

SENATE FILE 551

FILED MAY 10 1973

BY COMMITTEE ON COMMERCE

*See Commerce 1-14-74, Report-17*  
Senate File 551  
Ewing, Chairman  
Brockett  
Jordan

Passed Senate, Date 6-18-73 (1830) Passed House, Date 1-24-74  
Vote: Ayes 43 Nays 0 Vote: Ayes 84 Nays 0  
Approved 2-12-74

## A BILL FOR

1 An Act relating to investments and administration of state  
2 chartered savings and loan associations.  
3 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 seven-  
2 teen (534.17), subsection one (1), Code 1973, is amended  
3 to read as follows:

4 1. In securities without limit, in obligations of, or  
5 guaranteed as to principal and interest by, the United States  
6 or this state; in stock of a federal home loan bank of which  
7 it is eligible to be a member, and in any obligation or  
8 consolidated obligations of any federal home loan bank or  
9 banks; in stock or obligation of the federal savings and loan  
10 insurance corporation; in stock or obligations of a national  
11 mortgage association or any successor or successors thereto;  
12 in demand, time or savings deposits, in bankers acceptances  
13 with any bank or trust company the deposits of which are  
14 insured by the federal deposit insurance corporation; in stock  
15 or obligations of any corporation or agency of the United  
16 States or this state, or in deposits therewith to the extent  
17 that such corporation or agency assists in furthering or  
18 facilitating the association's purposes or powers; in share  
19 accounts of any association operating under the provisions  
20 of this chapter and of any federal savings and loan  
21 association; in bonds, notes, or other evidences of  
22 indebtedness which are a general obligation of any city, town,  
23 village, county, school district, or other municipal or  
24 political subdivision so long as the total investment in such  
25 corporation does not exceed five percent of the assets of  
26 said association. Any of said investments which are securities  
27 or obligations which are evidence of first mortgage liens  
28 on real estate are exempt from the above five percent  
29 limitation.

30 Sec. 2. Section five hundred thirty-four point forty-three  
31 (534.43), Code 1973, is amended to read as follows:

32 534.43 RESERVE FOR CONTINGENCIES. As of June 30 and De-  
33 cember 31 of each year, before declaring any dividends, the  
34 board of directors shall transfer and credit to a general  
35 reserve account an amount equivalent to not less than two

1 percent of the net earnings of the association for the  
2 preceding six months, called the "accounting period", such  
3 transfers to be made at the end of each six months accounting  
4 period, until such general reserve account is equal to at  
5 least five percent of the total amount paid in by members  
6 and credited on share accounts. The above action shall be  
7 taken March 31, June 30, September 30 and December 31 of each  
8 year and the dividends and reserve periods correspondingly  
9 adjusted if dividends are paid quarterly. If at any time  
10 thereafter such general reserve account shall on account of  
11 losses be reduced to less than five percent of the amount  
12 paid in and credited on share accounts, such transfers and  
13 credits thereto shall be resumed and continued until such  
14 reserve is again equal to at least five percent of the total  
15 amount paid in and credited on share accounts of members.  
16 The reserve account so established shall at all times be  
17 maintained and used for the sole purpose of absorbing losses  
18 incurred by the association and for no other purposes. An  
19 association may establish such other and additional special  
20 reserves as may be ordered by its board of directors. An  
21 association as an optional method may close its books on a  
22 fiscal year base with one transfer to reserves at the  
23 conclusion of the fiscal year.

## EXPLANATION

24  
25 This bill provides that state chartered savings and loan  
26 associations may invest in bankers acceptances as federally  
27 chartered associations may now do under federal regulations  
28 of the Federal Home Loan Bank system. It also provides that  
29 state chartered associations may close their books on a fiscal  
30 year base as federally chartered associations may also do.  
31 This will equalize for the state chartered savings and loan  
32 associations these provisions in regard to their operations.

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