

Commerce 4/9, Pass 4/28

Senate File 443
Commerce
Bergman, Chairman
Rabedeaux
Glenn

FILED APR 8 1975

SENATE FILE 443

By RODGERS, LAMBORN and PRIEBE

Referred Commerce 1/12/76
" " 2/23

Passed Senate, Date 2-19-76 (p. 527) Passed House, Date 2-24-76 (p. 648)
Vote: Ayes 49 Nays 0 Vote: Ayes 90 Nays 0
Approved 2-5-76

A BILL FOR

1 An Act relating to loans on residential real property by
2 state banks.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4
5
6
7
8
9
10
11
12
13
14

S-5111

1 Amend Senate File 443 as follows:

2 1. Page 1, by striking from lines 21 and 22
3 the words "the period ending on the date of its
4 maturity" and inserting in lieu thereof the words
5 "~~the period ending on the date of its maturity~~".

6 2. Page 1, line 25, by inserting after the
7 word "state" the words "a period of not more than
8 thirty years".

S-5111 FILED - Adopted 2/19 (p. 526)
FEBRUARY 11, 1976

COMMITTEE ON COMMERCE
BY LOWELL L. JUNKINS Chairperson

1 Section 1. Section five hundred twenty-four point nine
2 hundred five (524.905), subsection two (2), Code 1975, is
3 amended to read as follows:

4 2. A state bank may make permanent loans or combined
5 construction and permanent loans, secured by liens on resi-
6 dential real property consisting of single family or two
7 family residences ~~in amounts not to exceed~~ as follows:

8 ~~a.---Eighty percent of the appraised value of the real~~
9 ~~property offered as security and for a term not longer than~~
10 ~~twenty-five years, provided that the loan is secured by an~~
11 ~~amortized mortgage, deed of trust or other such instrument~~
12 ~~under the terms of which the installment payments are suffi-~~
13 ~~cient to amortize the entire principal of the loan within~~
14 ~~a period of not more than twenty-five years.~~

15 b.---Ninety a. In an amount not to exceed ninety percent
16 of the appraised value of the real property offered as security
17 and for a term not longer than thirty years, provided that
18 the loan is secured by an amortized mortgage, deed of trust
19 or other such instrument under the terms of which the
20 installment payments are sufficient to amortize the entire
21 principal of the loan within the period ending on the date
22 of its maturity ~~and provided further, that at least twenty~~
23 ~~percent of the loan is insured by a financially responsible~~
24 ~~private mortgage insurance company authorized to do business~~
25 ~~in this state.~~

26 e b. In the case of a combined construction and permanent
27 loan made pursuant to this subsection, the amount of the loan
28 shall not exceed ~~eighty or~~ ninety percent, ~~as the case may~~
29 ~~be,~~ of the value of the property upon completion of the
30 construction.

31 Sec. 2. Section five hundred twenty-four point nine hundred
32 five (524.905), subsection six (6), paragraph e, Code 1975,
33 is amended by adding the following new subparagraph:

34 NEW SUBPARAGRAPH. In the case of a loan made for the
35 purpose of the construction for or purchase by the borrower

1 of a single-family or two-family residence, on the borrower's
2 general credit and income.

3 EXPLANATION

4 This bill brings Iowa's state banking law into conformity
5 with federal law as to bank loans on residential real estate.
6 In particular, it clarifies the right to disregard formali-
7 ties where the real estate encumbrance is taken as secondary
8 security.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

LSB 1513
pb/cw/4

H-5325

SENATE FILE 443

7

1 Amend Senate File 443, as amended and passed by
2 the Senate, as follows:

3 1. Page 2, by inserting after line 2 the fol-
4 lowing new sections:

5 "Sec. _____. Section five hundred twenty-four point
6 one thousand two hundred two (524.1202), subsection
7 one (1), Code 1975, is amended to read as follows:

8 1. Except as otherwise provided in subsection
9 2 of this section, no state bank shall establish a
10 bank office outside the corporate limits of a municipal
11 corporation or in a municipal corporation or un-
12 incorporated-area in which there is already an established
13 state or national bank or office, however the
14 subsequent chartering and establishment of any state
15 or national bank, through the opening of its principal
16 place of business within the municipal corporation
17 where the bank office is located, shall not affect
18 the right of the bank office to continue in operation
19 in that municipal corporation. The existence and
20 continuing operation of a bank office shall not be
21 affected by the subsequent discontinuance of a
22 municipal corporation pursuant to the provisions of
23 sections three hundred sixty-eight point eleven
24 (368.11) to three hundred sixty-eight point twenty-
25 two (368.22), inclusive, of the Code. A bank office
26 existing and operating on the effective date of this
27 Act, which is not located within the confines of a
28 municipal corporation, shall be allowed to continue
29 its existence and operation without regard to this
30 subsection.

31 Sec. _____. Section five hundred twenty-four point
32 one thousand two hundred two (524.1202), subsection
33 two (2), Code 1975, is amended to read as follows:

34 2. ~~A state bank located in a municipal corporation~~
35 ~~may establish not more than two bank offices within~~
36 ~~the boundaries of the municipal corporation, each~~
37 ~~of which shall have adequate off-street parking as~~
38 ~~determined by the superintendent, and may also have~~
39 ~~facilities to serve pedestrian customers.~~ A state
40 bank located in a municipal corporation, or in an
41 urban complex composed of two or more Iowa municipal
42 corporations each of which is contiguous to or corners
43 upon at least one of the other municipal corporations
44 within the complex, having a population of ever-fifty
45 less than two hundred thousand according to the most
46 recent federal census may establish ~~two such offices~~
47 ~~within the boundaries of the municipal corporation~~
48 ~~or urban complex, if the municipal corporation or~~
49 ~~urban complex has a population of ever one hundred~~
50 ~~thousand but not over two hundred thousand, the state~~

H-5325

Page 2

7

1 ~~bank may establish three such offices within the~~
 2 ~~boundaries of the municipal corporation or urban~~
 3 ~~complex, if not more than three bank offices within~~
 4 ~~the boundaries of the municipal corporation or urban~~
 5 ~~complex, each of which shall have adequate off-street~~
 6 ~~parking as determined by the superintendent, and may~~
 7 ~~also have facilities to serve pedestrian customers.~~
 8 If the municipal corporation or urban complex has
 9 a population of over two hundred thousand, the state
 10 bank may establish four such offices within the
 11 boundaries of the municipal corporation or urban
 12 complex. Such a facility located in the proximity
 13 of a state bank's principal place of business may
 14 be found by the superintendent to be an integral part
 15 of the principal place of business, and not a bank
 16 office within the meaning of this section."
 17 2. Amend the title by striking lines 1 and 2 and
 18 inserting in lieu thereof the words "An Act relating
 19 to state banks, and to loans on residential real
 20 property by state banks and bank offices."
 21 3. By renumbering sections as necessary.

22

23 H-5325 FILED

24 February 24, 1976

25

26

 SCHROEDER of Pottawattamie

27

28 Ruled not germane, not printed in Journal or clip sheet(646)

29 Motion to suspend rules lost 38-51 (page 647)

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

SENATE FILE 443

AN ACT

RELATING TO LOANS ON RESIDENTIAL REAL PROPERTY BY STATE BANKS.

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

Section 1. Section five hundred twenty-four point nine hundred five (524.905), subsection two (2), Code 1975, is amended to read as follows:

2. A state bank may make permanent loans or combined construction and permanent loans, secured by liens on residential real property consisting of single family or two family residences in amounts not to exceed as follows:

a. ~~Eighty percent of the appraised value of the real property offered as security and for a term not longer than twenty-five years, provided that the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty-five years.~~

b. ~~Ninety a. In an amount not to exceed ninety percent of the appraised value of the real property offered as security and for a term not longer than thirty years, provided that the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity and provided further, that at least twenty percent of the loan is insured by a financially responsible private mortgage insurance company authorized to do business in this state, a period of not more than thirty years.~~

e b. In the case of a combined construction and permanent loan made pursuant to this subsection, the amount of the loan shall not exceed ~~eighty or~~ ninety percent, ~~as the case may be,~~ of the value of the property upon completion of the construction.

Sec. 2. Section five hundred twenty-four point nine hundred five (524.905), subsection six (6), paragraph e, Code 1975, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. In the case of a loan made for the purpose of the construction for or purchase by the borrower of a single-family or two-family residence, on the borrower's general credit and income.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 443, Sixty-sixth General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved *March 5,* 1976

ROBERT D. RAY
Governor