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*Committee 1/28, Pass 2/8/71
House " , Pass 2/18*

SENATE FILE 118

By VAN DRIE and DeKOSTER
(Alt, Dougherty, Stokes,
Edelen, and Dunton)

Passed Senate, Date 2-11-71 Passed House, Date 3-8-71
Vote: Ayes 43 Nays 1 Vote: Ayes 76 Nays 11
Approved 3-16-71

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:

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1 Section 1. Section five hundred thirty-four point two
2 (534.2), subsection five (5), Code 1971, is amended by striking
3 the subsection and inserting in lieu thereof the following:

4 5. "Regular lending area" shall mean an area within one
5 hundred miles from any approved office, whether within or
6 without the state.

7 Sec. 2. Section five hundred thirty-four point seventeen
8 (534.17), subsection one (1), Code 1971, is amended by adding
9 the following new paragraph:

10 "Any of said investments which are securities or obliga-
11 tions which are evidence of first mortgage liens on real
12 estate are exempt from the above five percent limitation."

13 Sec. 3. Section five hundred thirty-four point nineteen
14 (534.19), subsection six (6), Code 1971, is amended as follows:

15 6. PROPERTY IMPROVEMENT LOANS. To make property improve-
16 ment loans to home owners and other property owners for main-
17 tenance, repair, landscaping, modernization, furniture and
18 fixtures, improvement and equipment ~~of~~ for their properties,
19 and loans on mobile homes, with or without security provided
20 that no such loan without security shall exceed five thousand
21 dollars, and provided further that not in excess of fifteen
22 percent of the assets of the association shall be so invested,
23 said fifteen percent to be exclusive of the ~~thirty~~ forty
24 percent of assets power set out in section 534.21 hercof.
25 Such loans shall be amortized to mature in not to exceed eight
26 years. Such loans may also be based on a discount or add
27 on charge of not to exceed ~~seven~~ seven dollars per one hundred
28 dollars face amount per year in lieu of straight interest
29 otherwise provided by law.

30 Sec. 4. Section five hundred thirty-four point nineteen
31 (534.19), subsection fifteen (15), Code 1971, is amended as
32 follows:

33 15. SERVICE CORPORATIONS. Any association shall have
34 the power to organize and own, alone or with any other similar
35 corporation, a service corporation ~~for-the-purpose-of-owning-~~

1 ~~and-operating-automation-or-record-keeping-equipment-and-~~
2 ~~other-functions~~ for the mutual good of said corporations.
3 An association may invest in capital stock, obligations, or
4 other securities of service corporations in an amount not
5 to exceed one five percent of the association's assets.

6 Sec. 5. Section five hundred thirty-four point nineteen
7 (534.19), subsection sixteen (16), Code 1971, is amended by
8 adding the following new paragraph:

9 "Any association shall have the power to invest, organize,
10 purchase stock or obligations in any corporation for the
11 purpose of lending, owning, improving, or constructing property
12 in any subsidized program of any government or agency that
13 is insured by said government or agency or that is insured
14 by private mortgage insurance. The total investment in said
15 program shall not exceed five percent of the assets of the
16 association."

17 Sec. 6. Section five hundred thirty-four point twenty-
18 one (534.21), subsection three (3), Code 1971, is amended
19 as follows:

20 3. HOME LOANS. Every such association may originate and
21 make first mortgage amortized real estate loans for not to
22 exceed forty fifty thousand dollars secured by home property
23 situated within the ~~regular-lending-area-of-the~~ association
24 state. Such loans may also be made ~~without the-regular-~~
25 ~~lending-area-but~~ within the state of Iowa when the loans are
26 insured wholly or partially by any instrumentality of the
27 United States government or by private mortgage insurance
28 when such company is approved to conduct business in the
29 state of Iowa. Home loans may be made in excess of the forty
30 fifty thousand dollar limitation when made under the forty
31 percent of assets lending power hereinafter set out.

32 Sec. 7. Section five hundred thirty-four point twenty-
33 one (534.21), subsection four (4), Code 1971, is amended by
34 adding the following new paragraph:

35 e. First mortgage loans insured by an instrumentality

1 of the United States government or first mortgage loans insured
2 by an approved mortgage insurance company doing business in
3 the state of Iowa shall be exempt from the provisions of the
4 forty percent of assets lending power.

5 Sec. 8. Section five hundred thirty-four point forty-one
6 (534.41), subsection three (3), Code 1971, is amended as
7 follows:

8 3. DUTIES. The supervisor shall, at least once each year
9 ~~without-previous-notice~~, examine or cause examination and
10 audit to be made into the affairs of every association sub-
11 ject to this chapter. If an association is insured under
12 the provisions of title IV of the National Housing Act (48
13 Stat. L. 1246; 12 U. S. C., ch 13), as now or hereafter
14 amended, the supervisor may, in lieu of such examination and
15 audit accept any examination or audit made by the federal
16 savings and loan insurance corporation. Any such association
17 may, in lieu of such examination and audit by the supervisor,
18 at the option of the supervisor be audited by a certified
19 public accountant, or by a public accountant qualified and
20 licensed to practice accountancy under the provisions of the
21 Code of Iowa. At least two copies of each examination or
22 audit report, signed and verified by the accountant making
23 it, shall promptly be filed with the supervisor. Whenever,
24 in the judgment of the supervisor, the condition of any
25 association renders it necessary or expedient to make an extra
26 examination or audit or to devote any extraordinary attention
27 to its affairs, the supervisor shall cause such work to be
28 done. A copy of every examination or audit report shall be
29 furnished to the association examined, exclusive of
30 confidential comments made by the examiner, and a copy of
31 every report and comments and any other information pertaining
32 to an association may be furnished to the federal home loan
33 bank board, federal home loan bank, and federal savings and
34 loan insurance corporation. A copy of such examination or
35 audit report shall be presented to the board of directors

1 at its next regular or special meeting and their action thereon
2 shall be recorded in the minutes, and two certified copies
3 of such minutes shall be transmitted to the supervisor.

4 Sec. 9. Section five hundred thirty-four point forty-two
5 (534.42), Code 1971, is amended as follows:

6 534.42 DIVIDENDS. After making such provisions for
7 absorbing immediate and possible future losses, the board
8 of directors of such association shall annually, or at such
9 other intervals as the board of directors may determine,
10 declare and apportion as a dividend to members, according
11 to its articles of incorporation, such portion of the
12 association's net profits as it may deem available, and as
13 authorized under this chapter. Members shall participate
14 in dividends in proportion to their respective investments
15 therein. Dividends for a particular month may be paid on
16 sums invested by a member by the tenth day of that month or
17 by such later date of that month as is authorized by the
18 supervisor of savings and loan associations, which shall in
19 no event be later than the twentieth day of a particular
20 month. If the tenth day of said month or other authorized
21 date falls on a Sunday, holiday or another business day on
22 which the particular association is normally closed, then
23 money received by the next business day may earn dividends
24 from the first of that month. The board of directors may
25 also devise other methods of paying dividends, including
26 payment of dividends from date of investment to date of
27 withdrawal, subject to the approval of the ~~supervisors~~
28 supervisor of savings and loan associations. Additionally
29 a service fee not to exceed one dollar per dividend period
30 may be charged to a member's account when no activity has
31 taken place in said account for the eight preceding quarterly
32 periods and the principal of such account is less than fifty
33 dollars.

34 Sec. 10. Chapter five hundred thirty-four (534), Code
35 1971, is amended by adding the following new section:

1 "LIMITED TRUST POWERS. Associations incorporated under
2 this chapter may act as trustee for trusts which are created
3 or organized in the United States, and which form part of
4 a stock bonus, pension, or profit sharing plan which qualifies
5 for special tax treatment under section 401 (d) of the Internal
6 Revenue Code of 1954, as amended, if the funds of such trust
7 are invested only in savings accounts or deposits in such
8 association or in obligations or securities issued by such
9 association. All funds held in such fiduciary capacity by
10 any such association may be commingled for appropriate purposes
11 of investment, but individual records shall be kept by the
12 fiduciary for each participant and shall show in proper detail
13 all transactions engaged in under the authority of this
14 section."

15 EXPLANATION

16 State savings and loan associations are required to update
17 the state Code on a year to year basis to conform with federal
18 regulations and new federal statutes as they become available
19 to the states. This bill brings up to date, the powers for
20 state associations so as to be in conformity with the federal
21 associations on equal basis throughout the state.

22 There are currently 46 state associations and 42 federal
23 associations chartered in the state of Iowa having total
24 assets of 1.9 billion dollars.

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1 Amend Senate File 118, page 2, line 27, by striking
2 "~~six~~ seven" and inserting in lieu thereof the word "six".

Filed And Adopted
February 11, 1971

By TAPSCOTT, GAUDINEER and
VAN DRIE

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