable expenses incurred in
11 connection therewith, or

12 b. Reasonable expenses including fines and penalties, in-
13 curred in connection with a criminal or civil action, suit or
14 proceeding in which such person has been adjudicated guilty,
15 negligent, or liable, if it shall be determined by the board
16 of directors and by the supervisor that such person was acting
17 in good faith and in what he believed to be the best interests
18 of the association and without knowledge that the action was
19 illegal, and if such indemnification or reimbursement is
20 approved at an annual or special meeting of the members by a
21 majority of the votes eligible to be cast. Amounts paid to the
22 association whether pursuant to judgment or settlement by any
23 person, within the meaning of this section should not be indem-
24 nified or reimbursed in any case."

25 Sec. 3. Section five hundred thirty-four point nineteen
26 (534.19), Code 1966, as amended by chapter three hundred
27 eighty-two (382), section four (4), Acts of the Sixty-second
28 General Assembly is further amended as follows:

29 1. By inserting in line five (5) of subsection six (6)
30 after the word "properties," the words "and loans made for the
31 purpose of mobile home financing,".

32 2. By adding to subsection seven (7) the following:

33 "Under 'a' and 'c' above, the association may purchase an
34 interest in loans which are insured as above set out from the
35 United States or any agency or instrumentality thereof which

1 has any function of examining or supervising of savings and
2 loan associations; or the association may sell any of its
3 loans to the United States or any such agency or instrumentality
4 or to any broker or dealer registered with the securities and
5 exchange commission."

6 3. By adding to subsection nine (9) the following:

7 "To service contracts for sale of real estate, provided
8 that one of the parties to said contract is a member of the
9 servicing association and that such association shall not
10 undertake in connection with such servicing to be responsible
11 for more than bookkeeping or other perfunctory services in
12 connection herewith."

13 4. By striking subsection sixteen (16) and inserting in
14 lieu thereof the following:

15 "Urban renewal and public housing investments. Any asso-
16 ciation shall have the power to organize or purchase stock in
17 a corporation for the purpose of lending, owning or construct-
18 ing property in urban renewal areas or constructing property
19 or making loans therein itself, so long as the total invest-
20 ment of such association does not exceed five percent of the
21 assets of said association."

22 5. By adding the following new subsections:

23 "Association borrowing. To such extent as may be authorized
24 by the supervisor of savings and loan associations and by its
25 other supervisory authorities, an association may borrow, give
26 security, and issue such notes, bonds, debentures, or other
27 obligations or other securities, except capital stock, but no
28 such borrowing or securities shall be prior to the rights of
29 the owners of the savings or deposits of said association."

30 "Business development credit corporation. Any association
31 whose general reserve, surplus and undivided profits aggregate
32 a sum in excess of five percentum of its withdrawable accounts
33 is authorized to invest in, to lend to, or to commit itself to
34 lend to any business development credit corporation incorpo-
35 rated in the state in which the head office of such association

1 is situated, but the aggregate amount of such investments,
2 loans, and commitments, of any such association outstanding at
3 any time shall not exceed one-half of one percentum of the
4 total outstanding loan made by such association, or two hun-
5 dred fifty thousand dollars, whichever is the lesser."

6 Sec. 4. Section five hundred thirty-four point twenty-one
7 (534.21), Code 1966, is hereby amended by adding the following
8 new subsection:

9 "Loans on leasehold. An association may also make loans on
10 leasehold interests, under the same terms as above provided
11 for other loans, if said leasehold interests extends or is
12 automatically renewable at the option of the holder, or at the
13 option of the association, for a period of at least fifty years
14 from the date the loan is executed but at least ten years be-
15 yond the maturity date of the loan and provided further that,
16 in event of default, the real estate described in such lease-
17 hold interest could be subjected to the satisfaction of the
18 debt with the same priority."

19 Sec. 5. Section five hundred thirty-four point twenty-
20 four (534.24), subsection one (1), Code 1966, as amended by
21 chapter three hundred eighty-two (382), section six (6), Acts
22 of the Sixty-second General Assembly, is further amended as
23 follows:

24 1. By striking from lines three (3) through six (6), inclu-
25 sive, the words and figures "in accordance with the provisions
26 of section 5 of the Home Owners' Loan Act of 1933 (12 U.S.C.
27 §§1461-1468)," and inserting in lieu thereof the words "or a
28 federal savings association or other mutual savings associa-
29 tion authorized under the laws of the United States,".

30 2. By striking from lines eighty-seven (87) through eighty-
31 nine (89), inclusive, the words and figures "under the provi-
32 sions of the Home Owners' Loan Act of 1933 (12 U.S.C. §§1461-
33 1468)" and inserting in lieu thereof the words "or a federal
34 savings association or other mutual savings association author-
35 ized under the laws of the United States".

1 3. By adding the following:
 2 "For the purposes of this entire section, wherever refer-
 3 ence is made to 'federal savings and loan association' it
 4 shall include any mutual or savings association authorized and
 5 chartered under the laws of the United States."

1 Amend Senate File 140 by striking all of section one (1)
 2 and substituting in lieu thereof the following:
 3 Section 1. Section five hundred thirty-four point nineteen
 4 (534.19), Code 1966, is hereby amended by adding the following
 5 new subsection:
 6 "A savings and loan association operating under this chapter
 7 may make the determination to operate in a manner similar to
 8 federally chartered savings and loan associations insofar as
 9 the use of the 'deposit' and 'interest' terminology is concerned
 10 and such other powers as have been authorized for such feder-
 11 ally chartered association under the Home Owners Loan Act of
 12 1933 as amended to March 1, 1969 and specifically as amended by
 13 Public Law 90-448S-3496 and as permitted under Rules and Regula-
 14 tions of the Federal Home Loan Bank System and the Federal
 15 Savings and Loan Insurance Corporation, issued under such Act
 16 as amended to March 1, 1969 and under such law to the extent
 17 that similar rules and regulations have been adopted by the
 18 supervisor of savings and loan associations and have been filed
 19 with the secretary of state. Any such additional powers shall
 20 not become effective until July 1, 1969. This paragraph is
 21 not intended to diminish nor restrict the powers otherwise
 22 granted to such associations by the laws of Iowa prior to the
 23 effective date of this Act, nor shall the adoption and filing
 24 of such rules or regulations by the supervisor in any way
 25 diminish or restrict the rights of associations which do not
 26 make the above determination and which do not desire to change
 27 their operation under the provisions above contained in this
 28 paragraph."

Page 1

29 Further amend Senate File 140 by striking all of section two
 30 (2) and inserting in lieu thereof the following:

31 Sec. 2. Section five hundred thirty-four point eight
 32 (534.8), Code 1966, is hereby amended by adding the following
 33 new subsection:

34 "Any association operating under this chapter shall have the
 35 power to indemnify any present or former director, officer or
 36 employee in the manner and in the instances authorized in sub-
 37 sections one (1), two (2), three (3) and four (4) of section
 38 two (2), chapter three hundred sixty-three (363), Acts of the
 39 Sixty-second General Assembly."

40 Further amend Senate File 140 by striking all of lines
 41 twenty-nine (29) through thirty-one (31) of page two (2).

42 Further amend Senate File 140 by striking lines twenty-two
 43 (22) through twenty-nine (29) of page three (3) and substitut-
 44 ing in lieu thereof the following:

45 "5. By adding the following new subsection:"

46 Further amend Senate File 140 by striking in line four (4),
 47 page four (4), the word "loan" and inserting in lieu thereof
 48 the word "loans".

49 Further amend Senate File 140 by striking in page four (4),

Page 2

50 line eleven (11), the word "interests" and inserting in lieu
51 thereof the word "interest".
52 Further amend Senate File 140 by adding the following section
53 thereto:
54 Sec. 6. Section five hundred thirty-four point nineteen
55 (534.19), subsection thirteen (13), Code 1966, is hereby
56 amended by adding the following thereto:
57 "In addition to the above unsecured or secured borrowing,
58 an association may issue such notes, bonds, debentures and
59 other obligations or securities, except capital stock, as is
60 approved by the supervisor of savings and loan associations,
61 and if authorized by the regulations of the Federal Home Loan
62 Bank, as long as the total amount of funds borrowed under this
63 sentence shall not exceed five percent of the withdrawable
64 accounts of the association and provided that such obligations
65 and securities shall be subject to the priority of the rights
66 of the owners and deposits of said association.

Filed - *Adopted 3-24*
February 27, 1969

By COMMITTEE ON COMMERCE

1 Amend Senate File 140 as follows:
2 1. Amend the committee amendment filed February 27,
3 1969, by striking from line fifty-nine (59) the word "is" and
4 insert in lieu thereof the word "are".
5 2. Further amend the committee amendment by inserting
6 after the word "owners" in line sixty-six (66) the following,
7 "of the savings".

Filed - *Adopted 3-24*
March 20, 1969

By BENDA