

FILED APR 24 1975

SENATE FILE 487

By COMMITTEE ON COMMERCE

Passed Senate, Date 5-13-75 (1358) Passed House, Date 5-6-76 (2464)
Vote: Ayes 48 Nays 2 Vote: Ayes 90 Nays 0
Approved 5-20-76

A BILL FOR

1 An Act relating to the regulation of savings and loan
2 associations organized under the laws of the state
3 of Iowa.

4 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 1975, is amended to read
3 as follows:

4 5. "Regular lending area" shall mean the entire area
5 within this state and an area which is outside this state
6 and which is within one hundred miles from any approved office,
7 ~~whether-within-or-without-the-state.~~

8 Sec. 2. Section five hundred thirty-four point eight
9 (534.8), subsection two (2), Code 1975, is amended to read
10 as follows:

11 2. To make a real estate loan or real estate contract
12 to a director, officer or employee of the association, or
13 to any attorney or firm of attorneys, regularly serving the
14 association in the capacity of attorney at law, or to any
15 partnership in which any such director, officer, employee,
16 attorney or firm of attorneys has any interest, and no real
17 estate loan or real estate contract shall be made to any
18 corporation in which any of such parties are stockholders,
19 except that with the prior approval of its board of directors
20 a real estate loan or real estate contract may be made to
21 a corporation in which no such party owns more than fifteen
22 percent of the total outstanding stock and in which the stock
23 owned by all such parties does not exceed twenty-five per-
24 cent of the total outstanding stock: Provided, that nothing
25 herein shall prohibit an association from making loans pursuant
26 to section five hundred thirty-four point nineteen (534.19)
27 of the Code and loans on the security of a first lien on the
28 home property or mobile home owned and occupied by a director,
29 officer or employee of an association, or by an attorney or
30 member of a firm of attorneys regularly serving the association
31 in the capacity of attorney at law upon a two-thirds vote
32 of the directors, the interested director not voting.

33 Sec. 3. Section five hundred thirty-four point nineteen
34 (534.19), subsection six (6), Code 1975, is amended to read
35 as follows:

1 6. PROPERTY IMPROVEMENT LOANS. To make property
2 ~~improvement loans to home-owners-and-other-property-owners~~
3 for maintenance, repair, landscaping, modernization, furniture
4 and fixtures, ~~improvement and equipment for their-properties,~~
5 ~~and-loans-on-mobile-homes,~~ with or without security provided
6 that no such loan without security shall exceed five ten
7 thousand dollars, and provided further that not in excess
8 of fifteen twenty percent of the assets of the association
9 shall be so invested, said fifteen twenty percent to be
10 exclusive of the forty percent of assets power set out in
11 section 534.21 hereof. Such loans, other than consumer loans
12 as defined in the Iowa consumer credit code, shall be amortized
13 to mature in not to exceed eight years. ~~Such-loans-may-also~~
14 ~~be-based-on-a-discount-or-add-on-charge-of-not-to-exceed-six~~
15 ~~dollars-per-one-hundred-dollars-face-amount-per-year-in-lieu~~
16 ~~of-straight-interest-otherwise-provided-by-law.~~ The provisions
17 of the Iowa consumer credit code shall apply to consumer loans
18 made by a savings and loan association and a provision of
19 that code shall supersede any conflicting provision of this
20 chapter with respect to a consumer loan. Loans made pursuant
21 to this subsection shall be for terms not exceeding fifteen
22 years.

23 Sec. 4. Section five hundred thirty-four point nineteen
24 (534.19), subsection seven (7), Code 1975, is amended to read
25 as follows:

26 7. POWER TO PURCHASE AND TO LEND UPON LOANS. The power
27 to make loans shall include (a) the power to purchase loans
28 of any type that the association may make, (b) the power to
29 make loans upon the security of loans of any type that the
30 association may make, and (c) the power to sell any loans
31 of the type the association is authorized to make. ~~Loans~~
32 ~~under-"a"-and-"c"-may-be-outside-regular-lending-area-if~~
33 ~~restricted-to-loans-insured-partially-by-an-instrumentality~~
34 ~~of-the-United-States-or-by-any-other-insurer-approved-by-the~~
35 ~~federal-home-loan-bank-or-the-supervisor.~~

1 Under "a" and "c" above, the association may purchase an
2 interest in loans which are insured as above set out from
3 the United States or any agency or instrumentality thereof
4 which has any function of examining or supervising of savings
5 and loan associations, or the association may sell any of
6 its loans to the United States or any such agency or
7 instrumentality or to any broker or dealer registered with
8 the securities and exchange commission.

9 Sec. 5. Section five hundred thirty-four point nineteen
10 (534.19), subsection eight (8), Code 1975, is amended to read
11 as follows:

12 8. PARTICIPATION LOANS. An association may participate
13 with other lenders in the origination or purchase of an
14 interest in loans of any type that such an association may
15 otherwise make, provided that the other participants are
16 instrumentalities of or corporation owned wholly or in part
17 by the United States or this state, or are associations or
18 corporations insured by the federal savings and loan insurance
19 corporation or the federal deposit insurance corporation or
20 are life insurance companies with assets in excess of one
21 hundred million dollars, or are approved federal housing
22 administration lenders or are service corporations in which
23 the majority of the capital stock is owned by one or more
24 insured institutions, such loans to be within or without the
25 regular lending area of the association.

26 Sec. 6. Section five hundred thirty-four point nineteen
27 (534.19), subsection twenty (20), Code 1975, is amended to
28 read as follows:

29 20. LIMITED TRUST POWERS. Associations incorporated under
30 this chapter may act as trustee for trusts which are created
31 or organized in the United States, and which form part of
32 a stock bonus, pension, or profit sharing plan which qualifies
33 for special tax treatment under section 401 (d) or subsection
34 (a) of section four hundred eight (408) of the Internal Revenue
35 Code of 1954, as amended, if the funds of such trust are

1 invested only in savings accounts or deposits in such asso-
2 ciation or in obligations or securities issued by such as-
3 sociation. All funds held in such fiduciary capacity by any
4 such association may be commingled for appropriate purposes
5 of investment, but individual records shall be kept by the
6 fiduciary for each participant and shall show in proper detail
7 all transactions engaged in under the authority of this
8 subsection.

9 Sec. 7. Section five hundred thirty-four point twenty-
10 one (534.21), subsection two (2), Code 1975, is amended to
11 read as follows:

12 2. TERMS OF LOANS. All installment loans shall be re-
13 payable within thirty years or, if an insured or guaranteed
14 loan, within the period acceptable to the insuring or guaran-
15 teeing agency. Loans of any type that such an association
16 may make on a monthly installment basis may also be made
17 without full amortization of principal; provided, that except
18 for insured or guaranteed loans, interest shall be payable
19 at least semiannually and any such loan may be made for an
20 amount not in excess of fifty percent of the value and for
21 a term of not more than five years: And provided further,
22 that if the members have authorized loans to be made without
23 full amortization up to such higher percentage such loans
24 may be made for an amount not in excess of sixty percent of
25 the value and for a term of not more than three years: And
26 provided further, that if the members have authorized loans
27 to be made without full amortization up to such higher
28 percentage, such loans, if made, for the purpose of
29 construction, may be made for an amount not in excess of eighty
30 percent of the value and for a term of not more than ~~one-year~~
31 eighteen months. A construction loan may be combined with
32 an installment loan in one note, provided the total term does
33 not exceed thirty-one years and six months.

34 Sec. 8. Section five hundred thirty-four point twenty-
35 one (534.21), subsection three (3), Code 1975, is amended

1 to read as follows:

2 3. HOME LOANS. Every such association may originate and
3 make first mortgage amortized real estate loans for not to
4 exceed fifty thousand dollars secured by home property situated
5 within the state regular lending area. ~~Such loans may also~~
6 ~~be made within the state of Iowa when the loans are insured~~
7 ~~wholly or partially by any instrumentality of the United~~
8 ~~States government or by private mortgage insurance when such~~
9 ~~company is approved to conduct business in the state of Iowa.~~
10 Home loans may be made in excess of the fifty thousand dollar
11 limitation when made under the forty percent of assets lending
12 power hereinafter set out.

13 Sec. 9. Section five hundred thirty-four point twenty-
14 one (534.21), subsection four (4), paragraphs a, c, and d,
15 Code 1975, are amended to read as follows:

16 a. Home loans, which are either direct-reduction home
17 loans or not, but which exceed ~~forty~~ fifty thousand dollars
18 each, regardless of where the home property securing the loan
19 is situated ~~so long as within this state~~.

20 c. Home loans of any amount which are not direct-reduction
21 home loans, regardless of where the home property securing
22 the loan is situated ~~so long as within this state~~.

23 d. Other real estate loans, whether amortized or unamor-
24 tized, regardless of amount thereof or location of real estate
25 securing the loan ~~so long as within this state~~.

26 Sec. 10. Section five hundred thirty-four point forty-
27 one (534.41), subsection five (5), Code 1975, is amended to
28 read as follows:

29 5. EXPENSES AND PER DIEM. Where the examination is made
30 under the provisions of subsection 3 of this section, each
31 examiner shall file with the auditor of state an itemized,
32 certified and sworn voucher of his expense for the time such
33 examiner is actually engaged in such examination. On the
34 fifteenth and last days of each month each examiner shall
35 file in triplicate with the auditor of state a certified

1 statement of the actual days engaged in such examination.
2 The salaries shall be included in a semimonthly payroll.
3 Upon approval of the auditor of state the state comptroller
4 is hereby authorized to issue warrants for the payment of
5 said vouchers and salary payments, other than vacation or
6 sick leave, from funds appropriated to the savings and loan
7 division. Repayment to the state shall be made as provided
8 by section 534.61, subsection 4. Savings and loan examiners
9 shall be paid salaries at rates commensurate with, and shall
10 be reimbursed for meals and lodging at the same rate as, that
11 which is received by federal examiners operating under the
12 federal home loan bank board.

13 Sec. 11. Chapter five hundred thirty-four (534), Code
14 1975, is amended by adding the following new sections:

15 NEW SECTION. MOBILE HOME LOANS. An association may make
16 and purchase loans and contracts secured by mobile homes and
17 may participate with other lenders in the making and purchase
18 of mobile home loans and contracts, provided that the terms
19 of such loans do not exceed fifteen years and that the total
20 investment in mobile home loans and contracts does not exceed
21 ten percent of the assets of the association at the time of
22 investment, said ten percent to be exclusive of the forty
23 percent of assets classification set out in section five
24 hundred thirty-four point twenty-one (534.21) of the Code.
25 For purposes of this section, investment in loans and con-
26 tracts means the total amount of such loans and contracts
27 on the association's books less any unearned interest.

28 NEW SECTION. LOANS SECURED BY LESS THAN FIRST LIEN. An
29 association may make loans on real estate secured by less
30 than a first lien, provided that the aggregate amount of all
31 such loans shall not exceed five percent of the assets of
32 the association at the time the loan is granted, said five
33 percent to be exclusive of the forty percent of assets
34 classification set out in section five hundred thirty-four
35 point twenty-one (534.21) of the Code.

1 vested in "property improvement loans". The maximum amount
2 of a single loan is also increased, from \$5,000 to \$10,000,
3 and a maximum term of 15 years is added. The 6 percent add-
4 on or discount limitation is struck from the subsection.

5 4. Section 4 amends the provisions of Code section
6 534.19(7) relating to the powers of an association to buy
7 and sell loans from or to other associations in order to make
8 the distinctions between instate and out-of-state transactions
9 consistent with the provisions of section 534.21(4) relating
10 to the 40 percent of assets limitation.

11 5. Section 5 expands the types of loan in which an
12 association may participate with other lenders. This amendment
13 permits an association to participate in the same types of
14 loans which it could purchase entirely.

15 6. Section 6 expands the types of "retirement" plans for
16 which an association may act as trustee by including
17 "Individual Retirement Accounts" established pursuant to
18 section 408(a) of the Internal Revenue Code.

19 7. Section 7 increases the maximum loan term for con-
20 struction loans to 18 months, and new language also permits
21 the consolidation of a construction loan and home purchase
22 loan, provided the term does not exceed the combined maximum
23 term for each type of loan.

24 8. Section 8 deletes language in Code section 534.21(3)
25 which is internally inconsistent, and inconsistent with other
26 sections of the chapter.

27 9. Section 9 amends Code section 534.21(4), to make the
28 maximum limit the same as is provided in section 534.21(3),
29 and to make the section consistent with the change proposed
30 in section 1 of this bill relating to the definition of regular
31 lending area.

32 10. Section 10 amends the provisions relating to the
33 salary and per diem of state-employed examiners to tie those
34 amounts to the scale for federal examiners. A similar
35 provision is made for state-employed bank examiners in section

1 524.20 of the Code.

2 11. Section 11 of the bill adds three new sections to
3 Chapter 534. The first relocates the lending power with
4 respect to mobile homes, as noted in paragraph 3 of this
5 explanation.

6 The second new section is a grant of new authority to
7 permit loans on real estate which are not secured by a first
8 lien. This is consistent with authority granted federally-
9 chartered associations under the federal Home Owners Loan
10 Act.

11 The third new section permits unsecured loans to con-
12 tractors engaged in real estate improvement construction.
13 This is also consistent with new authority given to federaly-
14 chartered associations by the Home Owners Loan Act.

15

Senate File 487

H-3930

1 Amend Senate File 487 as amended and passed by
2 the Senate as follows:

3 1. Page 1, by inserting after line OT the
4 following:

5 "Sec. ____ Section five hundred twenty-four point
6 one thousand two (524.1002), subsection two (2), Code
7 1975, is amended to read as follows:

8 2. Funds of a fiduciary account may be deposited
9 in the state bank which is acting as fiduciary, either
10 as demand deposits, savings deposits or ~~for a period~~
11 ~~not exceeding one year, in single maturity time~~
12 ~~deposits or automatically renewable time deposits~~
13 ~~for the same lengths of time as originally issued~~
14 time deposits having a single or multiple maturity."

15 2. By renumbering the sections and correcting
16 internal references to conform with this amendment.

17 3. Title page, line 2, by inserting after the
18 word "associations" the words "and banks".

H-3930 FILED - *Withdrawn 4/30 (p. 2355)*
MAY 21, 1975 ⁷⁶ BY NEWHARD of Jones

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LSB 1290 L
lb/jw/5

S-3679

1 Amend Senate File 487 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Sec. ____ . Section one hundred seventeen point
5 forty-six (117.46), subsections one (1), two (2),
6 and three (3), Code 1975, are amended to read as
7 follows:

8 1. Each broker shall maintain a common trust
9 account in a bank or a savings and loan association
10 for the deposit of all down payments, earnest money
11 deposits, or other trust funds received by the broker
12 or his salesmen on behalf of his principal, except
13 that a broker acting as a salesman shall deposit these
14 funds in the common trust account of the broker for
15 whom he acts as salesman.

16 2. Each broker shall notify the commission of
17 the name of the each bank ~~or banks~~ or savings and
18 loan association in which said a trust account is
19 maintained and also the name of the account on forms
20 provided therefor.

21 3. Each broker shall authorize the commission
22 to examine said each trust account and shall obtain
23 the certification of the bank or savings and loan
24 association attesting to said each trust account and
25 consenting to the examination and audit of said each
26 account by a duly authorized representative of the
27 commission. Said certification and consent shall
28 be furnished on forms prescribed by the commission."

29 2. Page 1, by inserting after line 32 the
30 following:

31 "Sec. ____ . Section five hundred thirty-four point
32 eleven (534.11), subsection seven (7), Code 1975,
33 is amended to read as follows:

34 7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS,
35 GUARDIANS, CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES.
36 Any association or federal savings and loan association
37 may accept share accounts in the name of any
38 administrator, custodian, executor, guardian, trustee,
39 or other fiduciary in trust for a named beneficiary
40 or beneficiaries, or other fiduciary in trust for
41 a specified class of unnamed beneficiaries. Any such
42 fiduciary shall have power to vote as a member as
43 if the membership were held absolutely, to open and
44 to make additions to, and to withdraw any such account
45 in whole or in part. The withdrawal value of such
46 accounts, and dividends thereon, or other rights
47 relating thereto may be paid or delivered, in whole
48 or in part to such fiduciary without regard to any
49 notice to the contrary as long as such fiduciary is
50 living. The payment or delivery to any such fiduciary

1 or a receipt or acquittance signed by any such
2 fiduciary to whom any such payment or any such delivery
3 of rights is made shall be a valid and sufficient
4 release and discharge of an institution for the payment
5 or delivery so made. Whenever a person holding an
6 account in a fiduciary capacity dies and no written
7 notice of the revocation or termination of the
8 fiduciary relationship shall have been given to an
9 institution and the institution has no notice of any
10 other disposition of the beneficial estate, the
11 withdrawal value of such account and dividends thereon,
12 or other rights relating thereto may, at the option
13 of an institution, be paid or delivered, in whole
14 or in part, to the beneficiary or beneficiaries.
15 Whenever an account shall be opened by any person,
16 describing himself in opening such account as trustee
17 for another and no other or further notice of the
18 existence and terms of a legal and valid trust then
19 such description shall have been given in writing
20 to such association, in the event of the death of
21 the person so described as trustee, the withdrawal
22 value of such account or any part thereof, together
23 with the dividends or interest thereon, may be paid
24 to the person for whom the account was thus stated
25 to have been opened, and such account and all additions
26 thereto shall be the property of such person. The
27 payment or delivery to any such beneficiary,
28 beneficiaries or designated person, or a receipt or
29 acquittance signed by such beneficiary, beneficiaries
30 or designated person for any such payment or delivery
31 shall be a valid and sufficient release and discharge
32 of an institution for the payment or delivery so made.
33 No institution paying any such fiduciary or beneficiary
34 in accordance with the provisions of this subsection
35 shall thereby be liable for any estate, inheritance
36 or succession taxes which may be due this state."

S-3679 FILED - *Adopted 5/13 (1258)* BY PHILIP B. HILL
MAY 2, 1975

SENATE FILE 487

AN ACT

RELATING TO THE REGULATION OF SAVINGS AND LOAN ASSOCIATIONS
ORGANIZED UNDER THE LAWS OF THE STATE OF IOWA.

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

Section 1. Section one hundred seventeen point forty-six (117.46), subsections one (1), two (2), and three (3), Code 1975, are amended to read as follows:

1. Each broker shall maintain a common trust account in a bank or a savings and loan association for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker or his salesmen on behalf of his principal, except that a broker acting as a salesman shall deposit these funds in the common trust account of the broker for whom he acts as salesman.

2. Each broker shall notify the commission of the name of the each bank or-banks or savings and loan association in which said a trust account is maintained and also the name of the account on forms provided therefor.

3. Each broker shall authorize the commission to examine said each trust account and shall obtain the certification of the bank or savings and loan association attesting to said each trust account and consenting to the examination and audit of said each account by a duly authorized representative of the commission. Said certification and consent shall be furnished on forms prescribed by the commission.

Sec. 2. Section five hundred thirty-four point two (534.2), subsection five (5), Code 1975, is amended to read as follows:

5. "Regular lending area" shall mean the entire area within this state and an area which is outside this state and which is within one hundred miles from any approved officer ~~whether-within-or-without-the-state.~~

Sec. 3. Section five hundred thirty-four point eight (534.8), subsection two (2), Code 1975, is amended to read

as follows:

2. To make a real estate loan or real estate contract to a director, officer or employee of the association, or to any attorney or firm of attorneys, regularly serving the association in the capacity of attorney at law, or to any partnership in which any such director, officer, employee, attorney or firm of attorneys has any interest, and no real estate loan or real estate contract shall be made to any corporation in which any of such parties are stockholders, except that with the prior approval of its board of directors a real estate loan or real estate contract may be made to a corporation in which no such party owns more than fifteen percent of the total outstanding stock and in which the stock owned by all such parties does not exceed twenty-five percent of the total outstanding stock: Provided, that nothing herein shall prohibit an association from making loans pursuant to section five hundred thirty-four point nineteen (534.19) of the Code and loans on the security of a first lien on the home property or mobile home owned and occupied by a director, officer or employee of an association, or by an attorney or member of a firm of attorneys regularly serving the association in the capacity of attorney at law upon a two-thirds vote of the directors, the interested director not voting.

Sec. 4. Section five hundred thirty-four point eleven (534.11), subsection seven (7), Code 1975, is amended to read as follows:

7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS, CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES. Any association or federal savings and loan association may accept share accounts in the name of any administrator, custodian, executor, guardian, trustee, or other fiduciary in trust for a named beneficiary or beneficiaries, or other fiduciary in trust for a specified class of unnamed beneficiaries. Any such fiduciary shall have power to vote as a member as if the membership were held absolutely, to open and to make additions to, and to withdraw any such account in whole or in part. The withdrawal value of such accounts, and dividends thereon,

or other rights relating thereto may be paid or delivered, in whole or in part to such fiduciary without regard to any notice to the contrary as long as such fiduciary is living. The payment or delivery to any such fiduciary or a receipt or acquittance signed by any such fiduciary to whom any such payment or any such delivery of rights is made shall be a valid and sufficient release and discharge of an institution for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship shall have been given to an institution and the institution has no notice of any other disposition of the beneficial estate, the withdrawal value of such account and dividends thereon, or other rights relating thereto may, at the option of an institution, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. Whenever an account shall be opened by any person, describing himself in opening such account as trustee for another and no other or further notice of the existence and terms of a legal and valid trust then such description shall have been given in writing to such association, in the event of the death of the person so described as trustee, the withdrawal value of such account or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the account was thus stated to have been opened, and such account and all additions thereto shall be the property of such person. The payment or delivery to any such beneficiary, beneficiaries or designated person, or a receipt or acquittance signed by such beneficiary, beneficiaries or designated person for any such payment or delivery shall be a valid and sufficient release and discharge of an institution for the payment or delivery so made. No institution paying any such fiduciary or beneficiary in accordance with the provisions of this subsection shall thereby be liable for any estate, inheritance or succession taxes which may be due this state.

Sec. 5. Section five hundred thirty-four point nineteen (534.19), subsection six (6), Code 1975, is amended to read

as follows:

6. PROPERTY IMPROVEMENT LOANS. To make ~~property improvement loans to home-owners-and-other-property-owners~~ for maintenance, repair, landscaping, modernization, furniture and fixtures, improvement and equipment ~~for their properties, and loans on mobile homes,~~ with or without security provided that no such loan without security shall exceed five ten thousand dollars, and provided further that not in excess of fifteen twenty percent of the assets of the association shall be so invested, said fifteen twenty percent to be exclusive of the forty percent of assets power set out in section 534.21 hereof. Such loans, other than consumer loans as defined in the Iowa consumer credit code, shall be amortized to mature in not to exceed eight years. ~~Such loans may also be based on a discount or add-on charge of not to exceed six dollars per one hundred dollars face amount per year in lieu of straight interest otherwise provided by law.~~ The provisions of the Iowa consumer credit code shall apply to consumer loans made by a savings and loan association and a provision of that code shall supersede any conflicting provision of this chapter with respect to a consumer loan. Loans made pursuant to this subsection shall be for terms not exceeding fifteen years.

Sec. 6. Section five hundred thirty-four point nineteen (534.19), subsection seven (7), Code 1975, is amended to read as follows:

7. POWER TO PURCHASE AND TO LEND UPON LOANS. The power to make loans shall include (a) the power to purchase loans of any type that the association may make, (b) the power to make loans upon the security of loans of any type that the association may make, and (c) the power to sell any loans of the type the association is authorized to make. ~~Loans under "a" and "c" may be outside regular lending area if restricted to loans insured partially by an instrumentality of the United States or by any other insurer approved by the federal home loan bank or the supervisor.~~

~~Under "a" and "c" above, the association may purchase an~~

~~interest in loans which are insured as above set out from the United States or any agency or instrumentality thereof which has any function of examining or supervising of savings and loan associations, or the association may sell any of its loans to the United States or any such agency or instrumentality or to any broker or dealer registered with the securities and exchange commission.~~

Sec. 7. Section five hundred thirty-four point nineteen (534.19), subsection eight (8), Code 1975, is amended to read as follows:

8. PARTICIPATION LOANS. An association may participate with other lenders in the origination or purchase of an interest in loans of any type that such an association may otherwise make, provided that the other participants are instrumentalities of or corporation owned wholly or in part by the United States or this state, or are associations or corporations insured by the federal savings and loan insurance corporation or the federal deposit insurance corporation or are life insurance companies with assets in excess of one hundred million dollars, or are approved federal housing administration lenders or are service corporations in which the majority of the capital stock is owned by one or more insured institutions, such loans to be within or without the regular lending area of the association.

Sec. 8. Section five hundred thirty-four point nineteen (534.19), subsection twenty (20), Code 1975, is amended to read as follows:

20. LIMITED TRUST POWERS. Associations incorporated under this chapter may act as trustee for trusts which are created or organized in the United States, and which form part of a stock bonus, pension, or profit sharing plan which qualifies for special tax treatment under section 401 (d) or subsection (a) of section four hundred eight (408) of the Internal Revenue Code of 1954, as amended, if the funds of such trust are invested only in savings accounts or deposits in such association or in obligations or securities issued by such association. All funds held in such fiduciary capacity by any

such association may be commingled for appropriate purposes of investment, but individual records shall be kept by the fiduciary for each participant and shall show in proper detail all transactions engaged in under the authority of this subsection.

Sec. 9. Section five hundred thirty-four point twenty-one (534.21), subsection two (2), Code 1975, is amended to read as follows:

2. TERMS OF LOANS. All installment loans shall be repayable within thirty years or, if an insured or guaranteed loan, within the period acceptable to the insuring or guaranteeing agency. Loans of any type that such an association may make on a monthly installment basis may also be made without full amortization of principal; provided, that except for insured or guaranteed loans, interest shall be payable at least semiannually and any such loan may be made for an amount not in excess of fifty percent of the value and for a term of not more than five years: And provided further, that if the members have authorized loans to be made without full amortization up to such higher percentage such loans may be made for an amount not in excess of sixty percent of the value and for a term of not more than three years: And provided further, that if the members have authorized loans to be made without full amortization up to such higher percentage, such loans, if made, for the purpose of construction, may be made for an amount not in excess of eighty percent of the value and for a term of not more than one-year eighteen months. A construction loan may be combined with an installment loan in one note, provided the total term does not exceed thirty-one years and six months.

Sec. 10. Section five hundred thirty-four point twenty-one (534.21), subsection three (3), Code 1975, is amended to read as follows:

3. HOME LOANS. Every such association may originate and make first mortgage amortized real estate loans for not to exceed fifty thousand dollars secured by home property situated within the state regular lending area. Such loans may also

~~be-made-within-the-state-of-Iowa-when-the-loans-are-insured wholly-or-partially-by-any-instrumentality-of-the-United States-government-or-by-private-mortgage-insurance-when-such company-is-approved-to-conduct-business-in-the-state-of-Iowa-~~
 Home loans may be made in excess of the fifty thousand dollar limitation when made under the forty percent of assets lending power hereinafter set out.

Sec. 11. Section five hundred thirty-four point twenty-one (534.21), subsection four (4), paragraphs a, c, and d, Code 1975, are amended to read as follows:

- a. Home loans, which are either direct-reduction home loans or not, but which exceed ~~forty~~ forty fifty thousand dollars each, regardless of where the home property securing the loan is situated ~~so-long-as-within-this-state.~~
- c. Home loans of any amount which are not direct-reduction home loans, regardless of where the home property securing the loan is situated ~~so-long-as-within-this-state.~~
- d. Other real estate loans, whether amortized or unamortized, regardless of amount thereof or location of real estate securing the loan ~~so-long-as-within-this-state.~~

Sec. 12. Section five hundred thirty-four point forty-one (534.41), subsection five (5), Code 1975, is amended to read as follows:

5. EXPENSES AND PER DIEM. Where the examination is made under the provisions of subsection 3 of this section, each examiner shall file with the auditor of state an itemized, certified and sworn voucher of his expense for the time such examiner is actually engaged in such examination. On the fifteenth and last days of each month each examiner shall file in triplicate with the auditor of state a certified statement of the actual days engaged in such examination. The salaries shall be included in a semimonthly payroll. Upon approval of the auditor of state the state comptroller is hereby authorized to issue warrants for the payment of said vouchers and salary payments, other than vacation or sick leave, from funds appropriated to the savings and loan division. Repayment to the state shall be made as provided

by section 534.61, subsection 4. Savings and loan examiners shall be paid salaries at rates commensurate with, and shall be reimbursed for meals and lodging at the same rate as, that which is received by federal examiners operating under the federal home loan bank board.

Sec. 13. Chapter five hundred thirty-four (534), Code 1975, is amended by adding the following new sections:

NEW SECTION. MOBILE HOME LOANS. An association may make and purchase loans and contracts secured by mobile homes and may participate with other lenders in the making and purchase of mobile home loans and contracts, provided that the terms of such loans do not exceed fifteen years and that the total investment in mobile home loans and contracts does not exceed ten percent of the assets of the association at the time of investment, said ten percent to be exclusive of the forty percent of assets classification set out in section five hundred thirty-four point twenty-one (534.21) of the Code. For purposes of this section, investment in loans and contracts means the total amount of such loans and contracts on the association's books less any unearned interest.

NEW SECTION. LOANS SECURED BY LESS THAN FIRST LIEN. An association may make loans on real estate secured by less than a first lien, provided that the aggregate amount of all such loans shall not exceed five percent of the assets of the association at the time the loan is granted, said five percent to be exclusive of the forty percent of assets classification set out in section five hundred thirty-four point twenty-one (534.21) of the Code.

NEW SECTION. LINE OF CREDIT LOANS. An association may make loans not secured by a real estate mortgage to contractors who are engaged in the business of constructing improvements on real estate and for use in that business provided that the aggregate amount of all such loans and commitments shall not exceed the greater of the sum of reserves and surplus or five percent of the assets of the association at the time the loan is granted, said five percent to be exclusive of the forty percent of assets classification set

out in section five hundred thirty-four point twenty-one
(534.21) of the Code.

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 487, Sixty-sixth General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved May 20, 1976

ROBERT D. RAY
Governor