

APR 12 1973

HOUSE FILE

637

Place On Calendar

BY COMMITTEE ON COMMERCE

*See Commerce 5/1, Page 5/10
Referred 1/14/74, Page 1/16*

Passed House, Date 4-27-73 (1051) Passed Senate, Date 1-21-74
Vote: Ayes 83 Nays 2 Vote: Ayes 45 Nays 0
Approved 5-20-74

A BILL FOR

1 An Act amending the Iowa Banking Act relating to permissible
2 investments by banks, livestock loans by banks, and in-
3 vestments of fiduciary accounts by banks.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

S-716

1 Amend House File 637 as follows:

2 1. Page 2, by inserting after line 28 the following new
3 section:

4 Sec. ____ . Section five hundred twenty-four point nine hundred
5 four (524.904), subsection two (2), paragraph c, Code 1973, is
6 amended to read as follows:

7 c. The total obligations of any one customer to a state bank
8 at any one time shall not exceed the sum of twenty percent of the
9 capital and surplus and fifty percent of the capital of the state
10 bank, if at least all of the amount by which such obligations
11 exceed twenty percent of the capital and surplus of a state bank
12 shall consist of obligations secured by a first lien on farmland,
13 or on single family or two family residences, subject to the pro-
14 visions of section 524.905, except that the amount so loaned
15 shall not exceed seventy-five percent of the appraised value of
16 farmland or fifty percent of the appraised value of such-real
17 property single family or two family residences, or

18 2. Page 1, line 2, by inserting before the word "and" the
19 words "limitations on the obligations of any one customer to a
20 state bank,".

S-716 Filed
June 1, 1973

*referred out
garden 1/21*

By PRIEBE

1 Section 1. Section five hundred twenty-four point nine
2 hundred one (524.901), subsection three (3), paragraph d,
3 Code 1973, is amended to read as follows:

4 d. Shares in a corporation which the state bank is
5 authorized to acquire and hold pursuant to ~~subsections 2 and~~
6 3 paragraphs c and d of subsection one (1) of section 524.803.

7 Sec. 2. Section five hundred twenty-four point nine hun-
8 dred four (524.904), subsection two (2), paragraph a, sub-
9 paragraph three (3), Code 1973, is amended to read as follows:

10 (3) Obligations in the form of notes or drafts secured
11 by bills of lading, bills of sale or security agreements
12 covering feeder livestock ~~when the proceeds of such obligations~~
13 ~~shall have been given as purchase money for all or part of~~
14 ~~the purchase price of such feeder livestock, but not to exceed~~
15 ~~the total purchase price thereof~~ or female animals purchased
16 and held for resale, or raised and held for sale prior to
17 giving birth to their first off-spring or after giving birth
18 to but prior to weaning of their first off-spring. Such
19 livestock loans, including renewals or extensions thereof,
20 made under the foregoing provisions shall not be made for
21 a period in excess of eighteen months. In the case of purchase
22 price livestock, the proceeds of such obligations shall have
23 been given as purchase money for all or part of the purchase
24 price of such livestock, but not to exceed the purchase price
25 thereof. In the case of nonpurchase livestock, the proceeds
26 of such obligations shall not be in an amount in excess of
27 the prevailing local market price at the time of the loan,
28 and the bank shall maintain proof of this fact.

29 Sec. 3. Section five hundred twenty-four point one thou-
30 sand two (524.1002), subsection two (2), Code 1973, is amended
31 to read as follows:

32 2. Funds of a fiduciary account may be deposited in the
33 state bank which is acting as fiduciary, either as demand
34 deposits, savings deposits or, for a period not exceeding
35 one year, in single maturity time deposits or automatically

1 renewable time deposits for the same lengths of time as
2 originally issued.

3

EXPLANATION

4 This bill makes three related amendments to the Iowa Banking
5 Act of 1969.

6 Section 1 simply corrects an erroneous reference in the
7 present Code.

8 Section 2 will aid the development of the livestock industry
9 in Iowa by making credit available for home grown livestock
10 and female breeding stock purchased for resale.

11 Section 3 permits banks to avoid the paper work of issuing
12 a new certificate when it is decided to leave a fiduciary
13 deposit unchanged. Automatically renewable certificates of
14 deposit are normally issued by banks, but bank supervisory
15 authorities believe their use by fiduciaries is presently
16 a technical violation of the law.

17 The bill is recommended by the superintendent of banking.

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