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SENATE FILE 2300

BY HULTMAN AND JUNKINS

Passed Senate, Date 4-12-82 (p. 1125) Passed House, Date 4/20/82 (r. 1578)
Vote: Ayes 36 Nays 11 Vote: Ayes 95 Nays 4
Approved 5/18/82

Motion to reconsider (p. 1151) 4/15 4/13

A BILL FOR

1 An Act relating to the regulation of financial institutions.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2300

1 Section 1. Section 524.706, subsection 1, paragraph a,
2 subparagraph (1), Code 1981, is amended to read as follows:

3 ~~(1) Such amount as the bank is permitted to lend pursuant~~
4 ~~to section 524.905, subsection 2, if, at the time such obliga-~~
5 ~~tion is incurred, it is~~ An amount secured by a first lien
6 on a dwelling which is expected, after the obligation is
7 incurred, to be owned by the executive officer and used by
8 him as his the officer's residence, provided that ~~at the time~~
9 after the loan is made there is no other loan by the bank
10 to the executive officer, under authority of this subparagraph,
11 outstanding; and

12 Sec. 2. Section 524.905, Code 1981, as amended by Acts
13 of the Sixty-ninth General Assembly, 1981 Session, chapter
14 173, section 5, is amended by striking the section and
15 inserting in lieu thereof the following:

16 524.905 LOANS ON REAL PROPERTY. A state bank may make
17 permanent loans, construction loans, or combined construction
18 and permanent loans, secured by liens on real property, as
19 authorized by rules adopted by the superintendent under chapter
20 17A. The rules shall include provisions as necessary to
21 insure the safety and soundness of these loans, and to insure
22 full and fair disclosure to borrowers of the effects of
23 provisions in agreements for these loans, including provisions
24 permitting change or adjustment of any terms of a loan,
25 provisions permitting, requiring, or prohibiting repayment
26 of a loan on a basis other than of equal periodic installments
27 of interest plus principal over a fixed term, provisions
28 imposing penalties for the borrower's noncompliance with
29 requirements of a loan agreement, or provisions allowing or
30 requiring a borrower to choose from alternative courses of
31 action at any time during the effectiveness of a loan
32 agreement.

33 A bank may include in the loan documents signed by the
34 borrower a provision requiring the borrower to pay the bank
35 each month in addition to interest and principal under the

1 note an amount equal to one-twelfth of the estimated annual
2 real estate taxes, special assessments, hazard insurance
3 premium, mortgage insurance premium, or any other payment
4 agreed to by the borrower and the bank in order to better
5 secure the loan. The bank shall be deemed to be acting in
6 a fiduciary capacity with respect to these funds, and, with
7 respect to an escrow agreement entered into on or after the
8 effective date of this Act, shall pay interest to the borrower
9 on these funds, calculated on a daily basis, at the rate the
10 bank pays to depositors of funds in ordinary savings accounts.
11 A bank which maintains such an escrow account, whether or
12 not the mortgage has been assigned to a third person, shall
13 each year deliver to the mortgagor a written annual accounting
14 of all transactions made with respect to the loan and escrow
15 account.

16 Sec. 3. Section 524.1802, Code 1981, is amended to read
17 as follows:

18 524.1802 LIMITATION. No bank holding company shall
19 directly or indirectly acquire ownership or control of more
20 than twenty-five percent of the voting shares of any bank,
21 or the power to control in any manner the election of a
22 majority of the directors of any bank, if upon such acquisition
23 the banks so owned or controlled by the bank holding company
24 would have, in the aggregate, more than ~~eight~~ nine percent
25 of the total deposits, both time and demand, of all banks
26 in this state, as determined by the superintendent on the
27 basis of the most recent reports of the banks in the state
28 to their supervisory authorities which are available at the
29 time of the acquisition. No bank holding company shall
30 directly or indirectly acquire ownership or control of more
31 than twenty-five percent of the voting shares of any savings
32 and loan association, or the power to control in any manner
33 the election of a majority of the directors of any savings
34 and loan association, if upon such acquisition the associations
35 so owned or controlled by the bank holding company would have,

1 in the aggregate, more than nine percent of the total deposits,
2 both time and demand, of all associations in this state, as
3 determined by the superintendent on the basis of the most
4 recent reports of the associations in the state to their
5 supervisory authorities which are available at the time of
6 the acquisition. No bank holding company shall directly or
7 indirectly acquire ownership or control of more than twenty-
8 five percent of the voting shares of any credit union, or
9 the power to control in any manner the election of a majority
10 of the directors of any credit union, if upon such acquisition
11 the credit unions so owned or controlled by the bank holding
12 company would have, in the aggregate, more than nine percent
13 of the total deposits, both time and demand, of all credit
14 unions in this state, as determined by the superintendent
15 on the basis of the most recent reports of the credit unions
16 in the state to their supervisory authorities which are
17 available at the time of the acquisition.

18 Sec. 4. Section 533.4, subsection 21, Code 1981, is amended
19 to read as follows:

20 ~~21. Notwithstanding the provisions of section 533.16,~~
21 ~~subsection 4,--a~~ A credit union may take a second mortgage
22 on real property to secure a loan made by the credit union,
23 ~~subject pursuant to rules promulgated~~ adopted by the
24 administrator.

25 Sec. 5. Section 533.16, subsection 4, Code 1981, is amended
26 by striking the subsection and inserting in lieu thereof the
27 following:

28 4. A credit union may make permanent loans, construction
29 loans, or combined construction and permanent loans, secured
30 by liens on real property, as authorized by rules adopted
31 by the administrator under chapter 17A. These rules shall
32 contain provisions as necessary to insure the safety and
33 soundness of these loans, and to insure full and fair
34 disclosure to borrowers of the effects of provisions in
35 agreements for these loans, including provisions permitting

1 change or adjustment of any terms of a loan, provisions
2 permitting, requiring, or prohibiting repayment of a loan
3 on a basis other than of equal periodic installments of
4 interest plus principal over a fixed term, provisions imposing
5 penalties for the borrower's noncompliance with requirements
6 of a loan agreement, or provisions allowing or requiring a
7 borrower to choose from alternative courses of action at any
8 time during the effectiveness of a loan agreement.

9 A credit union may include in the loan documents signed
10 by the borrower a provision requiring the borrower to pay
11 the credit union each month in addition to interest and
12 principal under the note an amount equal to one-twelfth of
13 the estimated annual real estate taxes, special assessments,
14 hazard insurance premium, mortgage insurance premium, or any
15 other payment agreed to by the borrower and the credit union
16 in order to better secure the loan. The credit union shall
17 be deemed to be acting in a fiduciary capacity with respect
18 to these funds, and, with respect to an escrow agreement
19 entered into on or after the effective date of this Act, shall
20 pay interest to the borrower on these funds, calculated on
21 a daily basis, at the rate the credit union pays to its members
22 on ordinary savings deposits. A credit union which maintains
23 such an escrow account, whether or not the mortgage has been
24 assigned to a third person, shall each year deliver to the
25 mortgagor a written annual accounting of all transactions
26 made with respect to the loan and escrow account.

27 Sec. 6. Section 534.2, subsection 1, Code 1981, is amended
28 by striking the subsection and inserting in lieu thereof the
29 following:

30 1. "Association" or "state association" means a corporation
31 holding a certificate of authority to operate under this
32 chapter as either a mutual association or a stock association.

33 Sec. 7. Section 534.2, subsection 7, Code 1981, is amended
34 by striking the subsection and inserting in lieu thereof the
35 following:

1 7. "Insured", when used in conjunction with the words
2 "association", "state association", "foreign association",
3 or "federal association", means an institution whose deposits
4 are insured in part by the federal savings and loan insurance
5 corporation.

6 Sec. 8. Section 534.2, Code 1981, is amended by adding
7 the following new subsections:

8 NEW SUBSECTION. "Bank" means any person who is authorized
9 under chapter 524 to engage in the business of banking in
10 this state.

11 NEW SUBSECTION. "Bank holding company" means a bank holding
12 company as defined in section 524.1801 that is authorized
13 under chapter 524, division XVIII, to do business in this
14 state as a bank holding company.

15 NEW SUBSECTION. "Federal association" means a corporation
16 operating under the federal Home Owners' Loan Act of 1933
17 as either a mutual association or a stock association.

18 NEW SUBSECTION. "Association holding company" means a
19 person other than an individual that directly or indirectly
20 owns, controls or votes more than twenty-five percent of any
21 class of voting stock of a stock association or that controls
22 in any manner the election of a majority of the directors
23 of a stock association or mutual association.

24 NEW SUBSECTION. "Mutual association" means a corporation
25 organized on a mutual ownership basis without shareholders.

26 NEW SUBSECTION. "Residential real estate" means real
27 estate on which there is located, or will be located following
28 the construction of improvements pursuant to a real estate
29 loan, a structure or structures designed or used primarily
30 to provide living accommodations for people, except structures
31 which are designed to primarily provide accommodations to
32 transients.

33 NEW SUBSECTION. "Savings account" means a deposit account
34 in a stock association or mutual association or a withdrawable
35 share account or time share account in a mutual association.

1 NEW SUBSECTION. "Service corporation" means a corporation
2 which is organized under chapter 496A and which is owned in
3 any part by one or more state associations or federal
4 associations or a combination of these.

5 NEW SUBSECTION. "Stock association" means a corporation
6 owned by shareholders.

7 NEW SUBSECTION. "Supervised organization" means an associa-
8 tion, association holding company, service corporation,
9 licensed foreign association, or a subsidiary of an
10 association, holding company, service corporation, or licensed
11 foreign association.

12 NEW SUBSECTION. "Superintendent" means the superintendent
13 of banking.

14 Sec. 9. Section 534.11, Code 1981, as amended by Acts
15 of the Sixty-ninth General Assembly, 1981 Session, chapter
16 175, section 2, is amended to read as follows:

17 534.11 SHARE SAVINGS ACCOUNTS.

18 1. OWNERSHIP. ~~Share~~ Savings accounts may be opened and
19 held solely and absolutely in ~~his~~ the person's own right by,
20 or in trust for, any person, including an adult or minor
21 individual, male or female, single or married, a partnership,
22 association, fiduciary corporation, or political subdivision
23 or public or government unit or any other corporation or legal
24 entity. ~~Share~~ Savings accounts shall be represented only
25 by the account of each ~~share~~ savings account holder on the
26 books of the association, and shall be transferable only on
27 the books of the association and upon proper application by
28 the transferee and upon acceptance of the transferee as a
29 ~~member~~ savings account holder upon terms approved by the board
30 of directors. The association may treat the holder of record
31 of a ~~share~~ savings account as the owner ~~thereof~~ for all
32 purposes without being affected by any notice to the contrary
33 unless the association has acknowledged in writing notice
34 of a pledge of ~~such-share~~ the savings account.

35 2. EVIDENCE OF OWNERSHIP. An account book may be issued

1 to each ~~share~~ savings account holder on the books of the
2 association and ~~such~~ the account book shall, if issued,
3 indicate the withdrawal value of the ~~share~~ account. A separate
4 certificate for a ~~share~~ savings account may be issued in lieu
5 of an account book in form to be approved by the supervisor.

6 3. DUPLICATE ACCOUNT BOOKS AND CERTIFICATES. Upon the
7 filing with an association by any one of the holders of record
8 as shown by the books of the association, or by ~~his~~ the
9 holder's legal representative, of an affidavit to the effect
10 that the account book or certificate evidencing ~~his-share~~
11 a savings account with the association has been lost or
12 destroyed, and that ~~such~~ the account book or certificate has
13 not been pledged or assigned in whole or in part, ~~such~~ the
14 association shall issue a new account book or certificate
15 in the name of the holder or holders of record, ~~such~~ the
16 replacement book stating or certificate disclosing that it
17 is issued in lieu of one lost or destroyed, and the association
18 shall in no way be liable thereafter on account of the original
19 account book or certificate, provided that the board of
20 directors shall, if in its judgment it is necessary, require
21 a bond in an amount it deems sufficient to indemnify the
22 association against any loss which might result from the
23 issuance of ~~such~~ the new account book or certificate.

24 4. MINORS. An association and any a federal savings and
25 loan association may issue ~~share-accounts~~ a savings account
26 to any minor as the sole and absolute owner of ~~such-share~~
27 the account, and pay withdrawals and act with respect to ~~such~~
28 ~~accounts~~ the account on the order of ~~such~~ the minor. Any
29 payment or delivery of rights to any minor, or a receipt of
30 acquittance signed by a minor, who holds a ~~share~~ savings
31 account, shall be a valid and sufficient release and discharge
32 of ~~such~~ the institution for any payment so made or delivery
33 of right to ~~such~~ the minor. In the case of a minor, the
34 receipt, acquittance or other action required by the
35 institution to be taken by the minor shall be binding upon

1 ~~such~~ the minor with like effect as if he the minor were of
2 full age and legal capacity. The parent or guardian of ~~such~~
3 a minor shall not in ~~his~~ the capacity as of parent or guardian
4 have the power to attach or in any manner to transfer any
5 ~~share~~ savings account issued to or in the name of ~~such~~ the
6 minor, provided, however, that in the event of the death of
7 ~~such~~ the minor the receipt of acquittance of either parent
8 or of a person standing in loco parentis to ~~such~~ the minor
9 shall be a valid and sufficient discharge of ~~such~~ the
10 institution for any sum or sums not exceeding ~~the~~-aggregate
11 one thousand dollars in the aggregate unless the minor shall
12 ~~have~~ previously has given written notice to the institution
13 not to accept the signature of ~~such~~ the parent or person.

14 5. JOINT ACCOUNTS. When a ~~share~~ savings account is opened
15 in any association or federal savings and loan association
16 in the name of two or more persons, whether minor or adult,
17 in such form that the moneys in the account are payable to
18 either or the survivor or survivors then ~~such~~ the account
19 and all additions thereto shall be the property of ~~such~~ those
20 persons as joint tenants. The moneys in ~~such~~ the account
21 may be paid to or on the order of any one of ~~such~~-persons
22 them during their lifetimes or to or on the order of any one
23 of the survivors of them after the death of any one or more
24 of them upon presentation of the pass or account book or other
25 evidence of ownership as required by the articles or bylaws
26 of the association. The opening of the account in such form
27 shall, in the absence of fraud or undue influence, be
28 conclusive evidence in any act or proceedings to which either
29 the association or the surviving party or parties is a party,
30 of the intention of all of the parties to the account to vest
31 title to ~~such~~ the account and the additions thereto in ~~such~~
32 the survivor or survivors. By written instructions given
33 to the institution by all the parties to the account, the
34 signatures of more than one of ~~such~~ the persons during their
35 lifetime or of more than one of the survivors after the death

1 of any one of them may be required on any check, receipt or
2 withdrawal order, in which case the institution shall pay
3 the moneys in the account only in accordance with ~~such~~ the
4 instructions, but ~~no-such~~ instructions of the parties shall
5 not in any event limit the right of the survivor or survivors
6 to receive the moneys in the account.

7 Payment of all or any of the moneys in ~~such~~ an account
8 as provided in the preceding paragraph of this ~~section~~
9 subsection shall discharge the institution from liability
10 with respect to the moneys so paid, prior to receipt by the
11 institution of a written notice from any one of ~~them~~ the
12 parties directing the institution not to permit withdrawals
13 in accordance with the terms of the account or the
14 instructions. After receipt of such a notice an institution
15 may refuse, without liability to honor any check, receipt,
16 or withdrawal order on the account pending determination of
17 the rights of the parties. ~~No~~ An institution paying any
18 survivor in accordance with the provisions of this subsection
19 shall ~~thereby~~ not be liable as a result of that action for
20 any estate, inheritance or succession taxes which may be due
21 this state.

22 6. PLEDGE TO ASSOCIATION OF SHARE SAVINGS ACCOUNT IN JOINT
23 TENANCY. The pledge to any association or federal savings
24 and loan association of all or part of a ~~share~~ savings account
25 in joint tenancy signed by that person or those persons who
26 are authorized in writing to make withdrawals from the account
27 shall, unless the terms of the ~~share~~ savings account provide
28 specifically to the contrary, be a valid pledge and transfer
29 to the association of that part of the account pledged, and
30 shall not operate to sever or terminate the joint and
31 survivorship ownership of all or any part of the account.

32 7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS,
33 CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES. Any association
34 or federal savings and loan association may accept ~~share~~
35 savings accounts in the name of any administrator, custodian,

1 executor, guardian, trustee, or other fiduciary in trust for
2 a named beneficiary or beneficiaries, or other fiduciary in
3 trust for a specified class of unnamed beneficiaries. Any
4 ~~such~~ The fiduciary shall have power to vote as a member as
5 if the membership were held absolutely, to open and to make
6 additions to, and to withdraw ~~any-such~~ the account in whole
7 or in part. The withdrawal value of ~~such~~ the accounts, and
8 dividends thereon, or other rights relating thereto may be
9 paid or delivered, in whole or in part to ~~such~~ the fiduciary
10 without regard to any notice to the contrary as long as ~~such~~
11 the fiduciary is living. The payment or delivery to ~~any-such~~
12 the fiduciary or a receipt or acquittance signed by ~~any-such~~
13 the fiduciary to whom ~~any-such~~ payment or ~~any-such~~ delivery
14 of rights is made shall be a valid and sufficient release
15 and discharge of ~~an~~ the institution for the payment or delivery
16 so made. Whenever a person holding an account in a fiduciary
17 capacity dies and no written notice of the revocation or
18 termination of the fiduciary relationship ~~shall-have~~ has been
19 given to an institution and the institution has no notice
20 of any other disposition of the beneficial estate, the
21 withdrawal value of ~~such~~ the account and dividends ~~thereon~~
22 on the account, or other rights relating ~~thereto~~ to the account
23 may, at the option of an institution, be paid or delivered,
24 in whole or in part, to the beneficiary or beneficiaries.
25 Whenever an account ~~shall-be~~ is opened by any person,
26 describing ~~himself~~ the person in opening ~~such~~ the account
27 as trustee for another, and no other or further notice of
28 the existence and terms of a legal and valid trust ~~then-such~~
29 than that description ~~shall-have~~ has been given in writing
30 to ~~such~~ the association, in the event of the death of the
31 person so described as trustee, the withdrawal value of ~~such~~
32 the account or any part thereof, together with the dividends
33 or interest ~~thereon~~ on the account, may be paid to the person
34 for whom the account was thus stated to have been opened,
35 and ~~such~~ the account and all additions ~~thereto~~ shall be the

1 property of ~~such~~ that person. The payment or delivery to
2 ~~any-such-beneficiary,--beneficiaries-or-designated~~ that person,
3 or a receipt or acquittance signed by ~~such-beneficiary,~~
4 ~~beneficiaries-or-designated~~ that person for any ~~such~~ payment
5 or delivery shall be a valid and sufficient release and
6 discharge of ~~an~~ the institution for the payment or delivery
7 so made. ~~No~~ An institution paying ~~any-such~~ a fiduciary or
8 beneficiary in accordance with the provisions of this
9 subsection shall ~~thereby~~ not be liable as a result of that
10 action for any estate, inheritance or succession taxes which
11 may be due this state.

12 8. PAY ON DEATH ACCOUNTS. Any association and any federal
13 savings and loan association may issue ~~share~~ savings accounts
14 in the name of one or more persons with the provision that
15 upon the death of the owner or owners ~~thereof~~ the proceeds
16 ~~thereof~~ shall be the property of the person or persons
17 designated by the owner or owners and shown by the record
18 of ~~such~~ the association, but ~~such~~ the proceeds shall be subject
19 to the debts of the decedent and the payment of Iowa
20 inheritance tax, if any, provided, however, that six months
21 after the date of the death of the owner the receipt or
22 acquittance of the person so designated shall be a valid and
23 sufficient release and discharge of ~~such~~ the association for
24 the delivery of ~~such-share~~ the savings account or the payment
25 so made.

26 9. POWERS OF ATTORNEY ~~OR-SHARE~~ ON SAVINGS ACCOUNT. Any
27 association or federal savings and loan association may
28 continue to recognize the authority of an attorney authorized
29 in writing to manage or to make withdrawals either in whole
30 or in part from ~~the-share~~ a savings account ~~of-a-member~~ until
31 it receives written notice or is on clear actual notice of
32 the revocation of ~~his~~ the attorney's authority. For the
33 purpose of this subsection, written notice of the death or
34 adjudication of incompetency of ~~such-member-shall-constitute~~
35 the savings account holder constitutes written notice of

1 revocation of the authority of ~~his~~ the attorney. ~~No-such~~
2 An institution shall not be liable for damages, penalty or
3 tax by reason of any payment made pursuant to this subsection.

4 10. SHARE SAVINGS ACCOUNTS AS LEGAL INVESTMENTS. Adminis-
5 trators, executors, custodians, guardians, trustees, and other
6 fiduciaries of every kind and nature, insurance companies,
7 business and manufacturing companies, banks, credit unions
8 and all other types of financial institutions, charitable,
9 educational, eleemosynary and public corporations and
10 organizations, and municipalities and other public corporations
11 and bodies, and public officials ~~hereby~~ are ~~specifically~~
12 authorized ~~and-empowered~~ to invest funds held by them, without
13 any order of any court in share or deposit accounts or time
14 certificates of deposit of insured savings associations which
15 are under state supervision, or federal savings and loan
16 associations organized under the laws of the United States
17 and under federal supervision, and ~~such~~ the investment shall
18 be deemed and held to be a legal investments-for-such
19 investment of the funds.

20 Whenever, under the laws of this state or otherwise, a
21 deposit of securities is required for any purpose, the
22 securities made legal investments by this ~~section~~ subsection
23 shall be acceptable for ~~such-deposits~~ that deposit, and
24 whenever, under the laws of this state or otherwise, a bond
25 is required with security ~~such~~ the bond may be furnished,
26 and the securities made legal investments by this ~~section~~
27 subsection in the amount of ~~such~~ the bond, when deposited
28 ~~therewith~~, shall be acceptable as security without other
29 security.

30 The provisions of this ~~section~~ subsection are supplemental
31 to any and all other laws relating to and declaring what shall
32 be legal investments for the persons, corporations,
33 organizations, and officials referred to in this ~~section~~
34 subsection and the laws relating to the deposit of securities
35 and the making and filing of bonds for any purpose.

1 11. NEGOTIABLE-ORDER-OF-WITHDRAWAL NOW ACCOUNTS.

2 Associations may offer accounts under which account owners
3 may order or authorize the withdrawal of a specified amount
4 of the account by means of cash or a negotiable or
5 nonnegotiable check or similar instrument payable to the
6 account owner or to third parties or their order for the
7 benefit of the account owner. -- However, -- this authority is
8 available only for periods of time when federally chartered
9 savings and loan associations operating in this state are
10 granted similar authority, and the state authorization is
11 subject to the rights and limitations imposed upon the
12 federally chartered associations for this type of activity.
13 An association may offer savings accounts under which the
14 owner of the account may order or authorize the withdrawal
15 of part or all of the savings account by means of a negotiable
16 or nonnegotiable draft or similar instrument payable to the
17 owner or to third parties or their order.

18 12. DEPOSIT ACCOUNTS. A stock association or mutual
19 association may receive money for deposit.

20 13. SHARE ACCOUNTS. A mutual association may receive
21 money to be held in withdrawable share accounts and time share
22 accounts.

23 14. TERMS AND CONDITIONS. An association shall establish
24 the interest rate, method of computing interest, service
25 charges, and other terms and conditions of each type of savings
26 account it will accept. These terms and conditions shall
27 be consistent with this chapter, and shall be applied equally
28 to all similar accounts. An association shall furnish a copy
29 of the terms and conditions of a savings account upon request.
30 An association shall give reasonable notice of any change
31 in the terms and conditions to the owners of each type of
32 savings account which is changed, provided that notice of
33 changes in interest rates or methods of computing interest
34 may be provided by posting a conspicuous notice of the change
35 in each of the association's offices. The terms and conditions

1 of an account established for a specified time period cannot
2 be changed during that time period except with mutual consent
3 or according to the original terms.

4 15. INDUCEMENTS. An association may give inducements
5 for the opening of a savings account or the making of additions
6 to a savings account.

7 Sec. 10. Section 534.12, subsections 3 and 4, Code 1981,
8 are amended to read as follows:

9 3. ASSOCIATION LIEN ON SHARE SAVINGS ACCOUNTS. Every
10 ~~such~~ association shall at all times have a lien upon the
11 savings accounts of a member savings account holder as security
12 for repayment of money loaned ~~him~~ to the person and as security
13 for ~~his~~ other indebtedness of the person to the association
14 and ~~such~~ the lien shall attach and continue without assignment
15 or pledge to or possession by the association of any evidence
16 of ~~such~~ ownership. ~~Such~~ The lien may be enforced to satisfy
17 any past due indebtedness by charging ~~such~~ the indebtedness
18 to the debtor's ~~share~~ savings account.

19 4. REDEMPTION. At any time funds are on hand for the
20 purpose the association shall have the right to redeem by
21 lot or otherwise, as the board of directors may determine,
22 all or any part of any of its ~~share-accounts~~ savings accounts
23 on a dividend date by giving thirty days' notice by registered
24 mail addressed to the account holders at their last addresses
25 recorded on the books of the association. ~~No~~ An association
26 shall not redeem any of its share accounts when the association
27 is in an impaired condition or when it has applications for
28 withdrawal which have been on file more than thirty days and
29 have not been reached for payment. The redemption price of
30 ~~share-accounts-redeemed~~ a savings account shall be the full
31 value of the account redeemed, as determined by the board
32 of directors, but in no event shall the redemption value be
33 less than the withdrawal value. If the ~~afesaid~~ notice of
34 redemption ~~shall-have-been-duly~~ has been given, and if on
35 or before the redemption date the funds necessary for ~~such~~

1 the redemption shall have been set aside so as to be and
2 continue to be available ~~therefor~~ for redemptions, dividends
3 upon the accounts called for redemption shall cease to accrue
4 from and after the dividend date specified as the redemption
5 date, and all rights with respect to ~~such~~ those accounts shall
6 ~~forthwith, -after-such-redemption-date,~~ terminate as of the
7 redemption date, ~~except~~ subject only to the right of the
8 account holder of record to receive the redemption value
9 without interest. All ~~share~~ savings accounts which have been
10 validly called for redemption must be tendered for payment
11 within ten years from the date of redemption designated in
12 the redemption notice, ~~otherwise~~ or they shall be canceled
13 and forfeited for the use of the school fund of the county
14 in which the association has its principal place of business
15 and all claims of ~~such~~ the account holders against the
16 association shall be barred forever. Redemption shall not
17 be made, ~~-however,~~ of ~~such-share~~ any savings accounts which
18 are held by a member-director person who is a director and
19 which are necessary to qualify his-acting the person to act
20 as director.

21 Sec. 11. Section 534.19, Code 1981, is amended by adding
22 the following new subsections:

23 NEW SUBSECTION. DIVIDENDS ON CAPITAL STOCK. A stock as-
24 sociation may declare and pay dividends on capital stock in
25 cash or property out of the unreserved and unrestricted earned
26 surplus of the stock association, or in its own shares, except
27 when the stock association is in an impaired condition or
28 when the payment thereof would cause the stock association
29 to be in an impaired condition. A split-up or division of
30 the issued shares of capital stock into a greater number of
31 shares without increasing the stated capital of the stock
32 association is authorized, and shall not be construed to be
33 a dividend within the meaning of this subsection.

34 NEW SUBSECTION. TAX AND LOAN ACCOUNTS. To act as
35 depository for receipt of payments of federal or state taxes

1 and loan funds from persons other than the state or
2 subdivisions, agencies or instrumentalities of the state,
3 and satisfy any federal or state statutory or regulatory
4 requirements in connection therewith, including pledging of
5 assets as collateral, payment of earnings at prescribed rates
6 and, notwithstanding any other provision of this chapter,
7 issuing such accounts subject to the right of immediate
8 withdrawal.

9 NEW SUBSECTION. LEASING OF PERSONAL PROPERTY. To acquire,
10 upon the specific request of and for the use of a customer,
11 and lease, personal property pursuant to a binding arrangement
12 for the leasing of the property to the customer upon terms
13 requiring payment to the association, during the minimum
14 period of the lease, of rentals which in the aggregate, when
15 added to the estimated tax benefits to the association
16 resulting from the ownership of the leased property plus the
17 estimated residual market value of the leased property at
18 the expiration of the initial term of the lease, will be at
19 least equal to the total expenditures by the association for,
20 and in connection with, the acquisition, ownership,
21 maintenance, and protection of the property. A lease made
22 under authority of this section shall have the prior approval
23 of the supervisor or be made pursuant to personal property
24 lease guidelines approved by the supervisor for use by the
25 lessor association or pursuant to a personal property lease
26 guideline rule of general applicability for use by all
27 associations.

28 Sec. 12. Section 534.19, subsection 15, Code 1981, is
29 amended to read as follows:

30 15. SERVICE CORPORATIONS. Any association ~~shall have~~
31 ~~the power to~~ may organize and own, alone or with any other
32 similar corporation, a service corporation for the mutual
33 good of ~~said corporations~~ the associations. ~~An association~~
34 ~~may invest in capital stock, obligations, or other securities~~
35 ~~of service corporations in an amount not to exceed five percent~~

1 ~~of the association's assets.~~ The supervisor of state chartered
2 associations shall have the right to examine said service
3 corporations.

4 Sec. 13. Section: 534.17, subsection 1, Code 1981, is
5 amended to read as follows:

6 1. ~~In securities without limit,~~ An association may invest
7 without limit, except as expressly stated, in the following
8 securities: (1) in obligations of, or obligations which are
9 guaranteed as to principal and interest by, the United States
10 or this state; (2) in stock of a federal home loan bank of
11 which it is eligible to be a member, and in any obligation
12 or consolidated obligations of any federal home loan bank
13 or banks; (3) in stock or obligations of the federal savings
14 and loan insurance corporation; (4) in stock, ~~or~~ obligations,
15 or other instruments of a the federal national mortgage
16 association, the government national mortgage association,
17 the federal home loan mortgage corporation, or any successor
18 ~~or successors thereto;~~ (5) in demand, time or savings deposits,
19 in bankers acceptances with any bank or trust company the
20 deposits of which are insured by the federal deposit insurance
21 corporation; (6) in stock or obligations of any corporation
22 or agency of the United States or this state, or in deposits
23 therewith to the extent that such corporation or agency assists
24 in furthering or facilitating the association's purposes or
25 powers; (7) in ~~share~~ savings accounts of any association
26 operating under the provisions of this chapter and of any
27 federal savings and loan association; (8) in bonds, notes,
28 or other evidences of indebtedness which are a general
29 obligation of any city, village, county, school district,
30 or other municipal or political subdivision so long as the
31 total investment in such corporation does not exceed five
32 percent of the assets of ~~said~~ the association. ~~---Any of said,~~
33 except that any of these investments which are securities
34 or obligations which are evidence of first mortgage liens
35 on real estate are exempt from the ~~above~~ five percent

1 limitation; (9) in bonds secured by an interest in real estate
2 except industrial revenue bonds; (10) in capital stock,
3 obligations, or other securities of service corporations,
4 provided that the aggregate investment in service corporations
5 shall not exceed ten percent of the assets of the association;
6 and (11) in an open end management investment company
7 registered under the federal Investment Company Act of 1940,
8 the portfolio of which is restricted to investments in which
9 an association may invest.

10 Sec. 14. Section 534.23, subsection 1, Code 1981, is
11 amended to read as follows:

12 1. SCHOOL SAVINGS. An association ~~shall have power to~~
13 may contract with the proper authorities of any public or
14 nonpublic elementary or secondary school or other institution
15 of higher learning, or any public or charitable institution
16 caring for minors, for the participation and implementation
17 by the association in any school or institutional thrift or
18 savings plan, and it may accept ~~share~~ savings accounts at
19 ~~such-a~~ the school or institution, either by its own collector
20 or by any representative of the school or institution which
21 becomes the agent of the association for ~~such~~ that purpose.

22 Sec. 15. Section 534.41, subsection 2, unnumbered paragraph
23 1, Code 1981, is amended by striking the unnumbered paragraph
24 and inserting in lieu thereof the following:

25 The supervisor has general supervision over all supervised
26 organizations.

27 Sec. 16. Chapter 534, Code 1981, is amended by adding
28 the following new section:

29 NEW SECTION. GENERAL LENDING POWERS. An association may,
30 subject to any applicable restrictions under this chapter
31 and rules adopted by the supervisor, loan money, extend credit,
32 discount or purchase the vendor's interest in real estate
33 contracts, and discount or purchase other evidences of in-
34 debtedness and agreements for the payment of money.

35 Sec. 17. Chapter 534, Code 1981, is amended by adding

1 the following new section:

2 NEW SECTION. SOUND LENDING STANDARDS. An association
3 shall not make a loan unless it first has determined that
4 the loan is authorized by this chapter, and that the type,
5 amount, purpose, and repayment provisions of the loan in
6 relation to the borrower's resources, credit standing and
7 any collateral securing repayment of the loan support the
8 reasonable belief that the loan will be financially sound
9 and will be repaid according to its terms.

10 Sec. 18. Chapter 534, Code 1981, is amended by adding
11 the following new section:

12 NEW SECTION. COMMITMENT TO RESIDENTIAL LOANS.

13 1. COMMITMENT. As an annual average, based on monthly
14 computations, an association shall hold at least sixty percent
15 of its assets in the following types of assets:

16 a. Loans secured by first liens or first claims on resi-
17 dential real estate, participation interests in groups of
18 loans secured by first liens or first claims on residential
19 real estate, securities that are secured by groups of loans
20 secured by first liens or first claims on residential real
21 estate, or property improvement loans for the making of
22 improvements upon residential real property, or a combination
23 of these.

24 b. Cash.

25 c. Obligations of the United States or of a state or po-
26 litical subdivision of a state, and stock or obligations of
27 a corporation which is an instrumentality of the United States
28 or of a state or political subdivision of a state, but not
29 including obligations the interest on which is excludable
30 from gross income under section 103 of the Internal Revenue
31 Code of 1954.

32 d. Certificates of deposit in, or obligations of, a cor-
33 poration organized under a state law which specifically
34 authorizes such corporation to insure the deposits or share
35 accounts of member associations.

- 1 e. Loans secured by a deposit or share of a member.
2 f. Property acquired through the liquidation of default
3 loans.
4 g. Property used by the association in the conduct of
5 its business under this chapter.

6 2. FAILURE TO MEET COMMITMENT. If, upon examination,
7 the supervisor determines that an association has failed to
8 meet the requirements of subsection 1 for any two of its
9 preceding five fiscal years, the association shall be so
10 notified in writing, with a copy of the notice to the
11 superintendent of banking, and the association shall within
12 ninety days following receipt of the notice do one of the
13 following:

14 a. Establish to the satisfaction of the supervisor that
15 at least sixty percent of the current amount of its assets
16 are held in the types of assets referred to in subsection
17 1. If the association subsequently fails to meet the
18 requirements of subsection 1 during any one of the three
19 fiscal years following the fiscal year in which the second
20 violation in five years occurred, then the association shall
21 within ninety days following receipt of a notice of this
22 violation take one of the actions specified in paragraph b,
23 c, d, or e.

24 b. File a plan of merger to merge with another state
25 association whose assets are such that the two associations
26 would have met the requirements of subsection 1 on a
27 consolidated basis during at least four of the five preceding
28 years.

29 c. File a plan of merger with a federal association or
30 a bank under which the resulting organization is not a state
31 association.

32 d. File a plan of conversion to become a federal associa-
33 tion or a bank.

34 e. File a plan of conversion that provides both for con-
35 version to a stock association and for the immediate conver-

1 sion of the resulting stock association to a bank.

2 3. FAILURE TO RESOLVE PROBLEM. If an association fails
3 to take one of the actions required by subsection 2, or fails
4 to complete the plan of merger or conversion within nine
5 months after receiving the notice specified in subsection
6 2, the supervisor shall appoint a conservator to operate the
7 association in conformance with subsection 1 or a receiver
8 to liquidate the association.

9 Sec. 19. Chapter 534, Code 1981, is amended by adding
10 the following new section:

11 NEW SECTION. REAL ESTATE LOANS. An association may make
12 permanent loans, construction loans, or combined construction
13 and permanent loans, secured by liens on real property, as
14 authorized by rules adopted by the supervisor under chapter
15 17A. These rules shall contain provisions as necessary to
16 insure the safety and soundness of these loans, and to insure
17 full and fair disclosure to borrowers of the effects of
18 provisions in agreements for these loans, including provisions
19 permitting change or adjustment of any terms of a loan,
20 provisions permitting, requiring, or prohibiting repayment
21 of a loan on a basis other than of equal periodic installments
22 of interest plus principal over a fixed term, provisions
23 imposing penalties for the borrower's noncompliance with
24 requirements of a loan agreement, or provisions allowing or
25 requiring a borrower to choose from alternative courses of
26 action at any time during the effectiveness of a loan
27 agreement.

28 Sec. 20. Chapter 534, Code 1981, is amended by adding
29 the following new section:

30 NEW SECTION. REQUIRED REAL ESTATE LOAN PRACTICES. Real
31 estate loans must meet the following requirements:

32 1. APPRAISAL. A qualified person shall conduct an in-
33 spection of the property securing the loan and submit a signed
34 appraisal of the market value of that property, provided
35 that an appraisal is only required where the loan is secured

1 by a first lien.

2 2. NOTE. A note shall be signed by the borrower and
3 delivered to the association.

4 3. LIEN. The loan shall be secured by a mortgage, deed
5 of trust or similar instrument constituting a lien or claim
6 upon real estate. Such instrument shall provide for the full
7 protection of the association in the event of default.

8 4. PAYMENT TERMS. The loan shall provide for repayment
9 upon those terms set forth in the note signed by the borrower.

10 5. LOAN SETTLEMENT STATEMENT. The borrower shall receive
11 a statement setting forth in detail the charges and fees the
12 borrower has paid or is obligated to pay in connection with
13 the loan.

14 6. BALLOON PAYMENTS. An association shall mail to the
15 borrower an offer to refinance a balloon payment under a loan
16 at least twenty days prior to the balloon payment date if
17 at that time no payments under the loan are delinquent. Such
18 offer shall be at an interest rate no greater than one percent
19 per annum above the index rate, monthly payments no greater
20 than those necessary to fully amortize the amount of the bal-
21 loon payment plus interest over a term ending thirty years
22 after the first loan to the borrower secured by the real
23 estate securing the loan to be refinanced, and a term of at
24 least one year before the next balloon payment. Where the
25 balloon payment is due one month after the preceding monthly
26 payment date, the association may require the borrower to
27 make a payment equal to the preceding monthly payment on the
28 balloon payment date if the first payment under the note to
29 refinance the balloon note is one month after the balloon
30 payment date. The association may offer repayment plans to
31 refinance a balloon payment in addition to the plan required
32 by this subsection. For purposes of this subsection the term
33 "loan" means as defined in section 535.8, subsection 1; the
34 term "balloon payment" means a payment which is more than
35 three times as big as the mean average of the payments which

1 precede it; and the term "index rate" means the national
2 average mortgage contract rate for major lenders on the
3 purchase of previously-occupied homes which is most recently
4 published in final form by the federal home loan bank board
5 one month prior to the date on which the balloon payment is
6 due.

7 Sec. 21. Chapter 534, Code 1981, is amended by adding
8 the following new section:

9 NEW SECTION. AUTHORIZED REAL ESTATE LOAN PRACTICES. An
10 association may do any of the following with respect to a
11 real estate loan, and any contract provision authorized by
12 this section shall be enforceable:

13 1. PREPAYMENT. Except as prohibited by section 535.9,
14 an association may include in the loan documents signed
15 by the borrower a provision imposing a penalty in the event
16 of prepayments as defined in the document.

17 2. PROTECTIVE DISBURSEMENTS. An association may pay
18 taxes, assessments, ground rents, insurance premiums and
19 similar charges with respect to real estate securing a loan.
20 An association may add these disbursements to the unpaid
21 principal balance of the loan, in which event the disburse-
22 ments shall be secured to the same extent as the principal
23 balance of the loan.

24 3. PROTECTIVE PAYMENTS. An association may include in
25 the loan documents signed by the borrower a provision re-
26 quiring the borrower to pay the association each month in
27 addition to interest and principal under the note an amount
28 equal to one-twelfth of the estimated annual real estate
29 taxes, special assessments, hazard insurance premium, mort-
30 gage insurance premium, or any other payment agreed to by
31 the borrower and the association in order to better secure
32 the loan. The association shall be deemed to be acting in
33 a fiduciary capacity with respect to these funds, and, with
34 respect to an escrow agreement entered into on or after the
35 effective date of this Act, shall pay interest to the borrower

1 on these funds, calculated on a daily basis, at the rate the
2 association pays to members depositing funds in ordinary
3 savings accounts. An association which maintains such an
4 escrow account, whether or not the mortgage has been assigned
5 to a third person, shall each year deliver to the mortgagor
6 a written annual accounting of all transactions made with
7 respect to the loan and escrow account.

8 4. ADDITIONAL PROVISIONS. An association may include
9 in the loan documents signed by the borrower any other
10 provision not inconsistent with this chapter.

11 Sec. 22. Chapter 534, Code 1981, is amended by adding
12 the following new section:

13 NEW SECTION. LINE OF CREDIT ARRANGEMENTS. An association
14 may commit its assets to lines of credit pursuant to credit
15 arrangements, including but not limited to agreements with
16 credit and debit card holders and with other credit or debit
17 card issuers. An association may become a member or
18 stockholder of or become otherwise affiliated with, any credit
19 or debit card corporation, association, or other issuer.

20 Sec. 23. Chapter 534, Code 1981, is amended by adding
21 the following new section:

22 NEW SECTION. SUCCESSORS IN INTEREST. An association may
23 deal directly with any person who has an interest in property
24 which secures a loan by the association regarding the loan
25 or the security interest without notice to any person who
26 is obligated to repay the loan, and an association may forebear
27 to sue or may extend time for payment of or otherwise modify
28 the terms of the loan, without discharging or in any way af-
29 fecting the liability of any person obligated to repay the
30 loan.

31 Sec. 24. Chapter 534, Code 1981, is amended by adding
32 the following new section:

33 NEW SECTION. INVESTMENT IN AND BY BANKS.

34 1. INVESTMENT IN BANKS. A holding company, association,
35 or service corporation may invest in the capital stock, obliga-

1 tions, or other securities of a bank with the prior approval
2 of the supervisor.

3 2. INVESTMENT BY BANKS. Notwithstanding sections 524.802
4 and 524.901, subsection 3, a bank holding company, bank, or
5 bank service corporation may, with the prior approval of the
6 superintendent, invest in the capital stock, obligations or
7 other securities of a state association.

8 3. CONTINGENCIES. An association or service corporation
9 may make an investment under subsection 1 only if at the time
10 of the investment either an insured bank or a bank service
11 corporation owned by one or more insured banks would be
12 permitted to make an investment under substantially the same
13 circumstances in an insured state association under all
14 applicable laws and regulations of the United States. A bank
15 or bank service corporation may make an investment under
16 subsection 2 only if at the time of the investment either
17 an insured state association or a service corporation owned
18 by one or more insured associations would be permitted to
19 make an investment under substantially the same circumstances
20 in an insured bank under all applicable laws and regulations
21 of the United States. The ability of an organization to merge
22 with another organization is not relevant in determining
23 whether an organization is permitted to invest in another
24 organization.

25 4. DEFINITIONS. For purposes of this section an "insured
26 bank" is a bank whose deposits are insured in part by the
27 federal deposit insurance corporation; a "bank service
28 corporation" is as defined by, and in accordance with, the
29 laws of the United States, and the "superintendent" is the
30 person appointed pursuant to section 524.201.

31 5. FINDINGS REQUIRED. The supervisor shall not grant
32 an approval under subsection 1, and the superintendent shall
33 not grant an approval under subsection 2 except after making
34 one of the two following findings:

35 a. Based upon a preponderance of the evidence presented,

1 the proposed investment will not have the immediate effect
2 of significantly reducing competition between depository
3 financial institutions located in the same community as the
4 institution whose shares would be acquired.

5 b. Based upon a preponderance of the evidence presented,
6 the proposed investment would have the anticompetitive effect
7 specified in paragraph a of this subsection, but that other
8 factors, to be specifically cited, outweigh the anticompetitive
9 effect so that there would be a net public benefit as a result
10 of the investment.

11 6. COMPETITION PRESERVED. The subsequent liquidation
12 of a bank or state association whose shares are required under
13 this section shall not prevent the subsequent incorporation
14 of another bank in the same community, and the superintendent
15 of banking shall not find the liquidation to be grounds for
16 disapproving the incorporation of another bank in the same
17 community under section 524.305; and shall not prevent the
18 subsequent incorporation of another association in the same
19 community, and the supervisor shall not find the liquidation
20 to be grounds for disapproving the incorporation of another
21 association in the same community under this chapter.

22 Sec. 25. Chapter 534, Code 1981, is amended by adding
23 the following new section:

24 NEW SECTION. ACTIONS TO AVOID LOSS. An association may
25 invest its funds, operate a business, manage or deal in prop-
26 erty, or take any other action, over a reasonable period of
27 time not exceeding one year, to avoid or reduce the loss on
28 a loan or investment made or an obligation created in good
29 faith, even though such action is not otherwise authorized
30 by this chapter.

31 Sec. 26. Chapter 534, Code 1981, is amended by adding
32 the following new sections:

33 NEW SECTION. ARTICLES OF INCORPORATION.

34 1. ORIGINAL ARTICLES. The original articles of incorpora-
35 tion of an association shall set forth:

- 1 a. The name of the association.
- 2 b. Whether the association is organized as a mutual as-
3 sociation or a stock association.
- 4 c. That the association will operate under this chapter.
- 5 d. The period of duration if for a limited period, but
6 in the absence of any statement in the articles an association
7 shall have perpetual duration.
- 8 e. The officer or officers authorized to sign instruments
9 pertaining to real estate.
- 10 f. Whether or not the association will have a corporate
11 seal, and whether such seal must be affixed to instruments
12 pertaining to real estate.
- 13 g. If a stock association, the information specified in
14 section 496A.49, subsections 4, 5, 6, and 7.
- 15 h. Any other provision not inconsistent with this chap-
16 ter.
- 17 i. The person to whom the certificate of incorporation
18 should be mailed by the secretary of state after filing.
- 19 j. The address of its registered office including street
20 and number, if any, the name of the county in which the
21 registered office is located, and the name of its registered
22 agent or agents at such address.
- 23 k. The name and address of each incorporator.
- 24 l. The name and address and initial term of office of
25 each member of the initial board of directors.
- 26 2. It shall not be necessary to set forth in the articles
27 of incorporation any of the corporate powers enumerated in
28 this chapter.
- 29 3. RESTATED ARTICLES. Restated articles of incorpora-
30 tion shall set forth the information specified in paragraphs
31 a, b, c, d, e, f, g, h, i, and j of subsection 1.
- 32 4. AMENDMENT PROCEDURE. The procedure for amending
33 articles of incorporation or adopting restated articles for
34 mutual associations is that specified in section 504A.35,
35 and for stock associations it is that specified in sections

1 496A.56 and 496A.57.

2 5. EFFECTIVE DATE. Original articles, amendments, and
3 restatements are effective on the date they are filed with
4 the secretary of state, or on such later effective date as
5 is stated therein. The secretary of state shall not accept
6 any of these documents for filing unless it has been approved
7 by the supervisor.

8 NEW SECTION. BYLAWS.

9 1. GENERAL PROVISIONS. The initial bylaws of an associa-
10 tion shall be adopted by its board of directors. The power
11 to alter, amend, or repeal the bylaws or adopt new bylaws
12 shall be vested in the board of directors unless otherwise
13 provided in the articles of incorporation. The bylaws may
14 contain any provisions for the regulation and management of
15 the affairs of the association not inconsistent with the law
16 or the articles. If the articles of a stock association so
17 provide, the bylaws may contain provisions restricting the
18 transfer of shares.

19 2. EFFECTIVE DATE. Amendments to bylaws or restatements
20 of bylaws are effective on the date they are adopted if they
21 have been preapproved by the supervisor or on the date they
22 are approved by the supervisor if they were not preapproved,
23 provided that the amendment or restatement is effective on
24 a later effective date if so provided therein.

25 NEW SECTION. MEETINGS OF STOCKHOLDERS. Sections 496A.27,
26 496A.28, 496A.29, 496A.30, 496A.31, 496A.32, and 496A.33 apply
27 to stock associations.

28 NEW SECTION. DIRECTORS. The business of the association
29 shall be directed by a board of directors of not less than
30 five nor more than twenty-five adult individuals elected by
31 ballot from among the members or stockholders by a plurality
32 of the votes of the members or stockholders present or voting
33 by proxy. If authorized by vote of the members or
34 stockholders, the directors may elect all directors. At all
35 times at least two-thirds of the directors must be bona fide

1 residents of this state.

2 NEW SECTION. INCORPORATING AN ASSOCIATION.

3 1. PLAN OF INCORPORATION. One or more persons may peti-
4 tion for approval of a plan of incorporation for an association
5 by forwarding to the supervisor the following:

- 6 a. The proposed original articles of incorporation.
- 7 b. The proposed original bylaws.
- 8 c. An application for approval of each proposed office.
- 9 d. Other information the supervisor requires.

10 2. PROCEDURES. If the supervisor approves the plan of
11 incorporation, the supervisor shall note the approval on the
12 original articles, and the original articles shall be filed
13 with the secretary of state.

14 3. CERTIFICATE OF OPERATION. A corporation shall not
15 operate as an association under this chapter until it has
16 received a certificate of operation from the supervisor.
17 The supervisor shall not issue a certificate of operation
18 to the association until approved articles and bylaws have
19 been adopted, the supervisor has received satisfactory proof
20 that the corporation will be an insured association before
21 receiving any money in savings accounts, and the interests
22 of the public and members have been adequately protected.

23 NEW SECTION. STOCK ASSOCIATION CAPITALIZATION.

24 1. IN GENERAL. Sections 496A.14, 496A.15, 496A.16,
25 496A.17, 496A.18, 496A.19, 496A.21, 496A.22, 496A.23, 496A.24,
26 and 496A.25 apply to stock associations.

27 2. PERMANENT CAPITAL. Except as provided in this chapter,
28 the total of the par values of all outstanding shares of
29 voting common capital stock shall be permanent capital of
30 the stock association and shall not be retired until final
31 liquidation of the stock association. A stock association
32 shall not reduce its outstanding voting common capital stock
33 without first obtaining the consent of the supervisor. Consent
34 shall be withheld if the reduction will cause the par value
35 of outstanding voting common capital stock to be less than

1 the minimum required by rules adopted by the supervisor.

2 3. CAPITAL STOCK AS SECURITY. A stock association shall
3 not make a loan secured by the pledge of its capital stock.

4 Sec. 27. Chapter 534, Code 1981, is amended by adding
5 the following new section:

6 NEW SECTION. CONVERSIONS.

7 1. TYPES AUTHORIZED. The following types of conversions
8 are authorized:

9 a. Mutual association to stock association.

10 b. Stock association to mutual association.

11 c. Mutual association or stock association to federal
12 mutual association or federal stock association.

13 d. Federal mutual association or federal stock association
14 to mutual association or stock association.

15 e. Stock association to a bank chartered under chapter
16 524.

17 2. INSURANCE. The organization must be either an insured
18 association, a federal association, or an insured bank after
19 any conversion.

20 3. PLAN OF CONVERSION. The board of directors shall
21 approve a plan of conversion by a majority vote of all
22 directors then serving. The plan shall include the following:

23 a. The proposed restated articles of incorporation.

24 b. The proposed restated bylaws.

25 c. The effect of the conversion on each type of member
26 or each class of stockholders.

27 d. Other information the supervisor requires.

28 e. If the conversion is to a bank, information required
29 by the superintendent of banking.

30 4. SUPERVISOR'S APPROVAL. The plan of conversion shall
31 be submitted to the supervisor for approval. The supervisor
32 shall reject the plan based on any of the following
33 determinations:

34 a. The plan is inconsistent with applicable statutes or
35 regulations.

1 b. The plan does not contain all required information.

2 c. The plan is inequitable to a class of members or
3 shareholders.

4 The supervisor shall notify the organization which submitted
5 the plan of the supervisor's decision, and the reasons for
6 rejection if the plan is rejected.

7 5. SUPERINTENDENT'S APPROVAL. The plan of conversion
8 shall be submitted to the superintendent of banking for
9 approval if the conversion is to a bank. The superintendent
10 shall reject the plan based on any of the following
11 determinations:

12 a. The plan is inconsistent with applicable statutes or
13 regulations.

14 b. The plan does not contain all required information.

15 c. The character and fitness of the members of the initial
16 board of directors is not such as to command the confidence
17 of the community and to warrant the belief that the
18 organization's business will be honestly and efficiently
19 conducted.

20 d. The capital structure of the organization is not
21 adequate in relation to its anticipated business.

22 e. The organization will have sufficient personnel with
23 adequate knowledge and experience to conduct its business
24 and administer any fiduciary accounts which it proposes to
25 handle.

26 f. The plan does not provide for the closing or sale of
27 all of the offices which must be discontinued in order for
28 the organization to have only those home and branch offices
29 which a bank is allowed to have under chapter 524.

30 The superintendent shall notify the organization which
31 submitted the plan of the superintendent's decision, and the
32 reasons for rejection if the plan is rejected. The
33 organization may amend and resubmit the plan in response to
34 a notification of rejection.

35 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of conversion

1 must be approved at an annual meeting of members or
2 stockholders, or at a special meeting called to consider the
3 plan, by a majority vote of the members represented in person
4 or by proxy if a mutual association or federal mutual
5 association, or a majority vote of each class of voting stock
6 represented in person or by proxy if a stock association or
7 federal stock association.

8 If the proposed conversion is the conversion of a mutual
9 association to a stock association, the board of directors
10 shall cause written notice of the date, time and purpose of
11 the meeting at which the members will be asked to vote on
12 the proposal to be mailed by first class mail, postage prepaid,
13 to each member of the association not less than thirty days
14 prior to the date of the meeting, and the board shall cause
15 a copy of this notice to be posted in a conspicuous location
16 in each of the association's offices from the date of mailing
17 until the date of the meeting. The notice to be mailed to
18 members and posted also shall give notice, in a form and
19 manner to be prescribed by rule of the supervisor, the rights
20 of a member to have access to and communicate with other
21 members as provided in section 534.5, subsection 2 and the
22 procedures that are to be followed under that provision.
23 The mailed notice may be included in an envelope containing
24 a periodic statement of account to the member. The supervisor
25 may require that the date for the meeting of members be
26 postponed to a date certain, not more than thirty days after
27 the date originally prescribed, if the supervisor determines
28 that such additional time is necessary to enable members who
29 have requested to communicate with other members under section
30 534.5, subsection 2, to properly exercise that right.

31 If the proposed conversion is the conversion of a stock
32 association to any other type of entity, the board of directors
33 shall cause written notice of the proposed conversion and
34 the earliest date when the proposed conversion might become
35 effective to be posted in a conspicuous location in each of

1 the association's offices commencing thirty days prior to
2 the date of the shareholder's meeting at which the proposal
3 will be voted upon and until thirty days after that date.

4 If the plan of conversion is approved, a copy of the minutes
5 of the meeting, certified and acknowledged by the secretary
6 or assistant secretary, shall be filed with the supervisor.

7 7. CONVERSION TO ASSOCIATION. If a state association
8 results from the plan of conversion, the supervisor shall
9 issue a certificate of incorporation when all of the following
10 have occurred:

11 a. The supervisor has received adequate assurance that
12 the association will be an insured association upon issuance
13 of the certificate of incorporation.

14 b. The supervisor has approved the plan of conversion.

15 c. The supervisor has received the certified minutes of
16 approval under subsection 6.

17 The proposed articles of incorporation and bylaws as
18 contained in the plan of conversion shall become effective
19 upon the issuance of the certificate of incorporation.

20 8. CONVERSION TO FEDERAL ASSOCIATION. If a federal
21 association results from the plan of conversion, the
22 association shall cease to be an association and shall no
23 longer be subject to the supervision and control of the
24 supervisor when all of the following have occurred:

25 a. The supervisor has received a copy of the charter
26 issued to a converting association by the federal home loan
27 bank board or a certificate showing the organization of such
28 association as a federal savings and loan association,
29 certified by the secretary or assistant secretary of the
30 federal home loan bank board.

31 b. The supervisor has approved the plan of conversion.

32 c. The supervisor has received the certified minutes of
33 approval under subsection 6.

34 9. CONVERSION TO A BANK. If a bank results from the plan
35 of conversion, the association shall cease to be an association

1 and shall no longer be subject to the supervision and control
2 of the supervisor when all of the following have occurred:

3 a. The supervisor has received from the superintendent
4 of banking a certificate showing that the organization is
5 chartered as a bank.

6 b. The supervisor has approved the plan of conversion.

7 c. The supervisor has received the certified minutes of
8 approval under subsection 6.

9 10. CERTIFICATION. The supervisor shall prepare a
10 certificate of conversion upon the occurrence of all of the
11 events stated in subsection 7, 8, or 9. This certificate
12 shall include the name of the corporation which adopted the
13 plan of conversion, the name of the corporation after the
14 conversion, and the effective date of conversion. The original
15 certificate shall be filed with the secretary of state. The
16 supervisor shall provide a certified copy of the certificate
17 to any person upon payment of a five dollar fee. A certified
18 copy of this certificate shall be sufficient proof of that
19 conversion for purposes of establishing the liability for
20 debts or the ownership of assets as provided in section 28,
21 subsections 2 and 3 of this Act.

22 11. COMPETITION PRESERVED. A conversion of an association
23 to a bank under this section shall not prevent the subsequent
24 incorporation of another bank in the same community, and the
25 superintendent of banking shall not find the existence of
26 the bank resulting from the conversion to be grounds for
27 disapproving the incorporation of another bank in the same
28 community under section 524.305, subsection 1, paragraph b
29 or c. A conversion of an association to a bank under this
30 section shall not prevent the subsequent incorporation of
31 another association in the same community, and the supervisor
32 shall not find the existence of the bank resulting from the
33 conversion to be grounds for disapproving the incorporation
34 of another association in the same community under this
35 chapter.

1 Sec. 28. Chapter 534, Code 1981, is amended by adding
2 the following new section:

3 NEW SECTION. EFFECTS OF CONVERSION.

4 1. CONTINUATION. The legal existence of an entity shall
5 not terminate as a result of a conversion under section 27
6 of this Act. The entity resulting from a conversion shall
7 be a continuation of the same corporate entity which adopted
8 the plan of conversion.

9 2. LIABILITIES. The corporation resulting from a
10 conversion is liable for all obligations incurred by the
11 corporation before, during or after the conversion.

12 3. ASSETS. All property of the corporation adopting a
13 plan of conversion, including its rights, titles, and interests
14 in and to all property of whatever kind, whether real, personal
15 or mixed, choses in action, and every other right and privilege
16 immediately vests in the corporation resulting from the
17 conversion, by act of law and without any other conveyance,
18 act or deed, except to the extent an interest in property
19 passes to another person under the explicit terms of the plan
20 of conversion.

21 4. PENDING ACTIONS. Pending actions in any court or
22 tribunal to which the corporation adopting a plan of conversion
23 is a party shall not be abated or discontinued by reason of
24 the conversion, but may be prosecuted in the same manner as
25 if the conversion had not been made.

26 Sec. 29. Chapter 534, Code 1981, is amended by adding
27 the following new section:

28 NEW SECTION. MERGER.

29 1. MERGER DEFINED. As used in this section, the terms
30 "merger" or "merge" means any plan by which the assets and
31 liabilities of an entity are combined with those of one or
32 more other entities, including transactions in which one of
33 the corporate entities survives and transactions in which
34 a new corporate entity is created.

35 2. TYPES AUTHORIZED. An association may merge only with

1 one or more other state associations, federal associations,
2 bank holding companies or banks.

3 3. PLAN OF MERGER. The board of directors of each merging
4 entity shall approve an identical plan of merger by a majority
5 vote of all directors then serving. The plan shall include
6 the following:

7 a. The proposed name of the surviving organization.

8 b. The proposed articles of incorporation of the surviving
9 organization.

10 c. The proposed bylaws of the surviving organization.

11 d. The effect of the merger on each type of member or
12 each class of stockholders.

13 e. Other information required by the supervisor.

14 4. SUPERVISOR'S APPROVAL. The plan of merger shall be
15 submitted to the supervisor for approval. The supervisor
16 shall reject the plan based on any of the following
17 determinations:

18 a. The plan is inconsistent with applicable statutes or
19 regulations.

20 b. The plan does not contain all required information.

21 c. The plan is inequitable to a class of members or
22 stockholders.

23 The supervisor shall notify the organizations which submitted
24 the plan of the supervisor's decision, and the reasons for
25 rejection if the plan is rejected.

26 5. SUPERINTENDENT'S APPROVAL. The plan of merger shall
27 be submitted to the superintendent of banking for approval
28 if the proposed merger is with or into a bank or bank holding
29 company. The superintendent shall reject the plan based on
30 any of the following determinations:

31 a. The plan is inconsistent with applicable statutes or
32 regulations.

33 b. The plan does not contain all required information.

34 c. The capital structure of the resulting organization
35 will not be adequate in relation to its anticipated business.

1 d. The plan does not provide for the closing or sale of
2 all of the offices which must be discontinued in order for
3 the resulting organization to have only those office locations
4 which a resulting bank would be authorized under chapter 524
5 to apply for and have approved on the effective date of the
6 merger if it had no bank office locations in operation on
7 that date.

8 The superintendent shall notify the organization which sub-
9 mitted the plan of the superintendent's decision, and the
10 reasons for rejection if the plan is rejected. The
11 organization may amend and resubmit the plan in response to
12 a notification of rejection.

13 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of merger
14 must be approved at an annual meeting of members or
15 stockholders, or at a special meeting called to consider the
16 plan, by a majority vote of the members represented in person
17 or by proxy of each of the mutual associations or federal
18 mutual associations included in the plan, or a majority vote
19 of each class of voting stock represented in person or by
20 proxy of each of the stock associations, federal stock
21 associations, bank holding companies or banks included in
22 the plan. If so approved, a copy of the minutes of the
23 meeting, certified and acknowledged by the secretary or
24 assistant secretary, shall be filed with the supervisor.

25 7. RECEIVERSHIP. If a receiver has been appointed for
26 any association included in the plan of merger, the receiver
27 shall act in place of the board of directors and the members
28 or stockholders, and the plan must also be approved by the
29 court by which the receiver was appointed.

30 8. CERTIFICATION. The supervisor shall prepare a
31 certificate of merger upon the occurrence of all of the events
32 stated in subsections 3, 4, 5, 6, and 7. This certificate
33 shall include the name of the surviving association, federal
34 association or bank and the effective date of the merger.
35 The original certificate shall be filed with the secretary

1 of state. The supervisor shall provide a certified copy of
2 the certificate to any person upon payment of a five dollar
3 fee. A certified copy of this certificate shall be sufficient
4 proof of the merger for purposes of establishing the liability
5 for debts or the ownership of assets as provided in section
6 30, subsections 1 and 2 of this Act. An association involved
7 in a merger may transfer assets or receive assets under the
8 plan of merger only after the certificate of merger has been
9 issued by the supervisor.

10 9. COMPETITION PRESERVED. A merger under this section
11 shall not prevent the subsequent incorporation of another
12 bank in the community in which the merged association is
13 located, and the superintendent of banking shall not find
14 the merger to be grounds for disapproving the incorporation
15 of another bank in the same community under section 524.305,
16 subsection 1, paragraph b or c. A merger under this section
17 shall not prevent the subsequent incorporation of another
18 association in the community in which the merged association
19 is located, and the supervisor shall not find the merger to
20 be grounds for disapproving the incorporation of another
21 association in the same community under this chapter.

22 Sec. 30. Chapter 534, Code 1981, is amended by adding
23 the following new section:

24 NEW SECTION. EFFECTS OF MERGER.

25 1. LIABILITIES. The association, federal association
26 or bank resulting from a merger is liable for all obligations
27 incurred by each of the associations, federal associations,
28 bank holding companies or banks included in the merger before,
29 during, or after the merger.

30 2. ASSETS. All property of each association, federal
31 association, bank holding company or bank adopting a plan
32 of merger, including its rights, titles, and interests in
33 and to all property of whatever kind, whether real, personal,
34 or mixed, choses in action, and every other right and privilege
35 immediately vests in the association, federal association,

1 bank holding companies or bank resulting from the merger by
2 act of law and without any other conveyance, act or deed,
3 except to the extent an interest in property passed to another
4 person under the explicit terms of the plan of merger.

5 3. PENDING ACTIONS. Pending actions in any court or
6 tribunal to which any association, federal association, bank
7 holding company or bank adopting a plan of merger is a party
8 shall not be abated or discontinued by reason of the merger,
9 but may be prosecuted in the same manner as if the merger
10 had not been made.

11 Sec. 31. Chapter 534, Code 1981, is amended by adding
12 the following new section:

13 NEW SECTION. BULK TRANSFERS.

14 1. DEFINED. A "bulk transfer" is any transfer in bulk
15 and not in the ordinary course of the transferor's business
16 of a major part in value of the loans, savings accounts, or
17 real estate of an association or of one office of an
18 association, or any combination of such loans, savings accounts
19 and real estate.

20 2. APPROVAL. An association may be the transferor under
21 a bulk transfer upon the prior written consent of the
22 supervisor and upon the majority vote of members represented
23 in person or by proxy if a mutual association, or a majority
24 vote of each class of voting stock represented in person or
25 by proxy if a stock association. An association may be the
26 transferee under a bulk transfer upon the approval of its
27 board of directors.

28 3. TRANSFERS TO BANKS. A bulk transfer by an association
29 to a bank is void unless written consent to the transfer is
30 obtained from the superintendent prior to the transfer.

31 Sec. 32. Chapter 534, Code 1981, is amended by adding
32 the following new section:

33 NEW SECTION. LIMITATIONS. Nothing contained in this
34 chapter shall be construed to authorize an association to
35 merge with or be acquired wholly or in part by a foreign

1 institution unless all applicable laws and regulations of
2 the United States would specifically authorize a merger with
3 or acquisition by a foreign institution. For purposes of
4 this subsection the term "foreign institution" means a fed-
5 eral association whose home office is located in another
6 state, a bank whose home office is located in another state,
7 or a bank holding company which is with respect to the state
8 of Iowa an "out-of-state bank holding company" as defined
9 or referred to in 12 U.S.C. 1842(d), and for purposes of this
10 subsection the words "acquire" or "acquisition" mean to
11 directly or indirectly acquire ownership or control of more
12 than twenty-five percent of the voting shares of any
13 association or the power to control in any manner the election
14 of a majority of the directors of any association.

15 Sec. 33. Chapter 536A, Code 1981, is amended by adding
16 the following new section:

17 NEW SECTION. REAL ESTATE LOANS. A licensed industrial
18 loan company may make permanent loans, construction loans,
19 or combined construction and permanent loans, secured by liens
20 on real property, as authorized by rules adopted by the auditor
21 under chapter 17A. These rules shall contain provisions as
22 necessary to insure the safety and soundness of these loans,
23 and to insure full and fair disclosure to borrowers of the
24 effects of provisions in agreements for these loans, including
25 provisions permitting change or adjustment of any terms of
26 a loan, provisions permitting, requiring, or prohibiting
27 repayment of a loan on a basis other than of equal periodic
28 installments of interest plus principal over a fixed term,
29 provisions imposing penalties for the borrower's noncompliance
30 with requirements of a loan agreement, or provisions allowing
31 or requiring a borrower to choose from alternative courses
32 of action at any time during the effectiveness of a loan
33 agreement.

34 A licensed industrial loan company may include in the loan
35 documents signed by the borrower a provision requiring the

1 borrower to pay the company each month in addition to interest
2 and principal under the note an amount equal to one-twelfth
3 of the estimated annual real estate taxes, special assessments,
4 hazard insurance premium, mortgage insurance premium, or any
5 other payment agreed to by the borrower and the company in
6 order to better secure the loan. The company shall be deemed
7 to be acting in a fiduciary capacity with respect to these
8 funds, and, with respect to an escrow agreement entered into
9 on or after the effective date of this Act, shall pay interest
10 to the borrower on these funds, calculated on a daily basis,
11 at the lowest rate the company pays to holders of thrift
12 certificates issued by the company. A company which maintains
13 such an escrow account, whether or not the mortgage has been
14 assigned to a third person, shall each year deliver to the
15 mortgagor a written annual accounting of all transactions
16 made with respect to the loan and escrow account.

17 Sec. 34. Section 536A.16, Code 1981, is amended to read
18 as follows:

19 536A.16 CEASE AND DESIST ORDERS. Whenever the auditor
20 has reasonable cause to believe that any licensee is violating
21 any provision of this chapter, chapter 536B, or rules adopted
22 under either chapter, he the auditor may, after ten days'
23 advance written notice, in addition to all actions provided
24 for in this chapter, and without prejudice thereto, enter
25 an order requiring ~~such~~ the licensee to cease, desist and
26 refrain from ~~such~~ the violation. After receipt of the advance
27 written notice as provided above, any licensee, within five
28 days from the receipt of such notice may file with the auditor
29 a written demand for a hearing. ~~Such-hearings~~ Hearings shall
30 promptly be held in the office of the auditor and ~~no~~ a cease
31 and desist order shall not be issued until after the hearing
32 ~~during-which-the.~~ The licensee shall be entitled to present
33 evidence and the testimony of witnesses at the hearing.

34 Sec. 35. Section 536A.17, Code 1981, is amended to read
35 as follows:

1 536A.17 INJUNCTIONS. The auditor by counsel of the
2 attorney general may commence an action in ~~any court of~~
3 ~~competent jurisdiction~~ the district court, in the name of
4 the state of Iowa as plaintiff on the relation of ~~such the~~
5 auditor to restrain and enjoin any licensee from violating
6 ~~the provisions of~~ this chapter, chapter 536B, or rules adopted
7 under either chapter, or to restrain and enjoin any person,
8 copartnership, firm or corporation from engaging in the
9 business of operating an industrial loan company without
10 obtaining a license as required by this chapter.

11 Sec. 36. Section 536A.22, Code 1981, is amended to read
12 as follows:

13 536A.22 THRIFT CERTIFICATES. Licensed industrial loan
14 companies may sell senior debt to the general public in the
15 form of thrift certificates, installment thrift certificates,
16 certificates of indebtedness, promissory notes or similar
17 evidences of indebtedness. The total amount of such thrift
18 certificates, installment thrift certificates, certificates
19 of indebtedness, promissory notes or similar evidences of
20 indebtedness outstanding and in the hands of the general
21 public shall not at any time exceed ten times the total amount
22 of capital, surplus, undivided profits and subordinated debt
23 that gives priority to such securities of the issuing
24 industrial loan company. The Except as provided in chapter
25 536B, the sale of such securities shall be subject to the
26 provisions of chapter 502, and shall not be construed to be
27 exempt therefrom by reason of the provisions of section
28 502.202, subsection 10, except that the sale of thrift
29 certificates or installment thrift certificates which are
30 redeemable by the holder thereof either upon demand or within
31 a period not in excess of one hundred eighty days shall be
32 exempt from sections 502.201 and 502.602.

33 Sec. 37. Section 536B.2, subsection 5, Code 1981, is
34 amended to read as follows:

35 5. "Thrift certificates" issued by a member means senior

1 indebtedness issued to and in the hands of the general public,
2 and includes thrift certificates, installment thrift
3 certificates, certificates of indebtedness, promissory notes,
4 or similar evidences of indebtedness.

5 Sec. 38. Section 537.2310, subsection 2, paragraph d,
6 Code 1981, is amended to read as follows:

7 d. Sales of property or items by the licensee which are
8 not for the profit of the licensee and which are sold for
9 a price not exceeding ~~fifteen~~ fifty dollars.

10 Sec. 39. NEW SECTION. SERVICE CHARGES.

11 1. As used in this section, "payor financial institution"
12 means a bank, savings and loan association or credit union
13 that is authorized by law to offer and offers to a customer
14 or member the privilege of withdrawing funds held in an account
15 to the credit of that customer or member by means of a draft;
16 and "draft" includes a check, negotiable or nonnegotiable
17 order of withdrawal, share draft, or similar instrument.

18 2. If a payor financial institution dishonors a draft
19 drawn against the institution because of insufficient funds
20 in the account against which the draft is drawn, the
21 institution may collect from the account holder a service
22 charge of which the account holder had prior notice and which
23 does not exceed the greater of the amount prescribed as the
24 current minimum hourly wage by the Fair Labor Standards Act
25 of 1938, 29 U.S.C. sec. 206(a)(1), or one percent of the
26 amount of the draft.

27 3. Notwithstanding the limitations otherwise specified
28 in subsection 2, if a payor financial institution establishes
29 to the satisfaction of the agency of this state by which the
30 institution is regulated that the actual costs incurred by
31 that institution in processing dishonored drafts cannot be
32 recovered by the service charge authorized by subsection 2,
33 the regulatory agency may authorize such greater charge for
34 that institution as may be necessary to allow the recovery
35 of the actual costs established for that institution.

1 4. A payor financial institution that collects in
2 connection with the dishonor of a draft any charge in an
3 amount or in a manner other than permitted by this section
4 shall be liable to the account holder for the excess amount
5 collected, plus a penalty of one hundred dollars, plus attorney
6 fees incurred in collecting these damages.

7 Sec. 40. Notwithstanding contrary provisions of this Act,
8 a bank, savings and loan association, credit union or
9 industrial loan company organized or licensed under the laws
10 of this state may until July 1, 1983, make real estate loans
11 pursuant to applicable provisions of the Code as it existed
12 prior to the effective date of this Act and pursuant to any
13 applicable rules that are adopted under section 2, 5, 19,
14 or 33 of this Act after the effective date of this Act.
15 Commencing July 1, 1983, the institution shall make real
16 estate loans only in accordance with applicable rules adopted
17 under section 2, 5, 19, or 33 of this Act.

18 Sec. 41.

19 1. Sections 534.3, 534.4, 534.22, 534.24, 534.25, 534.26,
20 534.27, 534.28, 534.29, 534.30, 534.36, 534.37, 534.38, 534.39,
21 534.40, 534.67, 534.71, 534.72, and 534.73, Code 1981, are
22 repealed. Section 534.21, Code 1981, as amended by Acts of
23 the Sixty-ninth General Assembly, 1981 Session, chapter 175,
24 sections 6 and 7, is repealed.

25 2. Chapter 535B, Code 1981, is repealed.

26 3. Section 534.19, subsections 2, 3, 4, 5, 11, 16, 17,
27 and 19, Code 1981, are amended by striking those subsections.
28 Section 534.19, subsection 6, Code 1981, as amended by Acts
29 of the Sixty-ninth General Assembly, 1981 Session, chapter
30 175, section 3, is amended by striking the section.

31 EXPLANATION

32 This bill relates to the regulation of banks, savings and
33 loan associations, credit unions, and industrial loan
34 companies.

35 Sections 1, 2, 4, 5, 19, and 33, along with associated

1 repeal provisions, eliminate existing Code restrictions or
2 regulations on real estate loans made by the various
3 institutions and replace them with general provisions
4 authorizing the respective regulators to adopt rules defining
5 the permissible types and contents of loan agreements. Section
6 40 allows continued lending under existing law for a period
7 of one year until rules can be adopted to define the new
8 lending authority.

9 Section 3 amends the bank holding company law to authorize
10 a bank holding company to acquire savings and loan association
11 interests, or credit union interests, or both, up to a maximum
12 of nine percent of the total deposits held by the respective
13 institutions in this state. The section also increases from
14 eight to nine percent the maximum percentage of total bank
15 deposits a bank holding company can control.

16 Sections 6 through 32 of the bill relate to savings and
17 loan associations. The sections cause several changes in
18 the structure and operations of associations. The major
19 changes include enabling legislation to permit savings and
20 loan associations that are stock corporations, authorization
21 for so-called "NOW" accounts, which are similar to checking
22 accounts, authorization for associations to offer lending
23 and personal property leasing services to business and
24 agriculture customers, expansion of the types of securities
25 that an association may invest in, and provisions to permit
26 mergers and conversions between banks and savings and loan
27 associations and to permit investment by banking corporations
28 in savings and loan associations and vice versa.

29 Sections 33 through 37 relate to the regulation of
30 industrial loan companies. Section 33 grants industrial loan
31 companies the same real estate loan powers that are granted
32 to banks and credit unions in other parts of the bill.

33 Sections 34 and 35 add language to assure that the regulatory
34 power granted to the auditor of state under the licensing
35 law (chapter 536A) can be used if a licensee engages in a

1 violation of chapter 536B, which regulates the issuance of
2 certain securities by industrial loan companies and provides
3 a guarantee fund to protect investors against certain losses.
4 Section 36 modifies provisions which determine whether an
5 industrial loan company is required to participate in the
6 guaranty fund and whether it must register its securities
7 with the department of insurance under chapter 502. Section
8 37 is a technical amendment clarifying the meaning of a
9 definition.

10 Section 38 amends a provision of the consumer credit code
11 to increase the maximum price of goods that may be sold on
12 the premises of a financial institution that makes supervised
13 loans.

14 Section 39 limits the amount of the charge a bank, savings
15 and loan association, or credit union can collect from an
16 account holder when a check is returned unpaid because of
17 insufficient funds.

18 Section 40 is the transition provision giving the respective
19 regulatory agencies time to adopt rules authorizing the
20 expanded lending powers granted by the bill. The various
21 modifications and repeal provisions subject the real estate
22 lending powers of the institutions to prior rule making by
23 the regulatory agencies, and the transition provision allows
24 the institutions to continue to operate under existing laws
25 for up to one year as the rule-making process is taking place.

26 Section 41 repeals numerous provisions of chapter 534 that
27 are replaced by new provisions in the bill, and repeals chapter
28 535B, relating to the use of alternative mortgage instruments,
29 as the additional authority granted elsewhere in the bill
30 replaces chapter 535B.

31 The bill would take effect July 1 following enactment.

32

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34

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S-5542

1 Amend Senate File 2300 as follows:

2 1. Page 6, by inserting after line 13 the
3 following:

4 "Sec. ____ . Section 534.5, subsection 1, Code 1981,
5 as amended by Acts of the Sixty-ninth General Assembly,
6 1981 Session, chapter 175, section 1, is amended to
7 read as follows:

8 1. EXCLUSIVENESS OF ACCESS. Every member shall
9 have the right to inspect such books and records of
10 an association as pertain to the member's loan or
11 savings investment. Otherwise, the right of inspection
12 and examination of the books and records shall be
13 limited (a) to the supervisor or a duly authorized
14 representative as provided in this chapter (b) to
15 persons duly authorized to act for the association,
16 and (c) to any federal instrumentality or agency
17 authorized to inspect or examine the books and records
18 of an insured association or of an uninsured member
19 by the federal home loan bank. The accounts and loans
20 of members shall be kept confidential by the
21 association, its directors, officers and employees,
22 and by the supervisor and the supervisor's examiners
23 and representatives, provided that the association
24 may, upon receipt of the written consent of a member,
25 furnish information concerning that member's loans
26 and savings investments to a person who the association
27 has reason to believe intends to use the information
28 in connection with a credit transaction involving
29 the member on whom the information is to be furnished
30 and involving the extension of credit to, or review
31 or collection of an account of, the member. No member
32 or any other person shall have access to the books
33 and records ~~or shall possess a partial or complete~~
34 ~~list of the members~~ except upon express action and
35 authority of the board of directors. Every association
36 shall compile prior to its annual meeting, and shall
37 make available to any member upon request of the
38 member, a list by name of the aggregate remuneration
39 paid by the association during the preceding fiscal
40 year to each of the association's five highest paid
41 officers and to each director of the association.

Div
A

42 Sec. ____ . Section 534.5, subsection 2, Code 1981,
43 is amended to read as follows:

44 2. Communication with members. In the event,
45 however, that any member or members desire to
46 communicate with other members of the association
47 with reference to any question pending or to be
48 presented for consideration at a meeting of the
49 members, the association shall make available for
50 copying by any member, upon request of that member,

Div
B

1 a list of the names and last known mailing addresses
 2 of each of the other members of the association, or,
 3 at the requesting member's discretion, shall furnish
 4 upon request a statement of the approximate number
 5 of members of the association at the time of such
 6 the request, and an estimate of the cost of forwarding
 7 such the communication. ~~The requesting~~ If the
 8 requesting member desires to have the communication
 9 forwarded by the association, the member or members
 10 shall then submit the communication to the supervisor
 11 who, ~~if he finds~~ upon finding it to be appropriate,
 12 truthful and in the best interests of the association
 13 and all its members, shall execute a certificate
 14 setting out ~~such~~ the findings, forward the certificate
 15 together with the communications to the association,
 16 and direct that the communication be prepared and
 17 mailed by the association to the members upon the
 18 requesting member's or members' payment ~~to it~~ of the
 19 expenses of ~~such~~ preparation and mailing."

DIV B

20 2. Page 14, by inserting after line 6 the
 21 following:

22 "Sec. ____ Section 534.12, subsection 1, Code
 23 1981, is amended to read as follows:

24 1. Voting. Each member shall have one vote for
 25 each one hundred dollars of net equity above share
 26 loans in his or her share account owned and held by
 27 him or her at any election, and may vote the same
 28 by proxy, but no person shall vote more than ten
 29 percent of the savings liability at the time of said
 30 election excepting that proxies held and voted by
 31 an individual member or a proxy committee shall not
 32 be included in said ten percent limitation. Every
 33 proxy shall be in writing and shall, ~~unless otherwise~~
 34 ~~specified in the proxy,~~ continue in force for eleven
 35 months from the date thereof. No proxies shall be
 36 voted at any meeting unless such proxies have been
 37 on file with the secretary of the association for
 38 verification at least five days before the date of
 39 the meeting. Anyone depositing or transferring savings
 40 as collateral security shall be deemed the owner of
 41 such share account within the meaning of this section.
 42 Notice of the regular annual meeting of members of
 43 an association shall be given by publishing said
 44 notice in a newspaper of general circulation in the
 45 county in which the office of said association is
 46 located at least thirty days before the date set for
 47 said annual meeting. Proxies may be revoked by any
 48 member upon written notice to the secretary of an
 49 association; by execution of a written proxy to another
 50 agent; or by personal attendance by the member at

DIV C

1 the members' meetings. Each member as defined by
 2 section 534.2, subsection 8, shall, regardless of
 3 shares, be entitled to at least one vote at any
 4 members' meeting."

5 3. By renumbering sections and correcting internal
 6 references.

S-5542 FILED

BY ARTHUR A. SMALL, JR.

APRIL 12, 1982

RICHARD F. DRAKE

DIVISION A - ADOPTED (p. 1127)

DIVISION B - WITHDRAWN (p. 1128)

DIVISION C - ADOPTED (p. 1125)

DIV C

S-5536

1 Amend Senate File 2300 as follows:

2 1. Page 18, by inserting after line 34 the
3 following:

4 "Sec. ____ Chapter 534, Code 1981, is amended
5 by adding the following new section:

6 NEW SECTION. LIMITATION ON POWERS.

55007 1. A service corporation shall not make a
8 commercial loan or accept a commercial NOW account
9 except during those periods of time, if any, when
10 federal service corporations are granted similar
11 authority under a federal statute or regulation, and
12 the state authorization is subject to the conditions
13 and limitations imposed upon federal service
14 corporations for a similar activity. Except as
15 provided in this section, an association shall not
16 make a commercial loan or accept a commercial NOW
17 account except during those periods of time, if any,
18 when federal associations are granted similar authority
19 under federal statute or regulation, and the state
20 authorization is subject to the conditions and
21 limitations imposed upon federal associations for
22 similar activity. However, an association may make
23 commercial loans and accept commercial NOW accounts
24 under the restrictions contained in subsections 2
25 and 3 without regard to the authority granted federal
26 associations.

27 2. As an annual average, based on monthly
28 computations, an association may hold not more than
29 one percent of its assets in commercial loans, provided
30 that this limitation shall increase to two percent
31 of assets on July 1, 1983, to three percent of assets
32 on July 1, 1984, and this limitation shall be increased
33 by an additional one percent of assets on each July
34 1 thereafter.

35 3. An association may accept a commercial NOW
36 account only from a person who at the time the account
37 is opened has a commercial loan from the association.

38 4. For purposes of this section a "commercial
39 loan" is a loan to a person borrowing money for a
40 business or agricultural purpose. As used in this
41 paragraph, "agricultural purpose" means as defined
42 in section 535.13; and "business purpose" includes
43 but is not limited to a commercial, service or
44 industrial enterprise carried on for profit, and any
45 investment activity. However "commercial loan" does
46 not include a loan secured by an interest in real
47 estate for the purpose of financing the acquisition
48 of real estate or the construction of improvements
49 on real estate. In determining which loans are
50 "commercial loans" the rules of construction stated

1 in Acts of the Sixty-ninth General Assembly, 1981
2 Session, chapter 177, section 1, subsection 1,
3 paragraph f, subparagraphs (1), (2), (3) and (4) shall
4 apply.

5 5. For purposes of this section a "commercial
6 NOW account" is a NOW account on which an association
7 was prohibited from paying interest on the effective
8 date of this Act by federal statutes or regulations.
9 As used in this paragraph a "NOW account" is a savings
10 account authorized by section 534.11, subsection 11,
11 as amended by this Act.

12 6. For purposes of this section a lease of personal
13 property shall be treated as a commercial loan if
14 a loan to the lessee to acquire the property would
15 have been a commercial loan."

16 2. By renumbering sections and correcting internal
17 references.

S-5536 FILED
APRIL 8, 1982

*Adopted as amended by 5539, 5540
4/8 (p. 1126)*

BY JOHN S. MURRAY
CLARENCE CARNEY
BOB RUSH
TED ANDERSON

RICHARD VANDE HOEF
BASS VAN GILST

SENATE FILE 2300

S-5508

1 Amend Senate File 2300 as follows:

2 1. Page 41, line 12, by inserting after the period
3 the words "If the company does not issue thrift
4 certificates as defined in section 536B.2, the company
5 shall pay an interest rate which represents the average
6 of the lowest rates paid on thrift certificates by
7 companies required to be members of the industrial
8 loan thrift guaranty corporation under chapter 536B.
9 This rate shall be determined by the auditor of state
10 as of December 31 and June 30 of each year, and the
11 auditor of state shall cause the rate to be published
12 in the Iowa administrative bulletin within twenty
13 days following the date of determination. The rate
14 so determined shall apply from the date of publication
15 of the rate and until a different rate is published."

S-5508 FILED
APRIL 7, 1982

Adopted 4/8 (p. 1127)

BY PATRICK J. DELUHERY

S-5543

1 Amend Senate File 2300 as follows:

2 1. Page 16, by inserting after line 8 the
3 following:

4 "Sec. 100. Section 534.19, Code 1981, is amended
5 by adding the following new subsection:".

6 2. Page 18, by striking line 5 and inserting in
7 lieu thereof the words "shall not exceed the larger
8 of five percent of the assets of the association or
9 such percentage of assets as federally chartered
10 savings and loan associations operating in this state
11 are permitted to invest in service corporations under
12 applicable federal statutes or rules adopted under
13 federal statutes;".

14 3. Page 40, by inserting after line 14 the
15 following:

16 "Sec. ____ Chapter 534, Code 1981, is amended
17 by adding the following new section:

18 NEW SECTION. LIMITATION ON POWERS. An association
19 or other corporation shall not have or exercise any
20 right, power, authority, privilege, exemption, or
21 immunity established by any of the provisions of
22 section 9, subsections 11, 12, 13, and 14, and sections
23 100, 12, 16, and 22 of this Act, except during those
24 periods of time, if any, when federally chartered
25 savings and loan associations operating in this state
26 have been granted and can exercise a similar right,
27 power, authority, privilege, exemption, or immunity
28 under a federal statute or a rule or regulation adopted
29 and in effect under a federal statute expressly
30 describing the right, power, authority, privilege,
31 exemption or immunity, and the immunity established
32 by any of those Code provisions is subject to all
33 conditions and limitations imposed upon federally
34 chartered associations for the type of right, power,
35 authority, privilege, exemption or immunity granted
36 by the federal statute or federal rule or regulation.
37 However, nothing contained in this section shall be
38 construed as a prohibition or condition of or as a
39 limitation upon any right, power, authority, privilege,
40 exemption, or immunity granted to an association or
41 other corporation by the laws of this state or by
42 rules adopted thereunder as those laws existed prior
43 to the effective date of this Act."

44 4. By renumbering sections and correcting internal
45 references as necessary.

S-5543 FILED & WITHDRAWN
APRIL 12, 1982 (g 1125)

BY C. W. BILL HUTCHINS
RICHARD F. DRAKE
TOM SLATER

SENATE FILE 2300

S-5539

1 Amend amendment S-5536 to Senate File 2300 as
2 follows:

3 1. Page 1, by striking lines 32 through 34 and
4 inserting in lieu thereof the following: "on July
5 1, 1984, to four percent of assets on July 1, 1985,
6 and to five percent of assets on July 1, 1986, but
7 further provided that commencing on the effective
8 date of any federal statute or federal rule or
9 regulation removing all limitations or controls on
10 the rates of interest that may be paid by banks and
11 savings and loan associations on savings accounts,
12 an association may hold not more than ten percent
13 of its assets in commercial loans."

S-5539 FILED & ADOPTED BY C. W. BILL HUTCHINS
APRIL 12, 1982 (p 1126)

SENATE FILE 2300

S-5540

1 Amend the Amendment S-5536 to Senate File 2300 as
2 follows:

3 1. Page 1, line 10, by inserting after the word
4 "granted" the words "and can exercise".
5 2. Page 1, line 18, by inserting after the word
6 "granted" the words "and can exercise".

S-5540 FILED & ADOPTED BY C. W. BILL HUTCHINS
APRIL 12, 1982 (p 1126)

SENATE FILE 2300

S-5544

1 Amend Senate File 2300 as follows:

2 1. Page 23, line 33, by striking the words
3 "funds, and, with" and inserting in lieu thereof the
4 word "funds."
5 2. Page 23, by striking line 34 through Page 24,
6 line 2.
7 3. Page 24, line 3, by striking the words "savings
8 accounts."

S-5544 FILED & LOST BY LUCAS J. DeKOSTER
APRIL 12, 1982 (p 1126) JOE BROWN

SENATE 10
APRIL 13, 1982

SENATE FILE 2300

S-5548

1 Amend Senate File 2300 as follows:
2 1. Page 18, by inserting after line 34 the
3 following:
4 "In addition to other applicable restrictions under
5 this chapter or rules adopted by the supervisor, an
6 association that operates one or more branch offices
7 shall not make any commercial or agricultural purpose
8 loan unless all of its branch offices, whether or
9 not existing on the effective date of this Act, are
10 located in places permitted by section 524.1202, and
11 for this purpose the principal place of business of
12 the association shall be deemed the principal place
13 of business of a bank, and each branch office of the
14 association shall be deemed a bank office."

S-5548 FILED & LOST
APRIL 12, 1982 (p 1127)

BY MICK LURA
BERL E. PRIEBE
RAY TAYLOR
JOHN JENSEN

1 Section 1. Section 524.706, subsection 1, paragraph a,
2 subparagraph (1), Code 1981, is amended to read as follows:

3 ~~(1) Such amount as the bank is permitted to lend pursuant~~
4 ~~to section 524.905, subsection 2, if, at the time such obliga-~~
5 ~~tion is incurred, it is An amount secured by a first lien~~
6 on a dwelling which is expected, after the obligation is
7 incurred, to be owned by the executive officer and used by
8 him as ~~his~~ the officer's residence, provided that ~~at the time~~
9 after the loan is made there is no other loan by the bank
10 to the executive officer, under authority of this subparagraph,
11 outstanding; and

12 Sec. 2. Section 524.905, Code 1981, as amended by Acts
13 of the Sixty-ninth General Assembly, 1981 Session, chapter
14 173, section 5, is amended by striking the section and
15 inserting in lieu thereof the following:

16 524.905 LOANS ON REAL PROPERTY. A state bank may make
17 permanent loans, construction loans, or combined construction
18 and permanent loans, secured by liens on real property, as
19 authorized by rules adopted by the superintendent under chapter
20 17A. The rules shall include provisions as necessary to
21 insure the safety and soundness of these loans, and to insure
22 full and fair disclosure to borrowers of the effects of
23 provisions in agreements for these loans, including provisions
24 permitting change or adjustment of any terms of a loan,
25 provisions permitting, requiring, or prohibiting repayment
26 of a loan on a basis other than of equal periodic installments
27 of interest plus principal over a fixed term, provisions
28 imposing penalties for the borrower's noncompliance with
29 requirements of a loan agreement, or provisions allowing or
30 requiring a borrower to choose from alternative courses of
31 action at any time during the effectiveness of a loan
32 agreement.

33 A bank may include in the loan documents signed by the
34 borrower a provision requiring the borrower to pay the bank
35 each month in addition to interest and principal under the

1 note an amount equal to one-twelfth of the estimated annual
2 real estate taxes, special assessments, hazard insurance
3 premium, mortgage insurance premium, or any other payment
4 agreed to by the borrower and the bank in order to better
5 secure the loan. The bank shall be deemed to be acting in
6 a fiduciary capacity with respect to these funds, and, with
7 respect to an escrow agreement entered into on or after the
8 effective date of this Act, shall pay interest to the borrower
9 on these funds, calculated on a daily basis, at the rate the
10 bank pays to depositors of funds in ordinary savings accounts.
11 A bank which maintains such an escrow account, whether or
12 not the mortgage has been assigned to a third person, shall
13 each year deliver to the mortgagor a written annual accounting
14 of all transactions made with respect to the loan and escrow
15 account.

16 Sec. 3. Section 524.1802, Code 1981, is amended to read
17 as follows:

18 524.1802 LIMITATION. No bank holding company shall
19 directly or indirectly acquire ownership or control of more
20 than twenty-five percent of the voting shares of any bank,
21 or the power to control in any manner the election of a
22 majority of the directors of any bank, if upon such acquisition
23 the banks so owned or controlled by the bank holding company
24 would have, in the aggregate, more than ~~eight~~ nine percent
25 of the total deposits, both time and demand, of all banks
26 in this state, as determined by the superintendent on the
27 basis of the most recent reports of the banks in the state
28 to their supervisory authorities which are available at the
29 time of the acquisition. No bank holding company shall
30 directly or indirectly acquire ownership or control of more
31 than twenty-five percent of the voting shares of any savings
32 and loan association, or the power to control in any manner
33 the election of a majority of the directors of any savings
34 and loan association, if upon such acquisition the associations
35 so owned or controlled by the bank holding company would have,

1 in the aggregate, more than nine percent of the total deposits,
2 both time and demand, of all associations in this state, as
3 determined by the superintendent on the basis of the most
4 recent reports of the associations in the state to their
5 supervisory authorities which are available at the time of
6 the acquisition. No bank holding company shall directly or
7 indirectly acquire ownership or control of more than twenty-
8 five percent of the voting shares of any credit union, or
9 the power to control in any manner the election of a majority
10 of the directors of any credit union, if upon such acquisition
11 the credit unions so owned or controlled by the bank holding
12 company would have, in the aggregate, more than nine percent
13 of the total deposits, both time and demand, of all credit
14 unions in this state, as determined by the superintendent
15 on the basis of the most recent reports of the credit unions
16 in the state to their supervisory authorities which are
17 available at the time of the acquisition.

18 Sec. 4. Section 533.4, subsection 21, Code 1981, is amended
19 to read as follows:

20 ~~21. Notwithstanding the provisions of section 533.16,~~
21 ~~subsection 4, a~~ A credit union may take a second mortgage
22 on real property to secure a loan made by the credit union,
23 ~~subject pursuant to rules promulgated~~ adopted by the
24 administrator.

25 Sec. 5. Section 533.16, subsection 4, Code 1981, is amended
26 by striking the subsection and inserting in lieu thereof the
27 following:

28 4. A credit union may make permanent loans, construction
29 loans, or combined construction and permanent loans, secured
30 by liens on real property, as authorized by rules adopted
31 by the administrator under chapter 17A. These rules shall
32 contain provisions as necessary to insure the safety and
33 soundness of these loans, and to insure full and fair
34 disclosure to borrowers of the effects of provisions in
35 agreements for these loans, including provisions permitting

1 change or adjustment of any terms of a loan, provisions
2 permitting, requiring, or prohibiting repayment of a loan
3 on a basis other than of equal periodic installments of
4 interest plus principal over a fixed term, provisions imposing
5 penalties for the borrower's noncompliance with requirements
6 of a loan agreement, or provisions allowing or requiring a
7 borrower to choose from alternative courses of action at any
8 time during the effectiveness of a loan agreement.

9 A credit union may include in the loan documents signed
10 by the borrower a provision requiring the borrower to pay
11 the credit union each month in addition to interest and
12 principal under the note an amount equal to one-twelfth of
13 the estimated annual real estate taxes, special assessments,
14 hazard insurance premium, mortgage insurance premium, or any
15 other payment agreed to by the borrower and the credit union
16 in order to better secure the loan. The credit union shall
17 be deemed to be acting in a fiduciary capacity with respect
18 to these funds, and, with respect to an escrow agreement
19 entered into on or after the effective date of this Act, shall
20 pay interest to the borrower on these funds, calculated on
21 a daily basis, at the rate the credit union pays to its members
22 on ordinary savings deposits. A credit union which maintains
23 such an escrow account, whether or not the mortgage has been
24 assigned to a third person, shall each year deliver to the
25 mortgagor a written annual accounting of all transactions
26 made with respect to the loan and escrow account.

27 Sec. 6. Section 534.2, subsection 1, Code 1981, is amended
28 by striking the subsection and inserting in lieu thereof the
29 following:

30 1. "Association" or "state association" means a corporation
31 holding a certificate of authority to operate under this
32 chapter as either a mutual association or a stock association.

33 Sec. 7. Section 534.2, subsection 7, Code 1981, is amended
34 by striking the subsection and inserting in lieu thereof the
35 following:

1 7. "Insured", when used in conjunction with the words
2 "association", "state association", "foreign association",
3 or "federal association", means an institution whose deposits
4 are insured in part by the federal savings and loan insurance
5 corporation.

6 Sec. 8. Section 534.2, Code 1981, is amended by adding
7 the following new subsections:

8 NEW SUBSECTION. "Bank" means any person who is authorized
9 under chapter 524 to engage in the business of banking in
10 this state.

11 NEW SUBSECTION. "Bank holding company" means a bank holding
12 company as defined in section 524.1801 that is authorized
13 under chapter 524, division XVIII, to do business in this
14 state as a bank holding company.

15 NEW SUBSECTION. "Federal association" means a corporation
16 operating under the federal Home Owners' Loan Act of 1933
17 as either a mutual association or a stock association.

18 NEW SUBSECTION. "Association holding company" means a
19 person other than an individual that directly or indirectly
20 owns, controls or votes more than twenty-five percent of any
21 class of voting stock of a stock association or that controls
22 in any manner the election of a majority of the directors
23 of a stock association or mutual association.

24 NEW SUBSECTION. "Mutual association" means a corporation
25 organized on a mutual ownership basis without shareholders.

26 NEW SUBSECTION. "Residential real estate" means real
27 estate on which there is located, or will be located following
28 the construction of improvements pursuant to a real estate
29 loan, a structure or structures designed or used primarily
30 to provide living accommodations for people, except structures
31 which are designed to primarily provide accommodations to
32 transients.

33 NEW SUBSECTION. "Savings account" means a deposit account
34 in a stock association or mutual association or a withdrawable
35 share account or time share account in a mutual association.

1 NEW SUBSECTION. "Service corporation" means a corporation
2 which is organized under chapter 496A and which is owned in
3 any part by one or more state associations or federal
4 associations or a combination of these.

5 NEW SUBSECTION. "Stock association" means a corporation
6 owned by shareholders.

7 NEW SUBSECTION. "Supervised organization" means an associa-
8 tion, association holding company, service corporation,
9 licensed foreign association, or a subsidiary of an
10 association, holding company, service corporation, or licensed
11 foreign association.

12 NEW SUBSECTION. "Superintendent" means the superintendent
13 of banking.

14 Sec. 9. Section 534.5, subsection 1, Code 1981, as amended
15 by Acts of the Sixty-ninth General Assembly, 1981 Session,
16 chapter 175, section 1, is amended to read as follows:

17 1. EXCLUSIVENESS OF ACCESS. Every member shall have the
18 right to inspect such books and records of an association
19 as pertain to the member's loan or savings investment.
20 Otherwise, the right of inspection and examination of the
21 books and records shall be limited (a) to the supervisor or
22 a duly authorized representative as provided in this chapter
23 (b) to persons duly authorized to act for the association,
24 and (c) to any federal instrumentality or agency authorized
25 to inspect or examine the books and records of an insured
26 association or of an uninsured member by the federal home
27 loan bank. The accounts and loans of members shall be kept
28 confidential by the association, its directors, officers and
29 employees, and by the supervisor and the supervisor's examiners
30 and representatives, provided that the association may, upon
31 receipt of the written consent of a member, furnish information
32 concerning that member's loans and savings investments to
33 a person who the association has reason to believe intends
34 to use the information in connection with a credit transaction
35 involving the member on whom the information is to be furnished

1 and involving the extension of credit to, or review or
2 collection of an account of, the member. No member or any
3 other person shall have access to the books and records or
4 shall possess a partial or complete list of the members except
5 upon express action and authority of the board of directors.
6 Every association shall compile prior to its annual meeting,
7 and shall make available to any member upon request of the
8 member, a list by name of the aggregate remuneration paid
9 by the association during the preceding fiscal year to each
10 of the association's five highest paid officers and to each
11 director of the association.

12 Sec. 10. Section 534.11, Code 1981, as amended by Acts
13 of the Sixty-ninth General Assembly, 1981 Session, chapter
14 175, section 2, is amended to read as follows:

15 534.11 SHARE SAVINGS ACCOUNTS.

16 1. OWNERSHIP. Share Savings accounts may be opened and
17 held solely and absolutely in ~~his~~ the person's own right by,
18 or in trust for, any person, including an adult or minor
19 individual, male or female, single or married, a partnership,
20 association, fiduciary corporation, or political subdivision
21 or public or government unit or any other corporation or legal
22 entity. Share Savings accounts shall be represented only
23 by the account of each share savings account holder on the
24 books of the association, and shall be transferable only on
25 the books of the association and upon proper application by
26 the transferee and upon acceptance of the transferee as a
27 member savings account holder upon terms approved by the board
28 of directors. The association may treat the holder of record
29 of a share savings account as the owner ~~thereof~~ for all
30 purposes without being affected by any notice to the contrary
31 unless the association has acknowledged in writing notice
32 of a pledge of ~~such share~~ the savings account.

33 2. EVIDENCE OF OWNERSHIP. An account book may be issued
34 to each share savings account holder on the books of the
35 association and ~~such~~ the account book shall, if issued,

1 indicate the withdrawal value of the share account. A separate
2 certificate for a ~~share~~ savings account may be issued in lieu
3 of an account book in form to be approved by the supervisor.

4 3. DUPLICATE ACCOUNT BOOKS AND CERTIFICATES. Upon the
5 filing with an association by any one of the holders of record
6 as shown by the books of the association, or by ~~his~~ the
7 holder's legal representative, of an affidavit to the effect
8 that the account book or certificate evidencing ~~his-share~~
9 a savings account with the association has been lost or
10 destroyed, and that ~~such~~ the account book or certificate has
11 not been pledged or assigned in whole or in part, ~~such~~ the
12 association shall issue a new account book or certificate
13 in the name of the holder or holders of record, ~~such~~ the
14 replacement book ~~stating~~ or certificate disclosing that it
15 is issued in lieu of one lost or destroyed, and the association
16 shall in no way be liable thereafter on account of the original
17 account book or certificate, provided that the board of
18 directors shall, if in its judgment it is necessary, require
19 a bond in an amount it deems sufficient to indemnify the
20 association against any loss which might result from the
21 issuance of ~~such~~ the new account book or certificate.

22 4. MINORS. An association and ~~any~~ a federal savings and
23 loan association may issue ~~share-accounts~~ a savings account
24 to any minor as the sole and absolute owner of ~~such-share~~
25 the account, and pay withdrawals and act with respect to ~~such~~
26 ~~accounts~~ the account on the order of ~~such~~ the minor. Any
27 payment or delivery of rights to any minor, or a receipt of
28 acquittance signed by a minor, who holds a ~~share~~ savings
29 account, shall be a valid and sufficient release and discharge
30 of ~~such~~ the institution for any payment so made or delivery
31 of right to ~~such~~ the minor. In the case of a minor, the
32 receipt, acquittance or other action required by the
33 institution to be taken by the minor shall be binding upon
34 ~~such~~ the minor with like effect as if ~~he~~ the minor were of
35 full age and legal capacity. The parent or guardian of ~~such~~

1 a minor shall not in ~~his~~ the capacity as of parent or guardian
2 have the power to attach or in any manner to transfer any
3 ~~share~~ savings account issued to or in the name of ~~such~~ the
4 minor, provided, however, that in the event of the death of
5 ~~such~~ the minor the receipt of acquittance of either parent
6 or of a person standing in loco parentis to ~~such~~ the minor
7 shall be a valid and sufficient discharge of ~~such~~ the
8 institution for any sum or sums not exceeding ~~the-aggregate~~
9 one thousand dollars in the aggregate unless the minor shall
10 ~~have previously~~ has given written notice to the institution
11 not to accept the signature of ~~such~~ the parent or person.

12 5. JOINT ACCOUNTS. When a ~~share~~ savings account is opened
13 in any association or federal savings and loan association
14 in the name of two or more persons, whether minor or adult,
15 in such form that the moneys in the account are payable to
16 either or the survivor or survivors then ~~such~~ the account
17 and all additions thereto shall be the property of ~~such~~ those
18 persons as joint tenants. The moneys in ~~such~~ the account
19 may be paid to or on the order of any one of ~~such-persons~~
20 them during their lifetimes or to or on the order of any one
21 of the survivors of them after the death of any one or more
22 of them upon presentation of the pass or account book or other
23 evidence of ownership as required by the articles or bylaws
24 of the association. The opening of the account in such form
25 shall, in the absence of fraud or undue influence, be
26 conclusive evidence in any act or proceedings to which either
27 the association or the surviving party or parties is a party,
28 of the intention of all of the parties to the account to vest
29 title to ~~such~~ the account and the additions thereto in ~~such~~
30 the survivor or survivors. By written instructions given
31 to the institution by all the parties to the account, the
32 signatures of more than one of ~~such~~ the persons during their
33 lifetime or of more than one of the survivors after the death
34 of any one of them may be required on any check, receipt or
35 withdrawal order, in which case the institution shall pay

1 the moneys in the account only in accordance with ~~such~~ the
2 instructions, but ~~no-such~~ instructions of the parties shall
3 not in any event limit the right of the survivor or survivors
4 to receive the moneys in the account.

5 Payment of all or any of the moneys in ~~such~~ an account
6 as provided in the preceding paragraph of this ~~section~~
7 subsection shall discharge the institution from liability
8 with respect to the moneys so paid, prior to receipt by the
9 institution of a written notice from any one of ~~them~~ the
10 parties directing the institution not to permit withdrawals
11 in accordance with the terms of the account or the
12 instructions. After receipt of such a notice an institution
13 may refuse, without liability to honor any check, receipt,
14 or withdrawal order on the account pending determination of
15 the rights of the parties. ~~No~~ An institution paying any
16 survivor in accordance with the provisions of this subsection
17 shall ~~thereby~~ not be liable as a result of that action for
18 any estate, inheritance or succession taxes which may be due
19 this state.

20 6. PLEDGE TO ASSOCIATION OF SHARE SAVINGS ACCOUNT IN JOINT
21 TENANCY. The pledge to any association or federal savings
22 and loan association of all or part of a ~~share~~ savings account
23 in joint tenancy signed by that person or those persons who
24 are authorized in writing to make withdrawals from the account
25 shall, unless the terms of the ~~share~~ savings account provide
26 specifically to the contrary, be a valid pledge and transfer
27 to the association of that part of the account pledged, and
28 shall not operate to sever or terminate the joint and
29 survivorship ownership of all or any part of the account.

30 7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS,
31 CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES. Any association
32 or federal savings and loan association may accept ~~share~~
33 savings accounts in the name of any administrator, custodian,
34 executor, guardian, trustee, or other fiduciary in trust for
35 a named beneficiary or beneficiaries, or other fiduciary in

1 trust for a specified class of unnamed beneficiaries. Any
2 ~~such~~ The fiduciary shall have power to vote as a member as
3 if the membership were held absolutely, to open and to make
4 additions to, and to withdraw ~~any-such~~ the account in whole
5 or in part. The withdrawal value of ~~such~~ the accounts, and
6 dividends thereon, or other rights relating thereto may be
7 paid or delivered, in whole or in part to ~~such~~ the fiduciary
8 without regard to any notice to the contrary as long as ~~such~~
9 the fiduciary is living. The payment or delivery to ~~any-such~~
10 the fiduciary or a receipt or acquittance signed by ~~any-such~~
11 the fiduciary to whom ~~any-such~~ payment or ~~any-such~~ delivery
12 of rights is made shall be a valid and sufficient release
13 and discharge of ~~an~~ the institution for the payment or delivery
14 so made. Whenever a person holding an account in a fiduciary
15 capacity dies and no written notice of the revocation or
16 termination of the fiduciary relationship ~~shall-have~~ has been
17 given to an institution and the institution has no notice
18 of any other disposition of the beneficial estate, the
19 withdrawal value of ~~such~~ the account and dividends ~~thereon~~
20 on the account, or other rights relating ~~thereto~~ to the account
21 may, at the option of an institution, be paid or delivered,
22 in whole or in part, to the beneficiary or beneficiaries.
23 Whenever an account ~~shall-be~~ is opened by any person,
24 describing ~~himself~~ the person in opening ~~such~~ the account
25 as trustee for another, and no other or further notice of
26 the existence and terms of a legal and valid trust ~~then-such~~
27 than that description ~~shall-have~~ has been given in writing
28 to ~~such~~ the association, in the event of the death of the
29 person so described as trustee, the withdrawal value of ~~such~~
30 the account or any part thereof, together with the dividends
31 or interest ~~thereon~~ on the account, may be paid to the person
32 for whom the account was thus stated to have been opened,
33 and ~~such~~ the account and all additions ~~thereto~~ shall be the
34 property of ~~such~~ that person. The payment or delivery to
35 ~~any-such-beneficiary, -beneficiaries-or-designated~~ that person,

1 or a receipt or acquittance signed by ~~such-beneficiary-~~
2 ~~beneficiaries-or-designated~~ that person for any ~~such~~ payment
3 or delivery shall be a valid and sufficient release and
4 discharge of ~~an~~ the institution for the payment or delivery
5 so made. ~~No~~ An institution paying ~~any-such~~ a fiduciary or
6 beneficiary in accordance with the provisions of this
7 subsection shall ~~thereby~~ not be liable as a result of that
8 action for any estate, inheritance or succession taxes which
9 may be due this state.

10 8. PAY ON DEATH ACCOUNTS. Any association and any federal
11 savings and loan association may issue ~~share~~ savings accounts
12 in the name of one or more persons with the provision that
13 upon the death of the owner or owners ~~thereof~~ the proceeds
14 ~~thereof~~ shall be the property of the person or persons
15 designated by the owner or owners and shown by the record
16 of ~~such~~ the association, but ~~such~~ the proceeds shall be subject
17 to the debts of the decedent and the payment of Iowa
18 inheritance tax, if any, provided, however, that six months
19 after the date of the death of the owner the receipt or
20 acquittance of the person so designated shall be a valid and
21 sufficient release and discharge of ~~such~~ the association for
22 the delivery of ~~such-share~~ the savings account or the payment
23 so made.

24 9. POWERS OF ATTORNEY ~~OR-SHARE~~ ON SAVINGS ACCOUNT. Any
25 association or federal savings and loan association may
26 continue to recognize the authority of an attorney authorized
27 in writing to manage or to make withdrawals either in whole
28 or in part from ~~the-share~~ a savings account ~~of-a-member~~ until
29 it receives written notice or is on clear actual notice of
30 the revocation of ~~his~~ the attorney's authority. For the
31 purpose of this subsection, written notice of the death or
32 adjudication of incompetency of ~~such-member-shall-constitute~~
33 the savings account holder constitutes written notice of
34 revocation of the authority of ~~his~~ the attorney. ~~No-such~~
35 An institution shall not be liable for damages, penalty or

1 tax by reason of any payment made pursuant to this subsection.
2 10. SHARE SAVINGS ACCOUNTS AS LEGAL INVESTMENTS. Adminis-
3 trators, executors, custodians, guardians, trustees, and other
4 fiduciaries of every kind and nature, insurance companies,
5 business and manufacturing companies, banks, credit unions
6 and all other types of financial institutions, charitable,
7 educational, eleemosynary and public corporations and
8 organizations, and municipalities and other public corporations
9 and bodies, and public officials hereby are specifically
10 authorized and-empowered to invest funds held by them, without
11 any order of any court in share or deposit accounts or time
12 certificates of deposit of insured savings associations which
13 are under state supervision, or federal savings and loan
14 associations organized under the laws of the United States
15 and under federal supervision, and ~~such~~ the investment shall
16 be deemed and held to be a legal investments-for-such
17 investment of the funds.

18 Whenever, under the laws of this state or otherwise, a
19 deposit of securities is required for any purpose, the
20 securities made legal investments by this ~~section~~ subsection
21 shall be acceptable for ~~such-deposits~~ that deposit, and
22 whenever, under the laws of this state or otherwise, a bond
23 is required with security ~~such~~ the bond may be furnished,
24 and the securities made legal investments by this ~~section~~
25 subsection in the amount of ~~such~~ the bond, when deposited
26 ~~therewith~~, shall be acceptable as security without other
27 security.

28 The provisions of this ~~section~~ subsection are supplemental
29 to any and all other laws relating to and declaring what shall
30 be legal investments for the persons, corporations,
31 organizations, and officials referred to in this ~~section~~
32 subsection and the laws relating to the deposit of securities
33 and the making and filing of bonds for any purpose.

34 11. NEGOTIABLE-ORDER-OF-WITHDRAWAL NOW ACCOUNTS.
35 ~~Associations-may-offer-accounts-under-which-account-owners~~

1 ~~may order or authorize the withdrawal of a specified amount~~
2 ~~of the account by means of cash or a negotiable or~~
3 ~~nonnegotiable check or similar instrument payable to the~~
4 ~~account owner or to third parties or their order for the~~
5 ~~benefit of the account owner.--However, this authority is~~
6 ~~available only for periods of time when federally chartered~~
7 ~~savings and loan associations operating in this state are~~
8 ~~granted similar authority, and the state authorization is~~
9 ~~subject to the rights and limitations imposed upon the~~
10 ~~federally chartered associations for this type of activity.~~
11 An association may offer savings accounts under which the
12 owner of the account may order or authorize the withdrawal
13 of part or all of the savings account by means of a negotiable
14 or nonnegotiable draft or similar instrument payable to the
15 owner or to third parties or their order.
16 12. DEPOSIT ACCOUNTS. A stock association or mutual
17 association may receive money for deposit.
18 13. SHARE ACCOUNTS. A mutual association may receive
19 money to be held in withdrawable share accounts and time share
20 accounts.
21 14. TERMS AND CONDITIONS. An association shall establish
22 the interest rate, method of computing interest, service
23 charges, and other terms and conditions of each type of savings
24 account it will accept. These terms and conditions shall
25 be consistent with this chapter, and shall be applied equally
26 to all similar accounts. An association shall furnish a copy
27 of the terms and conditions of a savings account upon request.
28 An association shall give reasonable notice of any change
29 in the terms and conditions to the owners of each type of
30 savings account which is changed, provided that notice of
31 changes in interest rates or methods of computing interest
32 may be provided by posting a conspicuous notice of the change
33 in each of the association's offices. The terms and conditions
34 of an account established for a specified time period cannot
35 be changed during that time period except with mutual consent

1 or according to the original terms.

2 15. INDUCEMENTS. An association may give inducements
3 for the opening of a savings account or the making of additions
4 to a savings account.

5 Sec. 11. Section 534.12, subsection 1, Code 1981, is
6 amended to read as follows:

7 1. Voting. Each member shall have one vote for each one
8 hundred dollars of net equity above share loans in his or
9 her share account owned and held by him or her at any election,
10 and may vote the same by proxy, but no person shall vote more
11 than ten percent of the savings liability at the time of said
12 election excepting that proxies held and voted by an individual
13 member or a proxy committee shall not be included in said
14 ten percent limitation. Every proxy shall be in writing and
15 shall, ~~unless otherwise specified in the proxy,~~ continue in
16 force for eleven months from the date thereof. No proxies
17 shall be voted at any meeting unless such proxies have been
18 on file with the secretary of the association for verification
19 at least five days before the date of the meeting. Anyone
20 depositing or transferring savings as collateral security
21 shall be deemed the owner of such share account within the
22 meaning of this section. Notice of the regular annual meeting
23 of members of an association shall be given by publishing
24 said notice in a newspaper of general circulation in the
25 county in which the office of said association is located
26 at least thirty days before the date set for said annual
27 meeting. Proxies may be revoked by any member upon written
28 notice to the secretary of an association; by execution of
29 a written proxy to another agent; or by personal attendance
30 by the member at the members' meetings. Each member as defined
31 by section 534.2, subsection 8, shall, regardless of shares,
32 be entitled to at least one vote at any members' meeting.

33 Sec. 12. Section 534.12, subsections 3 and 4, Code 1981,
34 are amended to read as follows:

35 3. ASSOCIATION LIEN ON SHARE SAVINGS ACCOUNTS. Every

1 ~~such~~ association shall at all times have a lien upon the
2 savings accounts of a ~~member~~ savings account holder as security
3 for repayment of money loaned ~~him~~ to the person and as security
4 for ~~his~~ other indebtedness of the person to the association
5 and ~~such~~ the lien shall attach and continue without assignment
6 or pledge to or possession by the association of any evidence
7 of ~~such~~ ownership. ~~Such~~ The lien may be enforced to satisfy
8 any past due indebtedness by charging ~~such~~ the indebtedness
9 to the debtor's ~~share~~ savings account.

10 4. REDEMPTION. At any time funds are on hand for the
11 purpose the association shall have the right to redeem by
12 lot or otherwise, as the board of directors may determine,
13 all or any part of any of its ~~share-account~~ savings accounts
14 on a dividend date by giving thirty days' notice by registered
15 mail addressed to the account holders at their last addresses
16 recorded on the books of the association. ~~No~~ An association
17 shall not redeem any of its share accounts when the association
18 is in an impaired condition or when it has applications for
19 withdrawal which have been on file more than thirty days and
20 have not been reached for payment. The redemption price of
21 ~~share-accounts-redeemed~~ a savings account shall be the full
22 value of the account redeemed, as determined by the board
23 of directors, but in no event shall the redemption value be
24 less than the withdrawal value. If the ~~afesaid~~ notice of
25 redemption ~~shall-have-been-duly~~ has been given, and if on
26 or before the redemption date the funds necessary for ~~such~~
27 the redemption ~~shall~~ have been set aside so as to be and
28 continue to be available ~~therefor~~ for redemptions, dividends
29 upon the accounts called for redemption shall cease to accrue
30 from and after the dividend date specified as the redemption
31 date, and all rights with respect to ~~such~~ those accounts shall
32 ~~forthwith,-after-such-redemption-date,~~ terminate as of the
33 redemption date, except subject only to the right of the
34 account holder of record to receive the redemption value
35 without interest. All ~~share~~ savings accounts which have been

1 validly called for redemption must be tendered for payment
2 within ten years from the date of redemption designated in
3 the redemption notice, otherwise or they shall be canceled
4 and forfeited for the use of the school fund of the county
5 in which the association has its principal place of business
6 and all claims of such the account holders against the
7 association shall be barred forever. Redemption shall not
8 be made, ~~however,~~ of ~~such share~~ any savings accounts which
9 are held by a member-director person who is a director and
10 which are necessary to qualify his-acting the person to act
11 as director.

12 Sec. 13. Section 534.19, Code 1981, is amended by adding
13 the following new subsections:

14 NEW SUBSECTION. DIVIDENDS ON CAPITAL STOCK. A stock as-
15 sociation may declare and pay dividends on capital stock in
16 cash or property out of the unreserved and unrestricted earned
17 surplus of the stock association, or in its own shares, except
18 when the stock association is in an impaired condition or
19 when the payment thereof would cause the stock association
20 to be in an impaired condition. A split-up or division of
21 the issued shares of capital stock into a greater number of
22 shares without increasing the stated capital of the stock
23 association is authorized, and shall not be construed to be
24 a dividend within the meaning of this subsection.

25 NEW SUBSECTION. TAX AND LOAN ACCOUNTS. To act as
26 depository for receipt of payments of federal or state taxes
27 and loan funds from persons other than the state or
28 subdivisions, agencies or instrumentalities of the state,
29 and satisfy any federal or state statutory or regulatory
30 requirements in connection therewith, including pledging of
31 assets as collateral, payment of earnings at prescribed rates
32 and, notwithstanding any other provision of this chapter,
33 issuing such accounts subject to the right of immediate
34 withdrawal.

35 NEW SUBSECTION. LEASING OF PERSONAL PROPERTY. To acquire,

1 upon the specific request of and for the use of a customer,
 2 and lease, personal property pursuant to a binding arrangement
 3 for the leasing of the property to the customer upon terms
 4 requiring payment to the association, during the minimum
 5 period of the lease, of rentals which in the aggregate, when
 6 added to the estimated tax benefits to the association
 7 resulting from the ownership of the leased property plus the
 8 estimated residual market value of the leased property at
 9 the expiration of the initial term of the lease, will be at
 10 least equal to the total expenditures by the association for,
 11 and in connection with, the acquisition, ownership,
 12 maintenance, and protection of the property. A lease made
 13 under authority of this section shall have the prior approval
 14 of the supervisor or be made pursuant to personal property
 15 lease guidelines approved by the supervisor for use by the
 16 lessor association or pursuant to a personal property lease
 17 guideline rule of general applicability for use by all
 18 associations.

19 Sec. 14. Section 534.19, subsection 15, Code 1981, is
 20 amended to read as follows:

21 15. SERVICE CORPORATIONS. Any association ~~shall have~~
 22 ~~the power to~~ may organize and own, alone or with any other
 23 similar corporation, a service corporation for the mutual
 24 good of ~~said corporations~~ the associations. ~~An association~~
 25 ~~may invest in capital stock, obligations, or other securities~~
 26 ~~of service corporations in an amount not to exceed five percent~~
 27 ~~of the association's assets.~~ The supervisor of state chartered
 28 associations shall have the right to examine ~~said~~ service
 29 corporations.

30 Sec. 15. Section 534.17, subsection 1, Code 1981, is
 31 amended to read as follows:

32 1. ~~in securities without limit,~~ An association may invest
 33 without limit, except as expressly stated, in the following
 34 securities: (1) in obligations of, or obligations which are
 35 guaranteed as to principal and interest by, the United States

1 or this state; (2) in stock of a federal home loan bank of
2 which it is eligible to be a member, and in any obligation
3 or consolidated obligations of any federal home loan bank
4 or banks; (3) in stock or obligations of the federal savings
5 and loan insurance corporation; (4) in stock, ~~or~~ obligations,
6 or other instruments of a the federal national mortgage
7 association, the government national mortgage association,
8 the federal home loan mortgage corporation, or any successor
9 ~~or successors-thereto~~; (5) in demand, time or savings deposits,
10 in bankers acceptances with any bank or trust company the
11 deposits of which are insured by the federal deposit insurance
12 corporation; (6) in stock or obligations of any corporation
13 or agency of the United States or this state, or in deposits
14 therewith to the extent that such corporation or agency assists
15 in furthering or facilitating the association's purposes or
16 powers; (7) in ~~share~~ savings accounts of any association
17 operating under the provisions of this chapter and of any
18 federal savings and loan association; (8) in bonds, notes,
19 or other evidences of indebtedness which are a general
20 obligation of any city, village, county, school district,
21 or other municipal or political subdivision so long as the
22 total investment in such corporation does not exceed five
23 percent of the assets of ~~said~~ the association---Any-of-said,
24 except that any of these investments which are securities
25 or obligations which are evidence of first mortgage liens
26 on real estate are exempt from the above five percent
27 limitation; (9) in bonds secured by an interest in real estate
28 except industrial revenue bonds; (10) in capital stock,
29 obligations, or other securities of service corporations,
30 provided that the aggregate investment in service corporations
31 shall not exceed ten percent of the assets of the association;
32 and (11) in an open end management investment company
33 registered under the federal Investment Company Act of 1940,
34 the portfolio of which is restricted to investments in which
35 an association may invest.

1 Sec. 16. Section 534.23, subsection 1, Code 1981, is
2 amended to read as follows:

3 1. SCHOOL SAVINGS. An association ~~shall have power to~~
4 may contract with the proper authorities of any public or
5 nonpublic elementary or secondary school or other institution
6 of higher learning, or any public or charitable institution
7 caring for minors, for the participation and implementation
8 by the association in any school or institutional thrift or
9 savings plan, and it may accept ~~share~~ savings accounts at
10 ~~such-a~~ the school or institution, either by its own collector
11 or by any representative of the school or institution which
12 becomes the agent of the association for ~~such~~ that purpose.

13 Sec. 17. Section 534.41, subsection 2, unnumbered paragraph
14 1, Code 1981, is amended by striking the unnumbered paragraph
15 and inserting in lieu thereof the following:

16 The supervisor has general supervision over all supervised
17 organizations.

18 Sec. 18. Chapter 534, Code 1981, is amended by adding
19 the following new section:

20 NEW SECTION. GENERAL LENDING POWERS. An association may,
21 subject to any applicable restrictions under this chapter
22 and rules adopted by the supervisor, loan money, extend credit,
23 discount or purchase the vendor's interest in real estate
24 contracts, and discount or purchase other evidences of in-
25 debtedness and agreements for the payment of money.

26 Sec. 19. Chapter 534, Code 1981, is amended by adding
27 the following new section:

28 NEW SECTION. LIMITATION ON POWERS.

29 1. A service corporation shall not make a commercial loan
30 or accept a commercial NOW account except during those periods
31 of time, if any, when federal service corporations are granted
32 and can exercise similar authority under a federal statute
33 or regulation, and the state authorization is subject to the
34 conditions and limitations imposed upon federal service
35 corporations for a similar activity. Except as provided in

1 this section, an association shall not make a commercial loan
2 or accept a commercial NOW account except during those periods
3 of time, if any, when federal associations are granted and
4 can exercise similar authority under federal statute or
5 regulation, and the state authorization is subject to the
6 conditions and limitations imposed upon federal associations
7 for similar activity. However, an association may make
8 commercial loans and accept commercial NOW accounts under
9 the restrictions contained in subsections 2 and 3 without
10 regard to the authority granted federal associations.

11 2. As an annual average, based on monthly computations,
12 an association may hold not more than one percent of its
13 assets in commercial loans, provided that this limitation
14 shall increase to two percent of assets on July 1, 1983, to
15 three percent of assets on July 1, 1984, to four percent of
16 assets on July 1, 1985, and to five percent of assets on July
17 1, 1986, but further provided that commencing on the effective
18 date of any federal statute or federal rule or regulation
19 removing all limitations or controls on the rates of interest
20 that may be paid by banks and savings and loan associations
21 on savings accounts, an association may hold not more than
22 ten percent of its assets in commercial loans.

23 3. An association may accept a commercial NOW account
24 only from a person who at the time the account is opened has
25 a commercial loan from the association.

26 4. For purposes of this section a "commercial loan" is
27 a loan to a person borrowing money for a business or
28 agricultural purpose. As used in this paragraph, "agricultural
29 purpose" means as defined in section 535.13; and "business
30 purpose" includes but is not limited to a commercial, service
31 or industrial enterprise carried on for profit, and any
32 investment activity. However "commercial loan" does not
33 include a loan secured by an interest in real estate for the
34 purpose of financing the acquisition of real estate or the
35 construction of improvements on real estate. In determining

1 which loans are "commercial loans" the rules of construction
2 stated in Acts of the Sixty-ninth General Assembly, 1981
3 Session, chapter 177, section 1, subsection 1, paragraph f,
4 subparagraphs (1), (2), (3) and (4) shall apply.

5 5. For purposes of this section a "commercial NOW account"
6 is a NOW account on which an association was prohibited from
7 paying interest on the effective date of this Act by federal
8 statutes or regulations. As used in this paragraph a "NOW
9 account" is a savings account authorized by section 534.11,
10 subsection 11, as amended by this Act.

11 6. For purposes of this section a lease of personal
12 property shall be treated as a commercial loan if a loan to
13 the lessee to acquire the property would have been a commercial
14 loan.

15 Sec. 20. Chapter 534, Code 1981, is amended by adding
16 the following new section:

17 NEW SECTION. SOUND LENDING STANDARDS. An association
18 shall not make a loan unless it first has determined that
19 the loan is authorized by this chapter, and that the type,
20 amount, purpose, and repayment provisions of the loan in
21 relation to the borrower's resources, credit standing and
22 any collateral securing repayment of the loan support the
23 reasonable belief that the loan will be financially sound
24 and will be repaid according to its terms.

25 Sec. 21. Chapter 534, Code 1981, is amended by adding
26 the following new section:

27 NEW SECTION. COMMITMENT TO RESIDENTIAL LOANS.

28 1. COMMITMENT. As an annual average, based on monthly
29 computations, an association shall hold at least sixty percent
30 of its assets in the following types of assets:

31 a. Loans secured by first liens or first claims on resi-
32 dential real estate, participation interests in groups of
33 loans secured by first liens or first claims on residential
34 real estate, securities that are secured by groups of loans
35 secured by first liens or first claims on residential real

1 estate, or property improvement loans for the making of
2 improvements upon residential real property, or a combination
3 of these.

4 b. Cash.

5 c. Obligations of the United States or of a state or po-
6 litical subdivision of a state, and stock or obligations of
7 a corporation which is an instrumentality of the United States
8 or of a state or political subdivision of a state, but not
9 including obligations the interest on which is excludable
10 from gross income under section 103 of the Internal Revenue
11 Code of 1954.

12 d. Certificates of deposit in, or obligations of, a cor-
13 poration organized under a state law which specifically
14 authorizes such corporation to insure the deposits or share
15 accounts of member associations.

16 e. Loans secured by a deposit or share of a member.

17 f. Property acquired through the liquidation of default
18 loans.

19 g. Property used by the association in the conduct of
20 its business under this chapter.

21 2. FAILURE TO MEET COMMITMENT. If, upon examination,
22 the supervisor determines that an association has failed to
23 meet the requirements of subsection 1 for any two of its
24 preceding five fiscal years, the association shall be so
25 notified in writing, with a copy of the notice to the
26 superintendent of banking, and the association shall within
27 ninety days following receipt of the notice do one of the
28 following:

29 a. Establish to the satisfaction of the supervisor that
30 at least sixty percent of the current amount of its assets
31 are held in the types of assets referred to in subsection
32 1. If the association subsequently fails to meet the
33 requirements of subsection 1 during any one of the three
34 fiscal years following the fiscal year in which the second
35 violation in five years occurred, then the association shall

1 within ninety days following receipt of a notice of this
2 violation take one of the actions specified in paragraph b,
3 c, d, or e.

4 b. File a plan of merger to merge with another state
5 association whose assets are such that the two associations
6 would have met the requirements of subsection 1 on a
7 consolidated basis during at least four of the five preceding
8 years.

9 c. File a plan of merger with a federal association or
10 a bank under which the resulting organization is not a state
11 association.

12 d. File a plan of conversion to become a federal associa-
13 tion or a bank.

14 e. File a plan of conversion that provides both for con-
15 version to a stock association and for the immediate conver-
16 sion of the resulting stock association to a bank.

17 3. FAILURE TO RESOLVE PROBLEM. If an association fails
18 to take one of the actions required by subsection 2, or fails
19 to complete the plan of merger or conversion within nine
20 months after receiving the notice specified in subsection
21 2, the supervisor shall appoint a conservator to operate the
22 association in conformance with subsection 1 or a receiver
23 to liquidate the association.

24 Sec. 22. Chapter 534, Code 1981, is amended by adding
25 the following new section:

26 NEW SECTION. REAL ESTATE LOANS. An association may make
27 permanent loans, construction loans, or combined construction
28 and permanent loans, secured by liens on real property, as
29 authorized by rules adopted by the supervisor under chapter
30 17A. These rules shall contain provisions as necessary to
31 insure the safety and soundness of these loans, and to insure
32 full and fair disclosure to borrowers of the effects of
33 provisions in agreements for these loans, including provisions
34 permitting change or adjustment of any terms of a loan,
35 provisions permitting, requiring, or prohibiting repayment

1 of a loan on a basis other than of equal periodic installments
2 of interest plus principal over a fixed term, provisions
3 imposing penalties for the borrower's noncompliance with
4 requirements of a loan agreement, or provisions allowing or
5 requiring a borrower to choose from alternative courses of
6 action at any time during the effectiveness of a loan
7 agreement.

8 Sec. 23. Chapter 534, Code 1981, is amended by adding
9 the following new section:

10 NEW SECTION. REQUIRED REAL ESTATE LOAN PRACTICES. Real
11 estate loans must meet the following requirements:

12 1. APPRAISAL. A qualified person shall conduct an in-
13 spection of the property securing the loan and submit a signed
14 appraisal of the market value of that property, provided that
15 an appraisal is only required where the loan is secured by
16 a first lien.

17 2. NOTE. A note shall be signed by the borrower and
18 delivered to the association.

19 3. LIEN. The loan shall be secured by a mortgage, deed
20 of trust or similar instrument constituting a lien or claim
21 upon real estate. Such instrument shall provide for the full
22 protection of the association in the event of default.

23 4. PAYMENT TERMS. The loan shall provide for repayment
24 upon those terms set forth in the note signed by the borrower.

25 5. LOAN SETTLEMENT STATEMENT. The borrower shall receive
26 a statement setting forth in detail the charges and fees the
27 borrower has paid or is obligated to pay in connection with
28 the loan.

29 6. BALLOON PAYMENTS. An association shall mail to the
30 borrower an offer to refinance a balloon payment under a loan
31 at least twenty days prior to the balloon payment date if
32 at that time no payments under the loan are delinquent. Such
33 offer shall be at an interest rate no greater than one percent
34 per annum above the index rate, monthly payments no greater
35 than those necessary to fully amortize the amount of the bal-

1 loan payment plus interest over a term ending thirty years
2 after the first loan to the borrower secured by the real
3 estate securing the loan to be refinanced, and a term of at
4 least one year before the next balloon payment. Where the
5 balloon payment is due one month after the preceding monthly
6 payment date, the association may require the borrower to
7 make a payment equal to the preceding monthly payment on the
8 balloon payment date if the first payment under the note to
9 refinance the balloon note is one month after the balloon
10 payment date. The association may offer repayment plans to
11 refinance a balloon payment in addition to the plan required
12 by this subsection. For purposes of this subsection the term
13 "loan" means as defined in section 535.8, subsection 1; the
14 term "balloon payment" means a payment which is more than
15 three times as big as the mean average of the payments which
16 precede it; and the term "index rate" means the national
17 average mortgage contract rate for major lenders on the
18 purchase of previously-occupied homes which is most recently
19 published in final form by the federal home loan bank board
20 one month prior to the date on which the balloon payment is
21 due.

22 Sec. 24. Chapter 534, Code 1981, is amended by adding
23 the following new section:

24 NEW SECTION. AUTHORIZED REAL ESTATE LOAN PRACTICES. An
25 association may do any of the following with respect to a
26 real estate loan, and any contract provision authorized by
27 this section shall be enforceable:

28 1. PREPAYMENT. Except as prohibited by section 535.9,
29 an association may include in the loan documents signed
30 by the borrower a provision imposing a penalty in the event
31 of prepayments as defined in the document.

32 2. PROTECTIVE DISBURSEMENTS. An association may pay
33 taxes, assessments, ground rents, insurance premiums and
34 similar charges with respect to real estate securing a loan.
35 An association may add these disbursements to the unpaid

1 principal balance of the loan, in which event the disburse-
2 ments shall be secured to the same extent as the principal
3 balance of the loan.

4 3. PROTECTIVE PAYMENTS. An association may include in
5 the loan documents signed by the borrower a provision re-
6 quiring the borrower to pay the association each month in
7 addition to interest and principal under the note an amount
8 equal to one-twelfth of the estimated annual real estate
9 taxes, special assessments, hazard insurance premium, mort-
10 gage insurance premium, or any other payment agreed to by
11 the borrower and the association in order to better secure
12 the loan. The association shall be deemed to be acting in
13 a fiduciary capacity with respect to these funds, and, with
14 respect to an escrow agreement entered into on or after the
15 effective date of this Act, shall pay interest to the borrower
16 on these funds, calculated on a daily basis, at the rate the
17 association pays to members depositing funds in ordinary
18 savings accounts. An association which maintains such an
19 escrow account, whether or not the mortgage has been assigned
20 to a third person, shall each year deliver to the mortgagor
21 a written annual accounting of all transactions made with
22 respect to the loan and escrow account.

23 4. ADDITIONAL PROVISIONS. An association may include
24 in the loan documents signed by the borrower any other
25 provision not inconsistent with this chapter.

26 Sec. 25. Chapter 534, Code 1981, is amended by adding
27 the following new section:

28 NEW SECTION. LINE OF CREDIT ARRANGEMENTS. An association
29 may commit its assets to lines of credit pursuant to credit
30 arrangements, including but not limited to agreements with
31 credit and debit card holders and with other credit or debit
32 card issuers. An association may become a member or
33 stockholder of or become otherwise affiliated with, any credit
34 or debit card corporation, association, or other issuer.

35 Sec. 26. Chapter 534, Code 1981, is amended by adding

1 the following new section:

2 NEW SECTION. SUCCESSORS IN INTEREST. An association may
3 deal directly with any person who has an interest in property
4 which secures a loan by the association regarding the loan
5 or the security interest without notice to any person who
6 is obligated to repay the loan, and an association may forebear
7 to sue or may extend time for payment of or otherwise modify
8 the terms of the loan, without discharging or in any way af-
9 fecting the liability of any person obligated to repay the
10 loan.

11 Sec. 27. Chapter 534, Code 1981, is amended by adding
12 the following new section:

13 NEW SECTION. INVESTMENT IN AND BY BANKS.

14 1. INVESTMENT IN BANKS. A holding company, association,
15 or service corporation may invest in the capital stock, obliga-
16 tions, or other securities of a bank with the prior approval
17 of the supervisor.

18 2. INVESTMENT BY BANKS. Notwithstanding sections 524.802
19 and 524.901, subsection 3, a bank holding company, bank, or
20 bank service corporation may, with the prior approval of the
21 superintendent, invest in the capital stock, obligations or
22 other securities of a state association.

23 3. CONTINGENCIES. An association or service corporation
24 may make an investment under subsection 1 only if at the time
25 of the investment either an insured bank or a bank service
26 corporation owned by one or more insured banks would be
27 permitted to make an investment under substantially the same
28 circumstances in an insured state association under all
29 applicable laws and regulations of the United States. A bank
30 or bank service corporation may make an investment under
31 subsection 2 only if at the time of the investment either
32 an insured state association or a service corporation owned
33 by one or more insured associations would be permitted to
34 make an investment under substantially the same circumstances
35 in an insured bank under all applicable laws and regulations

1 of the United States. The ability of an organization to merge
2 with another organization is not relevant in determining
3 whether an organization is permitted to invest in another
4 organization.

5 4. DEFINITIONS. For purposes of this section an "insured
6 bank" is a bank whose deposits are insured in part by the
7 federal deposit insurance corporation; a "bank service
8 corporation" is as defined by, and in accordance with, the
9 laws of the United States, and the "superintendent" is the
10 person appointed pursuant to section 524.201.

11 5. FINDINGS REQUIRED. The supervisor shall not grant
12 an approval under subsection 1, and the superintendent shall
13 not grant an approval under subsection 2 except after making
14 one of the two following findings:

15 a. Based upon a preponderance of the evidence presented,
16 the proposed investment will not have the immediate effect
17 of significantly reducing competition between depository
18 financial institutions located in the same community as the
19 institution whose shares would be acquired.

20 b. Based upon a preponderance of the evidence presented,
21 the proposed investment would have the anticompetitive effect
22 specified in paragraph a of this subsection, but that other
23 factors, to be specifically cited, outweigh the anticompetitive
24 effect so that there would be a net public benefit as a result
25 of the investment.

26 6. COMPETITION PRESERVED. The subsequent liquidation
27 of a bank or state association whose shares are required under
28 this section shall not prevent the subsequent incorporation
29 of another bank in the same community, and the superintendent
30 of banking shall not find the liquidation to be grounds for
31 disapproving the incorporation of another bank in the same
32 community under section 524.305; and shall not prevent the
33 subsequent incorporation of another association in the same
34 community, and the supervisor shall not find the liquidation
35 to be grounds for disapproving the incorporation of another

1 association in the same community under this chapter.

2 Sec. 28. Chapter 534, Code 1981, is amended by adding
3 the following new section:

4 NEW SECTION. ACTIONS TO AVOID LOSS. An association may
5 invest its funds, operate a business, manage or deal in prop-
6 erty, or take any other action, over a reasonable period of
7 time not exceeding one year, to avoid or reduce the loss on
8 a loan or investment made or an obligation created in good
9 faith, even though such action is not otherwise authorized
10 by this chapter.

11 Sec. 29. Chapter 534, Code 1981, is amended by adding
12 the following new sections:

13 NEW SECTION. ARTICLES OF INCORPORATION.

14 1. ORIGINAL ARTICLES. The original articles of incorpora-
15 tion of an association shall set forth:

16 a. The name of the association.

17 b. Whether the association is organized as a mutual as-
18 sociation or a stock association.

19 c. That the association will operate under this chapter.

20 d. The period of duration if for a limited period, but
21 in the absence of any statement in the articles an association
22 shall have perpetual duration.

23 e. The officer or officers authorized to sign instruments
24 pertaining to real estate.

25 f. Whether or not the association will have a corporate
26 seal, and whether such seal must be affixed to instruments
27 pertaining to real estate.

28 g. If a stock association, the information specified in
29 section 496A.49, subsections 4, 5, 6, and 7.

30 h. Any other provision not inconsistent with this chap-
31 ter.

32 i. The person to whom the certificate of incorporation
33 should be mailed by the secretary of state after filing.

34 j. The address of its registered office including street
35 and number, if any, the name of the county in which the

1 registered office is located, and the name of its registered
2 agent or agents at such address.

3 k. The name and address of each incorporator.

4 1. The name and address and initial term of office of
5 each member of the initial board of directors.

6 2. It shall not be necessary to set forth in the articles
7 of incorporation any of the corporate powers enumerated in
8 this chapter.

9 3. RESTATED ARTICLES. Restated articles of incorpora-
10 tion shall set forth the information specified in paragraphs
11 a, b, c, d, e, f, g, h, i, and j of subsection 1.

12 4. AMENDMENT PROCEDURE. The procedure for amending
13 articles of incorporation or adopting restated articles for
14 mutual associations is that specified in section 504A.35,
15 and for stock associations it is that specified in sections
16 496A.56 and 496A.57.

17 5. EFFECTIVE DATE. Original articles, amendments, and
18 restatements are effective on the date they are filed with
19 the secretary of state, or on such later effective date as
20 is stated therein. The secretary of state shall not accept
21 any of these documents for filing unless it has been approved
22 by the supervisor.

23 NEW SECTION. BYLAWS.

24 1. GENERAL PROVISIONS. The initial bylaws of an associa-
25 tion shall be adopted by its board of directors. The power
26 to alter, amend, or repeal the bylaws or adopt new bylaws
27 shall be vested in the board of directors unless otherwise
28 provided in the articles of incorporation. The bylaws may
29 contain any provisions for the regulation and management of
30 the affairs of the association not inconsistent with the law
31 or the articles. If the articles of a stock association so
32 provide, the bylaws may contain provisions restricting the
33 transfer of shares.

34 2. EFFECTIVE DATE. Amendments to bylaws or restatements
35 of bylaws are effective on the date they are adopted if they

1 have been preapproved by the supervisor or on the date they
2 are approved by the supervisor if they were not preapproved,
3 provided that the amendment or restatement is effective on
4 a later effective date if so provided therein.

5 NEW SECTION. MEETINGS OF STOCKHOLDERS. Sections 496A.27,
6 496A.28, 496A.29, 496A.30, 496A.31, 496A.32, and 496A.33 apply
7 to stock associations.

8 NEW SECTION. DIRECTORS. The business of the association
9 shall be directed by a board of directors of not less than
10 five nor more than twenty-five adult individuals elected by
11 ballot from among the members or stockholders by a plurality
12 of the votes of the members or stockholders present or voting
13 by proxy. If authorized by vote of the members or
14 stockholders, the directors may elect all directors. At all
15 times at least two-thirds of the directors must be bona fide
16 residents of this state.

17 NEW SECTION. INCORPORATING AN ASSOCIATION.

18 1. PLAN OF INCORPORATION. One or more persons may peti-
19 tion for approval of a plan of incorporation for an association
20 by forwarding to the supervisor the following:

- 21 a. The proposed original articles of incorporation.
- 22 b. The proposed original bylaws.
- 23 c. An application for approval of each proposed office.
- 24 d. Other information the supervisor requires.

25 2. PROCEDURES. If the supervisor approves the plan of
26 incorporation, the supervisor shall note the approval on the
27 original articles, and the original articles shall be filed
28 with the secretary of state.

29 3. CERTIFICATE OF OPERATION. A corporation shall not
30 operate as an association under this chapter until it has
31 received a certificate of operation from the supervisor.
32 The supervisor shall not issue a certificate of operation
33 to the association until approved articles and bylaws have
34 been adopted, the supervisor has received satisfactory proof
35 that the corporation will be an insured association before

1 receiving any money in savings accounts, and the interests
2 of the public and members have been adequately protected.

3 NEW SECTION. STOCK ASSOCIATION CAPITALIZATION.

4 1. IN GENERAL. Sections 496A.14, 496A.15, 496A.16,
5 496A.17, 496A.18, 496A.19, 496A.21, 496A.22, 496A.23, 496A.24,
6 and 496A.25 apply to stock associations.

7 2. PERMANENT CAPITAL. Except as provided in this chapter,
8 the total of the par values of all outstanding shares of
9 voting common capital stock shall be permanent capital of
10 the stock association and shall not be retired until final
11 liquidation of the stock association. A stock association
12 shall not reduce its outstanding voting common capital stock
13 without first obtaining the consent of the supervisor. Consent
14 shall be withheld if the reduction will cause the par value
15 of outstanding voting common capital stock to be less than
16 the minimum required by rules adopted by the supervisor.

17 3. CAPITAL STOCK AS SECURITY. A stock association shall
18 not make a loan secured by the pledge of its capital stock.

19 Sec. 30. Chapter 534, Code 1981, is amended by adding
20 the following new section:

21 NEW SECTION. CONVERSIONS.

22 1. TYPES AUTHORIZED. The following types of conversions
23 are authorized:

24 a. Mutual association to stock association.

25 b. Stock association to mutual association.

26 c. Mutual association or stock association to federal
27 mutual association or federal stock association.

28 d. Federal mutual association or federal stock association
29 to mutual association or stock association.

30 e. Stock association to a bank chartered under chapter
31 524.

32 2. INSURANCE. The organization must be either an insured
33 association, a federal association, or an insured bank after
34 any conversion.

35 3. PLAN OF CONVERSION. The board of directors shall

1 approve a plan of conversion by a majority vote of all
2 directors then serving. The plan shall include the following:
3 a. The proposed restated articles of incorporation.
4 b. The proposed restated bylaws.
5 c. The effect of the conversion on each type of member
6 or each class of stockholders.
7 d. Other information the supervisor requires.
8 e. If the conversion is to a bank, information required
9 by the superintendent of banking.

10 4. SUPERVISOR'S APPROVAL. The plan of conversion shall
11 be submitted to the supervisor for approval. The supervisor
12 shall reject the plan based on any of the following
13 determinations:

- 14 a. The plan is inconsistent with applicable statutes or
15 regulations.
- 16 b. The plan does not contain all required information.
- 17 c. The plan is inequitable to a class of members or
18 shareholders.

19 The supervisor shall notify the organization which submitted
20 the plan of the supervisor's decision, and the reasons for
21 rejection if the plan is rejected.

22 5. SUPERINTENDENT'S APPROVAL. The plan of conversion
23 shall be submitted to the superintendent of banking for
24 approval if the conversion is to a bank. The superintendent
25 shall reject the plan based on any of the following
26 determinations:

- 27 a. The plan is inconsistent with applicable statutes or
28 regulations.
- 29 b. The plan does not contain all required information.
- 30 c. The character and fitness of the members of the initial
31 board of directors is not such as to command the confidence
32 of the community and to warrant the belief that the
33 organization's business will be honestly and efficiently
34 conducted.
- 35 d. The capital structure of the organization is not

1 adequate in relation to its anticipated business.

2 e. The organization will have sufficient personnel with
3 adequate knowledge and experience to conduct its business
4 and administer any fiduciary accounts which it proposes to
5 handle.

6 f. The plan does not provide for the closing or sale of
7 all of the offices which must be discontinued in order for
8 the organization to have only those home and branch offices
9 which a bank is allowed to have under chapter 524.

10 The superintendent shall notify the organization which
11 submitted the plan of the superintendent's decision, and the
12 reasons for rejection if the plan is rejected. The
13 organization may amend and resubmit the plan in response to
14 a notification of rejection.

15 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of conversion
16 must be approved at an annual meeting of members or
17 stockholders, or at a special meeting called to consider the
18 plan, by a majority vote of the members represented in person
19 or by proxy if a mutual association or federal mutual
20 association, or a majority vote of each class of voting stock
21 represented in person or by proxy if a stock association or
22 federal stock association.

23 If the proposed conversion is the conversion of a mutual
24 association to a stock association, the board of directors
25 shall cause written notice of the date, time and purpose of
26 the meeting at which the members will be asked to vote on
27 the proposal to be mailed by first class mail, postage prepaid,
28 to each member of the association not less than thirty days
29 prior to the date of the meeting, and the board shall cause
30 a copy of this notice to be posted in a conspicuous location
31 in each of the association's offices from the date of mailing
32 until the date of the meeting. The notice to be mailed to
33 members and posted also shall give notice, in a form and
34 manner to be prescribed by rule of the supervisor, the rights
35 of a member to have access to and communicate with other

1 members as provided in section 534.5, subsection 2 and the
2 procedures that are to be followed under that provision.
3 The mailed notice may be included in an envelope containing
4 a periodic statement of account to the member. The supervisor
5 may require that the date for the meeting of members be
6 postponed to a date certain, not more than thirty days after
7 the date originally prescribed, if the supervisor determines
8 that such additional time is necessary to enable members who
9 have requested to communicate with other members under section
10 534.5, subsection 2, to properly exercise that right.

11 If the proposed conversion is the conversion of a stock
12 association to any other type of entity, the board of directors
13 shall cause written notice of the proposed conversion and
14 the earliest date when the proposed conversion might become
15 effective to be posted in a conspicuous location in each of
16 the association's offices commencing thirty days prior to
17 the date of the shareholder's meeting at which the proposal
18 will be voted upon and until thirty days after that date.

19 If the plan of conversion is approved, a copy of the minutes
20 of the meeting, certified and acknowledged by the secretary
21 or assistant secretary, shall be filed with the supervisor.

22 7. CONVERSION TO ASSOCIATION. If a state association
23 results from the plan of conversion, the supervisor shall
24 issue a certificate of incorporation when all of the following
25 have occurred:

26 a. The supervisor has received adequate assurance that
27 the association will be an insured association upon issuance
28 of the certificate of incorporation.

29 b. The supervisor has approved the plan of conversion.

30 c. The supervisor has received the certified minutes of
31 approval under subsection 6.

32 The proposed articles of incorporation and bylaws as
33 contained in the plan of conversion shall become effective
34 upon the issuance of the certificate of incorporation.

35 8. CONVERSION TO FEDERAL ASSOCIATION. If a federal

1 association results from the plan of conversion, the
2 association shall cease to be an association and shall no
3 longer be subject to the supervision and control of the
4 supervisor when all of the following have occurred:

5 a. The supervisor has received a copy of the charter
6 issued to a converting association by the federal home loan
7 bank board or a certificate showing the organization of such
8 association as a federal savings and loan association,
9 certified by the secretary or assistant secretary of the
10 federal home loan bank board.

11 b. The supervisor has approved the plan of conversion.

12 c. The supervisor has received the certified minutes of
13 approval under subsection 6.

14 9. CONVERSION TO A BANK. If a bank results from the plan
15 of conversion, the association shall cease to be an association
16 and shall no longer be subject to the supervision and control
17 of the supervisor when all of the following have occurred:

18 a. The supervisor has received from the superintendent
19 of banking a certificate showing that the organization is
20 chartered as a bank.

21 b. The supervisor has approved the plan of conversion.

22 c. The supervisor has received the certified minutes of
23 approval under subsection 6.

24 10. CERTIFICATION. The supervisor shall prepare a
25 certificate of conversion upon the occurrence of all of the
26 events stated in subsection 7, 8, or 9. This certificate
27 shall include the name of the corporation which adopted the
28 plan of conversion, the name of the corporation after the
29 conversion, and the effective date of conversion. The original
30 certificate shall be filed with the secretary of state. The
31 supervisor shall provide a certified copy of the certificate
32 to any person upon payment of a five dollar fee. A certified
33 copy of this certificate shall be sufficient proof of that
34 conversion for purposes of establishing the liability for
35 debts or the ownership of assets as provided in section 28,

1 subsections 2 and 3 of this Act.

2 11. COMPETITION PRESERVED. A conversion of an association
3 to a bank under this section shall not prevent the subsequent
4 incorporation of another bank in the same community, and the
5 superintendent of banking shall not find the existence of
6 the bank resulting from the conversion to be grounds for
7 disapproving the incorporation of another bank in the same
8 community under section 524.305, subsection 1, paragraph b
9 or c. A conversion of an association to a bank under this
10 section shall not prevent the subsequent incorporation of
11 another association in the same community, and the supervisor
12 shall not find the existence of the bank resulting from the
13 conversion to be grounds for disapproving the incorporation
14 of another association in the same community under this
15 chapter.

16 Sec. 31. Chapter 534, Code 1981, is amended by adding
17 the following new section:

18 NEW SECTION. EFFECTS OF CONVERSION.

19 1. CONTINUATION. The legal existence of an entity shall
20 not terminate as a result of a conversion under section 27
21 of this Act. The entity resulting from a conversion shall
22 be a continuation of the same corporate entity which adopted
23 the plan of conversion.

24 2. LIABILITIES. The corporation resulting from a
25 conversion is liable for all obligations incurred by the
26 corporation before, during or after the conversion.

27 3. ASSETS. All property of the corporation adopting a
28 plan of conversion, including its rights, titles, and interests
29 in and to all property of whatever kind, whether real, personal
30 or mixed, choses in action, and every other right and privilege
31 immediately vests in the corporation resulting from the
32 conversion, by act of law and without any other conveyance,
33 act or deed, except to the extent an interest in property
34 passes to another person under the explicit terms of the plan
35 of conversion.

1 4. PENDING ACTIONS. Pending actions in any court or
2 tribunal to which the corporation adopting a plan of conversion
3 is a party shall not be abated or discontinued by reason of
4 the conversion, but may be prosecuted in the same manner as
5 if the conversion had not been made.

6 Sec. 32. Chapter 534, Code 1981, is amended by adding
7 the following new section:

8 NEW SECTION. MERGER.

9 1. MERGER DEFINED. As used in this section, the terms
10 "merger" or "merge" means any plan by which the assets and
11 liabilities of an entity are combined with those of one or
12 more other entities, including transactions in which one of
13 the corporate entities survives and transactions in which
14 a new corporate entity is created.

15 2. TYPES AUTHORIZED. An association may merge only with
16 one or more other state associations, federal associations,
17 bank holding companies or banks.

18 3. PLAN OF MERGER. The board of directors of each merging
19 entity shall approve an identical plan of merger by a majority
20 vote of all directors then serving. The plan shall include
21 the following:

- 22 a. The proposed name of the surviving organization.
- 23 b. The proposed articles of incorporation of the surviving
24 organization.
- 25 c. The proposed bylaws of the surviving organization.
- 26 d. The effect of the merger on each type of member or
27 each class of stockholders.
- 28 e. Other information required by the supervisor.

29 4. SUPERVISOR'S APPROVAL. The plan of merger shall be
30 submitted to the supervisor for approval. The supervisor
31 shall reject the plan based on any of the following
32 determinations:

- 33 a. The plan is inconsistent with applicable statutes or
34 regulations.
- 35 b. The plan does not contain all required information.

1 c. The plan is inequitable to a class of members or
2 stockholders.

3 The supervisor shall notify the organizations which submitted
4 the plan of the supervisor's decision, and the reasons for
5 rejection if the plan is rejected.

6 5. SUPERINTENDENT'S APPROVAL. The plan of merger shall
7 be submitted to the superintendent of banking for approval
8 if the proposed merger is with or into a bank or bank holding
9 company. The superintendent shall reject the plan based on
10 any of the following determinations:

11 a. The plan is inconsistent with applicable statutes or
12 regulations.

13 b. The plan does not contain all required information.

14 c. The capital structure of the resulting organization
15 will not be adequate in relation to its anticipated business.

16 d. The plan does not provide for the closing or sale of
17 all of the offices which must be discontinued in order for
18 the resulting organization to have only those office locations
19 which a resulting bank would be authorized under chapter 524
20 to apply for and have approved on the effective date of the
21 merger if it had no bank office locations in operation on
22 that date.

23 The superintendent shall notify the organization which sub-
24 mitted the plan of the superintendent's decision, and the
25 reasons for rejection if the plan is rejected. The
26 organization may amend and resubmit the plan in response to
27 a notification of rejection.

28 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of merger
29 must be approved at an annual meeting of members or
30 stockholders, or at a special meeting called to consider the
31 plan, by a majority vote of the members represented in person
32 or by proxy of each of the mutual associations or federal
33 mutual associations included in the plan, or a majority vote
34 of each class of voting stock represented in person or by
35 proxy of each of the stock associations, federal stock

1 associations, bank holding companies or banks included in
2 the plan. If so approved, a copy of the minutes of the
3 meeting, certified and acknowledged by the secretary or
4 assistant secretary, shall be filed with the supervisor.

5 7. RECEIVERSHIP. If a receiver has been appointed for
6 any association included in the plan of merger, the receiver
7 shall act in place of the board of directors and the members
8 or stockholders, and the plan must also be approved by the
9 court by which the receiver was appointed.

10 8. CERTIFICATION. The supervisor shall prepare a
11 certificate of merger upon the occurrence of all of the events
12 stated in subsections 3, 4, 5, 6, and 7. This certificate
13 shall include the name of the surviving association, federal
14 association or bank and the effective date of the merger.
15 The original certificate shall be filed with the secretary
16 of state. The supervisor shall provide a certified copy of
17 the certificate to any person upon payment of a five dollar
18 fee. A certified copy of this certificate shall be sufficient
19 proof of the merger for purposes of establishing the liability
20 for debts or the ownership of assets as provided in section
21 30, subsections 1 and 2 of this Act. An association involved
22 in a merger may transfer assets or receive assets under the
23 plan of merger only after the certificate of merger has been
24 issued by the supervisor.

25 9. COMPETITION PRESERVED. A merger under this section
26 shall not prevent the subsequent incorporation of another
27 bank in the community in which the merged association is
28 located, and the superintendent of banking shall not find
29 the merger to be grounds for disapproving the incorporation
30 of another bank in the same community under section 524.305,
31 subsection 1, paragraph b or c. A merger under this section
32 shall not prevent the subsequent incorporation of another
33 association in the community in which the merged association
34 is located, and the supervisor shall not find the merger to
35 be grounds for disapproving the incorporation of another

1 association in the same community under this chapter.

2 Sec. 33. Chapter 534, Code 1981, is amended by adding
3 the following new section:

4 NEW SECTION. EFFECTS OF MERGER.

5 1. LIABILITIES. The association, federal association
6 or bank resulting from a merger is liable for all obligations
7 incurred by each of the associations, federal associations,
8 bank holding companies or banks included in the merger before,
9 during, or after the merger.

10 2. ASSETS. All property of each association, federal
11 association, bank holding company or bank adopting a plan
12 of merger, including its rights, titles, and interests in
13 and to all property of whatever kind, whether real, personal,
14 or mixed, choses in action, and every other right and privilege
15 immediately vests in the association, federal association,
16 bank holding companies or bank resulting from the merger by
17 act of law and without any other conveyance, act or deed,
18 except to the extent an interest in property passed to another
19 person under the explicit terms of the plan of merger.

20 3. PENDING ACTIONS. Pending actions in any court or
21 tribunal to which any association, federal association, bank
22 holding company or bank adopting a plan of merger is a party
23 shall not be abated or discontinued by reason of the merger,
24 but may be prosecuted in the same manner as if the merger
25 had not been made.

26 Sec. 34. Chapter 534, Code 1981, is amended by adding
27 the following new section:

28 NEW SECTION. BULK TRANSFERS.

29 1. DEFINED. A "bulk transfer" is any transfer in bulk
30 and not in the ordinary course of the transferor's business
31 of a major part in value of the loans, savings accounts, or
32 real estate of an association or of one office of an
33 association, or any combination of such loans, savings accounts
34 and real estate.

35 2. APPROVAL. An association may be the transferor under

1 a bulk transfer upon the prior written consent of the
2 supervisor and upon the majority vote of members represented
3 in person or by proxy if a mutual association, or a majority
4 vote of each class of voting stock represented in person or
5 by proxy if a stock association. An association may be the
6 transferee under a bulk transfer upon the approval of its
7 board of directors.

8 3. TRANSFERS TO BANKS. A bulk transfer by an association
9 to a bank is void unless written consent to the transfer is
10 obtained from the superintendent prior to the transfer.

11 Sec. 35. Chapter 534, Code 1981, is amended by adding
12 the following new section:

13 NEW SECTION. LIMITATIONS. Nothing contained in this
14 chapter shall be construed to authorize an association to
15 merge with or be acquired wholly or in part by a foreign
16 institution unless all applicable laws and regulations of
17 the United States would specifically authorize a merger with
18 or acquisition by a foreign institution. For purposes of
19 this subsection the term "foreign institution" means a fed-
20 eral association whose home office is located in another
21 state, a bank whose home office is located in another state,
22 or a bank holding company which is with respect to the state
23 of Iowa an "out-of-state bank holding company" as defined
24 or referred to in 12 U.S.C. 1842(d), and for purposes of this
25 subsection the words "acquire" or "acquisition" mean to
26 directly or indirectly acquire ownership or control of more
27 than twenty-five percent of the voting shares of any
28 association or the power to control in any manner the election
29 of a majority of the directors of any association.

30 Sec. 36. Chapter 536A, Code 1981, is amended by adding
31 the following new section:

32 NEW SECTION. REAL ESTATE LOANS. A licensed industrial
33 loan company may make permanent loans, construction loans,
34 or combined construction and permanent loans, secured by liens
35 on real property, as authorized by rules adopted by the auditor

1 under chapter 17A. These rules shall contain provisions as
2 necessary to insure the safety and soundness of these loans,
3 and to insure full and fair disclosure to borrowers of the
4 effects of provisions in agreements for these loans, including
5 provisions permitting change or adjustment of any terms of
6 a loan, provisions permitting, requiring, or prohibiting
7 repayment of a loan on a basis other than of equal periodic
8 installments of interest plus principal over a fixed term,
9 provisions imposing penalties for the borrower's noncompliance
10 with requirements of a loan agreement, or provisions allowing
11 or requiring a borrower to choose from alternative courses
12 of action at any time during the effectiveness of a loan
13 agreement.

14 A licensed industrial loan company may include in the loan
15 documents signed by the borrower a provision requiring the
16 borrower to pay the company each month in addition to interest
17 and principal under the note an amount equal to one-twelfth
18 of the estimated annual real estate taxes, special assessments,
19 hazard insurance premium, mortgage insurance premium, or any
20 other payment agreed to by the borrower and the company in
21 order to better secure the loan. The company shall be deemed
22 to be acting in a fiduciary capacity with respect to these
23 funds, and, with respect to an escrow agreement entered into
24 on or after the effective date of this Act, shall pay interest
25 to the borrower on these funds, calculated on a daily basis,
26 at the lowest rate the company pays to holders of thrift
27 certificates issued by the company. If the company does not
28 issue thrift certificates as defined in section 536B.2, the
29 company shall pay an interest rate which represents the average
30 of the lowest rates paid on thrift certificates by companies
31 required to be members of the industrial loan thrift guaranty
32 corporation under chapter 536B. This rate shall be determined
33 by the auditor of state as of December 31 and June 30 of each
34 year, and the auditor of state shall cause the rate to be
35 published in the Iowa administrative bulletin within twenty

1 days following the date of determination. The rate so
2 determined shall apply from the date of publication of the
3 rate and until a different rate is published. A company which
4 maintains such an escrow account, whether or not the mortgage
5 has been assigned to a third person, shall each year deliver
6 to the mortgagor a written annual accounting of all
7 transactions made with respect to the loan and escrow account.

8 Sec. 37. Section 536A.16, Code 1981, is amended to read
9 as follows:

10 536A.16 CEASE AND DESIST ORDERS. Whenever the auditor
11 has reasonable cause to believe that any licensee is violating
12 any provision of this chapter, chapter 536B, or rules adopted
13 under either chapter, he the auditor may, after ten days'
14 advance written notice, in addition to all actions provided
15 for in this chapter, and without prejudice thereto, enter
16 an order requiring such the licensee to cease, desist and
17 refrain from such the violation. After receipt of the advance
18 written notice as provided above, any licensee, within five
19 days from the receipt of such notice may file with the auditor
20 a written demand for a hearing. Such-hearings Hearings shall
21 promptly be held in the office of the auditor and no a cease
22 and desist order shall not be issued until after the hearing
23 during-which-the. The licensee shall be entitled to present
24 evidence and the testimony of witnesses at the hearing.

25 Sec. 38. Section 536A.17, Code 1981, is amended to read
26 as follows:

27 536A.17 INJUNCTIONS. The auditor by counsel of the
28 attorney general may commence an action in ~~any-court-of~~
29 ~~competent-jurisdiction~~ the district court, in the name of
30 the state of Iowa as plaintiff on the relation of ~~such the~~
31 auditor to restrain and enjoin any licensee from violating
32 ~~the-provisions-of~~ this chapter, chapter 536B, or rules adopted
33 under either chapter, or to restrain and enjoin any person,
34 copartnership, firm or corporation from engaging in the
35 business of operating an industrial loan company without

1 obtaining a license as required by this chapter.

2 Sec. 39. Section 536A.22, Code 1981, is amended to read
3 as follows:

4 536A.22 THRIFT CERTIFICATES. Licensed industrial loan
5 companies may sell senior debt to the general public in the
6 form of thrift certificates, installment thrift certificates,
7 certificates of indebtedness, promissory notes or similar
8 evidences of indebtedness. The total amount of such thrift
9 certificates, installment thrift certificates, certificates
10 of indebtedness, promissory notes or similar evidences of
11 indebtedness outstanding and in the hands of the general
12 public shall not at any time exceed ten times the total amount
13 of capital, surplus, undivided profits and subordinated debt
14 that gives priority to such securities of the issuing
15 industrial loan company. The Except as provided in chapter
16 536B, the sale of such securities shall be subject to the
17 provisions of chapter 502, and shall not be construed to be
18 exempt therefrom by reason of the provisions of section
19 502.202, subsection 10, except that the sale of thrift
20 certificates or installment thrift certificates which are
21 redeemable by the holder thereof either upon demand or within
22 a period not in excess of one hundred eighty days shall be
23 exempt from sections 502.201 and 502.602.

24 Sec. 40. Section 536B.2, subsection 5, Code 1981, is
25 amended to read as follows:

26 5. "Thrift certificates" issued by a member means senior
27 indebtedness issued to and in the hands of the general public,
28 and includes thrift certificates, installment thrift
29 certificates, certificates of indebtedness, promissory notes,
30 or similar evidences of indebtedness.

31 Sec. 41. Section 537.2310, subsection 2, paragraph d,
32 Code 1981, is amended to read as follows:

33 d. Sales of property or items by the licensee which are
34 not for the profit of the licensee and which are sold for
35 a price not exceeding fifteen fifty dollars.

1 Sec. 42. NEW SECTION. SERVICE CHARGES.

2 1. As used in this section, "payor financial institution"
3 means a bank, savings and loan association or credit union
4 that is authorized by law to offer and offers to a customer
5 or member the privilege of withdrawing funds held in an account
6 to the credit of that customer or member by means of a draft;
7 and "draft" includes a check, negotiable or nonnegotiable
8 order of withdrawal, share draft, or similar instrument.

9 2. If a payor financial institution dishonors a draft
10 drawn against the institution because of insufficient funds
11 in the account against which the draft is drawn, the
12 institution may collect from the account holder a service
13 charge of which the account holder had prior notice and which
14 does not exceed the greater of the amount prescribed as the
15 current minimum hourly wage by the Fair Labor Standards Act
16 of 1938, 29 U.S.C. sec. 206(a)(1), or one percent of the
17 amount of the draft.

18 3. Notwithstanding the limitations otherwise specified
19 in subsection 2, if a payor financial institution establishes
20 to the satisfaction of the agency of this state by which the
21 institution is regulated that the actual costs incurred by
22 that institution in processing dishonored drafts cannot be
23 recovered by the service charge authorized by subsection 2,
24 the regulatory agency may authorize such greater charge for
25 that institution as may be necessary to allow the recovery
26 of the actual costs established for that institution.

27 4. A payor financial institution that collects in
28 connection with the dishonor of a draft any charge in an
29 amount or in a manner other than permitted by this section
30 shall be liable to the account holder for the excess amount
31 collected, plus a penalty of one hundred dollars, plus attorney
32 fees incurred in collecting these damages.

33 Sec. 43. Notwithstanding contrary provisions of this Act,
34 a bank, savings and loan association, credit union or
35 industrial loan company organized or licensed under the laws

1 of this state may until July 1, 1983, make real estate loans
2 pursuant to applicable provisions of the Code as it existed
3 prior to the effective date of this Act and pursuant to any
4 applicable rules that are adopted under section 2, 5, 19,
5 or 33 of this Act after the effective date of this Act.
6 Commencing July 1, 1983, the institution shall make real
7 estate loans only in accordance with applicable rules adopted
8 under section 2, 5, 19, or 33 of this Act.

9 Sec. 44.

10 1. Sections 534.3, 534.4, 534.22, 534.24, 534.25, 534.26,
11 534.27, 534.28, 534.29, 534.30, 534.36, 534.37, 534.38, 534.39,
12 534.40, 534.67, 534.71, 534.72, and 534.73, Code 1981, are
13 repealed. Section 534.21, Code 1981, as amended by Acts of
14 the Sixty-ninth General Assembly, 1981 Session, chapter 175,
15 sections 6 and 7, is repealed.

16 2. Chapter 535B, Code 1981, is repealed.

17 3. Section 534.19, subsections 2, 3, 4, 5, 11, 16, 17,
18 and 19, Code 1981, are amended by striking those subsections.
19 Section 534.19, subsection 6, Code 1981, as amended by Acts
20 of the Sixty-ninth General Assembly, 1981 Session, chapter
21 175, section 3, is amended by striking the section.

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H-5392

1 Amend Senate File 2300 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, by striking lines 1 through 11 and
4 inserting in lieu thereof the following:

5 "Section 1. Section 524.706, subsection 1,
6 paragraph a, Code 1981, is amended to read as follows:

7 a. An executive officer of a state bank may receive
8 loans or extensions of credit from a state bank of
9 which ~~he~~ the person is an executive officer, resulting
10 in obligations as defined in section 524.904,
11 subsection 1, not exceeding, in the aggregate:

12 ~~(1) Such amount as the bank is permitted to lend~~
13 ~~pursuant to section 524.905, subsection 2, if at~~
14 ~~the time such obligation is incurred, it is~~ An amount
15 secured by a first lien on a dwelling which is
16 expected, after the obligation is incurred, to be
17 owned by the executive officer and used by him as
18 his the officer's residence, provided that at the
19 time after the loan is made there is no other loan
20 by the bank to the executive officer, under authority
21 of this subparagraph, outstanding, and.

22 (2) An amount not exceeding an aggregate of twenty
23 thousand dollars outstanding at any one time, to
24 finance the education of a child or children of the
25 executive officer, and.

26 (3) Any other loans or extensions of credit which
27 in the aggregate do not at any one time exceed ten
28 thousand dollars.

29 (4) Other amounts which do not, in the aggregate,
30 exceed the principal amounts of time certificates
31 of deposit in the bank which are held in the name
32 of the executive officer, if repayment of the loan
33 or credit amounts is at all times secured by pledge
34 of the certificates. An interest in or portion of
35 a time certificate of deposit does not satisfy the
36 requirements of this subparagraph if that interest
37 or portion is also pledged to secure the payment of
38 a debt or obligation of any person other than the
39 executive officer."

40 2. Page 2, by striking lines 6 through 9 and
41 inserting in lieu thereof the following: "a fiduciary
42 capacity with respect to these funds. A bank receiving
43 funds in escrow pursuant to an escrow agreement
44 executed on or after the effective date of this Act
45 in connection with a loan as defined in section 535.8,
46 subsection 1, shall pay interest to the borrower on
47 those funds, calculated on a daily basis, at the rate
48 the".

49 3. Page 2, line 11, by striking the words "such
50 an escrow account" and inserting in lieu thereof the

1 words "an escrow account in connection with any loan
2 authorized by this section".

3 4. By striking page 2, line 16 through page 3,
4 line 17 and inserting in lieu thereof the following:

5 "Sec. 3. Section 524.1802, Code 1981, is amended
6 by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. No bank holding company
8 shall directly or indirectly acquire ownership or
9 control of more than twenty-five percent of the voting
10 shares of any savings and loan association, or the
11 power to control in any manner the election of a
12 majority of the directors of any savings and loan
13 association, if upon such acquisition the associations
14 so owned or controlled by the bank holding company
15 would have, in the aggregate, more than eight percent
16 of the total deposits, both time and demand, of all
17 associations in this state, as determined by the
18 superintendent on the basis of the most recent reports
19 of the associations in the state to their supervisory
20 authorities which are available at the time of the
21 acquisition."

22 5. Page 4, by striking lines 18 through 20 and
23 inserting in lieu thereof the following: "to these
24 funds. A credit union receiving funds in escrow
25 pursuant to an escrow agreement executed on or after
26 the effective date of this Act in connection with
27 a loan as defined in section 535.8, subsection 1,
28 shall pay interest to the borrower on those funds,
29 calculated on".

30 6. Page 4, line 23, by striking the words "such
31 an escrow account" and inserting in lieu thereof the
32 words "an escrow account in connection with any loan
33 authorized by this subsection".

34 7. Page 15, line 7, by striking the word "Voting"
35 and inserting in lieu thereof the word "VOTING".

36 8. Page 15, by striking lines 15 and 16 and
37 inserting in lieu thereof the words "shall, unless
38 otherwise specified in the proxy, continue in force
39 for eleven months from the date thereof, provided
40 that upon receipt of a written request for a new proxy
41 solicitation that is signed by at least two percent
42 of the members of the association, all proxies executed
43 prior to the date of receipt of the written request
44 shall be void upon the expiration of sixty days
45 following the date of receipt of the written request.
46 No proxies".

47 9. Page 19, by striking line 28 and inserting
48 in lieu thereof the words and figure "(10) in capital
49 stock,".

50 10. Page 19, by striking line 31 and inserting

1 in lieu thereof the following: "shall not exceed
2 five percent of the assets of the association at any
3 time prior to July 1, 1983, or six percent of assets
4 on or after July 1, 1983 and prior to July 1, 1984,
5 or seven percent of assets on or after July 1, 1984,
6 and prior to July 1, 1985, or eight percent of assets
7 on or after July 1, 1985 and prior to July 1, 1986,
8 or nine percent of assets on or after July 1, 1986
9 and prior to July 1, 1987, or ten percent of assets
10 at any time on or after July 1, 1987;".

11 11. Page 21, by inserting after line 25 the fol-
12 lowing:

13 "4. In addition to other conditions or
14 restrictions, an association that operates one or
15 more branch offices shall not make a commercial loan
16 or accept a commercial NOW account unless all of those
17 office locations are at places which a bank would
18 be authorized under section 524.1202 to apply for
19 and have approved as bank offices, provided that this
20 subsection does not require an association to close
21 any branch office that is in existence and operating
22 on the effective date of this Act as a condition of
23 making commercial loans or accepting commercial NOW
24 accounts and further provided that this subsection
25 does not prohibit an association from relocating a
26 branch office that is in existence and operating on
27 the effective date of this Act at a new location in
28 the same county as a condition of making commercial
29 loans or accepting commercial NOW accounts."

30 12. Page 27, by striking lines 13 through 16 and
31 inserting in lieu thereof the following: "a fiduciary
32 capacity with respect to these funds. An association
33 receiving funds pursuant to an escrow agreement
34 executed on or after the effective date of this Act
35 in connection with a loan as defined in section 535.8,
36 subsection 1, shall pay interest to the borrower on
37 those funds, calculated on a daily basis, at the rate
38 the".

39 13. Page 27, lines 18 and 19, by striking the
40 words "such an escrow account" and inserting in lieu
41 thereof the words "an escrow account in connection
42 with any real estate loan".

43 14. Page 28, by inserting after line 22 the follow-
44 ing:

45 "The superintendent shall not approve an invest-
46 ment under this subsection if upon making the invest-
47 ment the entity making the investment directly or
48 indirectly would own or control more than twenty-five
49 percent of the voting shares of a savings and loan
50 association or would have the power to control in

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Page Four

1 any manner the election of a majority of the directors
2 of a savings and loan association, unless the super-
3 intendent first determines either that the associa-
4 tion in which the investment is to be made has only
5 those office locations which a bank would be authorized
6 under section 524.1202 to apply for and have approved
7 on the effective date of the proposed investment,
8 or that all nonconforming office locations were in
9 existence and operating on the effective date of this
10 Act. If such an investment is approved by the
11 superintendent, the association so owned or controlled
12 shall not subsequently establish any additional office
13 locations except one which a bank would be authorized
14 under section 524.1202 to apply for and have approved
15 on the date which the proposed office location would
16 commence operations."

17 15. Page 29, by inserting after line 4 the fol-
18 lowing:

19 "4. No bank shall directly or indirectly acquire
20 ownership or control of more than twenty-five percent
21 of the voting shares of any savings and loan
22 association, or the power to control in any manner
23 the election of a majority of the directors of any
24 savings and loan association, if upon such acquisition
25 the associations so owned or controlled by the bank
26 would have, in the aggregate, more than eight percent
27 of the total deposits, both time and demand, of all
28 associations in this state, as determined by the
29 superintendent on the basis of the most recent reports
30 of the associations in the state to their supervisory
31 authorities which are available at the time of the
32 acquisition."

33 16. Page 33, by inserting after line 2 the
34 following:

35 "NEW SECTION. TEMPORARY MORATORIUM. An association
36 shall not be incorporated under this chapter as a
37 stock association prior to the expiration of three
38 years after the effective date of this Act, except
39 that a state or federal mutual association may be
40 converted to a state stock association under section
41 30 of this Act at any time on or after the effective
42 date of this Act."

43 17. Page 37, line 35, by striking the figure "28"
44 and inserting in lieu thereof the figure "31".

45 18. Page 41, line 21, by striking the figure "30"
46 and inserting in lieu thereof the figure "33".

47 19. Page 44, by striking lines 23 through 25 and
48 inserting in lieu thereof the following: "funds.

49 A company receiving funds in escrow pursuant to an
50 escrow agreement executed on or after the effective

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Page Five

1 date of this Act in connection with a loan as defined
2 in section 535.8, subsection 1, shall pay interest
3 to the borrower on those funds, calculated on a daily
4 basis."

5 20. Page 45, line 4, by striking the words "such
6 an escrow account" and inserting in lieu thereof the
7 words "an escrow account in connection with a loan
8 authorized by this section".

9 21. Page 47, by striking lines 1 through 32.

10 22. Page 47, by inserting after line 32 the fol-
11 lowing:

12 "Sec. ____ . Section 537.1301, subsection 14,
13 paragraph b, subparagraph (2), Code 1981, as amended
14 by Acts of the Sixty-ninth General Assembly, 1981
15 Session, chapter 177, section 3, is amended to read
16 as follows:

17 (2) A debt which is ~~incurred primarily for the~~
18 ~~purpose of acquiring real property or refinancing~~
19 ~~a contract for deed to real property and which is~~
20 secured by a first lien on that real property and
21 which is incurred primarily for the purpose of
22 acquiring that real property, or refinancing a contract
23 for deed to that real property, or constructing on
24 that real property a building containing one or more
dwelling units.

26 23. Page 48, lines 4 and 5, by striking the word
27 and figures "19, or 33" and inserting in lieu thereof
28 the word and figures "22, or 36".

29 24. Page 48, line 8, by striking the word and
30 figures "19, or 33" and inserting in lieu thereof
31 the word and figures "22, or 36".

32 25. By renumbering as necessary.

H-5892 FILED BY COMMITTEE ON COMMERCE
APRIL 19, 1982 SCHROEDER, Chair

A. Adopted as amended by 5907 4/20 (p 1577)
B. Adopted (p 1573)
C. Adopted? (p 1576)
D. Adopted (p 1577)

SENATE FILE 2300

H-5901

1 Amend the Committee amendment, H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:
4 1. Page 3, by striking lines 21 through 29 and
5 inserting in lieu thereof the words "any office if
6 the total number of the association's offices does
7 not exceed the number of offices in existence and
8 operating on the effective date of this Act plus the
9 number of offices in existence and operating on the
10 effective date of this Act of any other state
11 association or federal association with which the
12 association merges on or after the effective date
13 of this Act. This subsection does not apply to an
14 association that makes only those commercial loans
15 and that accepts only those commercial NOW accounts
16 which the association could make or accept if it were
17 a federal association."

BY SCHROEDER of Pottawattamie

CHIODO of Polk
BAXTER of Des Moines
JOHNSON of Linn
HALVORSON of Clayton

BRUNER of Story
JOCHUM of Dubuque
HUMMEL of Benton

H-5901 FILED
APRIL 20, 1982
WITHDRAWN (p. 1567)

SENATE FILE 2300

H-5900

1 Amend the Committee amendment, H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:
4 1. Page 5, by striking line 9 and inserting in
5 lieu thereof the following:
6 "____. Page 47, by striking lines 14 through 17
7 and inserting in lieu thereof the words "does not
8 exceed the greater of four dollars or one percent
9 of the amount of the draft."

BY STURGEON of Woodbury
RAPP of Black Hawk

H-5900 FILED APRIL 20, 1982
LOST (p. 1574)

SENATE FILE 2300

H-5895

1 Amend Senate File 2300 as amended, passed, and
2 reprinted by the Senate as follows:

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

5 "Sec. ____ . Section 453.1, Code 1981, as amended
6 by Acts of the Sixty-ninth General Assembly, 1981
7 Session, chapter 148, section 1, is amended to read
8 as follows:

9 453.1 DEPOSITS IN GENERAL. All funds held in
10 the hands of the following officers or institutions
11 shall be deposited in banks first approved by the
12 appropriate governing body as indicated: For the
13 treasurer of state, by the executive council; for
14 the county treasurer, recorder, auditor, sheriff,
15 clerk of the district court, and judicial magistrate,
16 by the board of supervisors; for the city treasurer,
17 by the city council; for the county public hospital
18 or merged area hospital, by the board of hospital
19 trustees; for a memorial hospital, by the memorial
20 hospital commission; for a school corporation, by
21 the board of school directors; and for an electric
22 power agency as defined in Acts of the Sixty-ninth
23 General Assembly, 1981 Session, chapter 31, section
24 7, by the governing body of the electric power agency.
25 However, the treasurer of state and the treasurer
26 of each political subdivision shall invest all funds
27 not needed for current operating expenses in time
28 certificates of deposit in banks listed as approved
29 depositories pursuant to this chapter or in investments
30 permitted by section 452.10. The list of public
31 depositories and the amounts severally deposited in
32 the depositories shall be a matter of public record.
33 The term "bank" means a bank or a private bank, as
34 defined in section 524.103.

35 Sec. ____ . Section 454.2, Code 1981, is amended
36 to read as follows:

37 454.2 PURPOSE OF FUND. The purpose of said the
38 fund shall-be is to secure the payment of their
39 deposits to state, county, township, municipal, and
40 school corporations, and electric power agencies as
41 defined in Acts of the Sixty-ninth General Assembly,
42 1981 Session, chapter 31, section 7, having public
43 funds deposited in demand or time deposits in any
44 bank in this state, when such those deposits have
45 been made by authority of and in conformity with the
46 direction of the local governing council or board
47 which is by law charged with the duty of selecting
48 depository banks for said the funds."

49 2. By renumbering sections and correcting internal
50 references.

H-5895 FILED
APRIL 19, 1982
H/D 4/20 (p. 1577)

BY RITSEMA of Sioux
DE GROOT of Lyon

SENATE FILE 2300

H-5903

1 Amend the Committee amendment, H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:

4 1. Page 1, by striking lines 43 through 46 and
5 inserting in lieu thereof the words "funds in escrow
6 on or after the effective date of this Act,
7 irrespective of the date of the escrow agreement,
8 shall pay interest to the borrower on".

9 2. Page 2, by striking lines 25 through 27 and
10 inserting in lieu thereof the words "on or after the
11 effective date of this Act, irrespective of the date
12 of the escrow agreement,".

13 3. Page 3, by striking lines 33 through 36 and
14 inserting in lieu thereof the words "receiving funds
15 in escrow on or after the effective date of this Act,
16 irrespective of the date of the escrow agreement,
17 shall pay interest to the borrower on".

18 4. By striking page 4, line 49 through page 5,
19 line 2, and inserting in lieu thereof the words "A
20 company receiving funds in escrow on or after the
21 effective date of this Act, irrespective of the date
22 of the escrow agreement, shall pay interest".

BY STURGEON of Woodbury
O'KANE of Woodbury
RAPP of Black Hawk
ARNOULD of Scott

H-5903 FILED
APRIL 20, 1982
WITHDRAWN (j 1576)

SENATE FILE 2300

H-5899

1 Amend the Committee amendment H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:

4 1. Page 2, by striking lines 3 through 21 and
5 inserting in lieu thereof the following:

6 "4. By striking page 2, line 16 through page 3,
7 line 17."

8 2. Page 5, by inserting after line 31 the
9 following:

10 " . Page 48, line 10, by inserting after the
11 word "Sections" the number "524.1802, "."

H-5899 FILED APRIL 20, 1982
LOST (j 1568)

BY SCHNEKLOTH of Scott

SENATE FILE 2300

H-5907

1 Amend the Committee amendment, H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:
4 1. Page 3, by striking lines 21 through 29 and
5 inserting in lieu thereof the words "any office if
6 the total number of the association's offices does
7 not exceed the number of offices in existence and
8 operating on the effective date of this Act plus the
9 number of offices in existence and operating on the
10 effective date of this Act of any other state
11 association or federal association with which the
12 association merges on or after the effective date
13 of this Act. This subsection does not apply to an
14 association that makes only those commercial loans
15 and that accepts only those commercial NOW accounts
16 which the association could make or accept if it were
17 a federal association, subject to any provisions,
18 conditions or limitations relating to or imposed upon
19 federal associations in connection with the activity."

BY SCHROEDER of Pottawattamie

JOHNSON of Linn

CHIODO of Polk

H-5907 FILED

BRUNER of Story

HALVORSON of Clayton

APRIL 20, 1982

HUMMEL of Benton

JOCHUM of Dubuque

ADOPTED (p. 1561)

SENATE FILE 2300

H-5898

1 Amend Senate File 2300 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 1, by inserting before line 1, the
4 following:
5 "Sec. ____ Chapter 323, Code 1981, is amended
6 by adding the following new section:
7 NEW SECTION. INTEREST ON SECURITY DEPOSIT. If
8 a dealer franchise requires the dealer to deposit
9 money with the franchiser or distributor as security
10 for the performance of obligations of the dealer under
11 the franchise, the franchiser or distributor shall
12 pay interest to the dealer on the amount subsequently
13 returned to the dealer for the period of time during
14 which the franchiser or distributor had custody of
15 the money at the rate specified in section 535.3 for
16 judgments other than those based upon a written
17 contract, as that section exists as of the date of
18 execution of the franchise."
19 2. By renumbering sections and correcting internal
20 references as necessary.

H-5898 FILED APRIL 20, 1982
NOT GERMANE (p. 1578)

BY ANDERSON of Jasper
CHIODO of Polk

SENATE FILE 2300

H-5908

1 Amend the Committee amendment H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate, as follows:

4 1. Page 2, by striking lines 3 through 21 and
5 inserting in lieu thereof the following:

6 "____. Page 2, line 29, by inserting after the
7 word "acquisition" the words "provided that the
8 increase of from eight percent of total deposits to
9 nine percent of total deposits authorized by this
10 section does not apply with respect to any bank holding
11 company except on the condition that the bank holding
12 company undertakes in writing to comply with the
13 requirements of this section and subsequently files
14 with the superintendent of banking within sixty days
15 after the end of each accounting year of the bank
16 holding company a report disclosing the aggregate
17 amount of all outstanding loans as of the last day
18 of that accounting year of all banks owned or
19 controlled by the bank holding company, including
20 banks located outside of this state, and the portion
21 of that aggregate amount that constitutes loans to
22 individuals who were Iowa residents at the time the
23 loans were made and loans to other borrowers whose
24 sole or principal place of business or other activity
25 were in Iowa at the time the loans were made".

26 _____. Page 3, by striking lines 6 through 17 and
27 inserting in lieu thereof the words "the acquisition."

H-5908 FILED APRIL 20, 1982

A-LOST (p. 1573)

B-WITHDRAWN (p. 1573)

BY RAPP of Black Hawk

SENATE FILE 2300

H-5905

1 Amend Senate File 2300 as amended, passed and
2 reprinted by the Senate, as follows:

3 1. Page 5, line 32, by striking the word
4 "transients" and inserting in lieu thereof the words
5 "people who are transient".

H-5905 FILED APRIL 20, 1982

WITHDRAWN (p. 1578)

BY DODERER of Johnson

H-5902

1 Amend the Committee amendment, H-5892 to Senate
 2 File 2300 as amended, passed and reprinted by the
 3 Senate, as follows:
 4 1. Page 2, by striking lines 3 through 21.
 5 2. Page 4, line 26, by striking the word "eight"
 6 and inserting in lieu thereof the word "nine".

BY CARPENTER of Polk

H-5902
 FILED APRIL
 21, 1982
 LOST (f 1511)

CRABB of Crawford
 PELLETT of Cass
 HORN Of Linn

SCHNEKLOTH of Scott
 O'KANE of Woodbury
 SHULL of Warren

SENATE FILE 2300

H-5904

1 Amend the Committee amendment H-5892 to Senate
 2 File 2300 as amended, passed and reprinted by the
 3 Senate, as follows:
 4 1. Page 5, by striking line 9 and inserting in
 5 lieu thereof the following:
 6 "____. Page 47, by striking lines 9 through 32
 7 and inserting in lieu thereof the following:
 8 "2. If a payor financial institution imposes a
 9 charge against account holders in the event the
 10 institution dishonors drafts drawn against the
 11 institution because of insufficient funds in the
 12 accounts against which the drafts are drawn, and if
 13 the amount of the charge imposed is in excess of the
 14 greater of the amount prescribed as the current minimum
 15 hourly wage by the Fair Labor Standards Act of 1938,
 16 29 U.S.C. sec. 206(a)(1), or one percent of the amount
 17 of the draft, the financial institution shall file
 18 with the state officer or department by which the
 19 financial institution is regulated a report disclosing
 20 the revenues of the financial institution from charges
 21 for dishonored drafts and all costs incurred by the
 22 financial institution that are attributable to the
 23 processing of dishonored drafts. These reports shall
 24 be in the form and shall contain the information
 25 specified by the state officer or department by
 26 which the institution is regulated.
 27 3. The superintendent of banking, the supervisor
 28 of savings and loan associations, and the credit
 29 union administrator shall review all reports submitted
 30 under subsection 2. Each shall report to the
 31 general assembly in January of 1983 a compilation of
 32 the information received from financial institutions
 33 under subsection 2 and any recommendations respecting
 34 the need for legislation regulating the amounts or
 35 conditions of dishonored draft charges."

H-5904 FILED
 APRIL 20, 1982
 Lost (f 1576)

BY BRUNER of Story

1 Amend the Committee amendment H-5892 to Senate
2 File 2300 as amended, passed and reprinted by the
3 Senate as follows:
4 1. Page 1, by striking lines 40 through 48 and
5 inserting in lieu thereof the following:
6 "_____. Page 2, by striking lines 6 through 10 and
7 inserting in lieu thereof the words "a fiduciary
8 capacity with respect to these funds.""
9 2. Page 2, by striking lines 22 through 29 and
10 inserting in lieu thereof the following:
11 "_____. Page 4, by striking lines 18 through 22
12 and inserting in lieu thereof the words "to these
13 funds. A credit union which maintains"."
14 3. Page 3, by striking lines 30 through 38 and
15 inserting in lieu thereof the following:
16 "_____. Page 27, by striking lines 13 through 17
17 and inserting in lieu thereof the words and figures
18 "a fiduciary capacity with respect to these funds."
19 "_____. Page 27, line 18, by striking the words
20 "savings accounts.""
21 4. By striking page 4, line 47 through page 5,
22 line 4 and inserting in lieu thereof the following:
23 "_____. By striking page 44, line 23 through page
24 45, line 3 and inserting in lieu thereof the words
25 "funds. A company which"."

H-5911 FILED APRIL 20, 1982
LOST (p. 1577)

BY MANN of Greene
HANSON of Delaware

SENATE FILE 2300

S-5753

1 Amend the House amendment, S-5731, to Senate File
2 2300 as amended, passed and reprinted by the Senate
3 as follows:
4 1. Page 2, by striking lines 3 through 21 and
5 inserting in lieu thereof the following:
6 "____. Page 3, by striking lines 6 through 17 and
7 inserting in lieu thereof the words "the acquisition."
8 2. Page 4, line 32, by striking the word "eight"
9 and inserting in lieu thereof the word "nine".

S-5753 FILED
APRIL 22, 1982

Letter 4/23 (p. 1387)

BY EDGAR H. HOLDEN

BOB RUSH

EMIL HUSAK

RICHARD COMITO

SENATE FILE 2300

S-5766

1 Amend the House amendment, S-5731 to Senate File
2 2300 as amended, passed and reprinted by the Senate,
3 as follows:
4 1. Page 2, by striking lines 3 through 21 and
5 inserting in lieu thereof the following:
6 "____. Page 2, line 24, by striking the words
7 "eight nine" and inserting in lieu thereof the words
8 "eight and one-half".
9 _____. Page 3, line 1, by striking the word "nine"
10 and inserting in lieu thereof the words "eight and
11 one-half".
12 _____. Page 3, by striking lines 6 through 17 and
13 inserting in lieu thereof the words "the acquisition."
14 2. Page 4, line 32, by inserting after the word
15 "eight" the words "and one-half".
16 3. By renumbering as necessary.

S-5766 FILED & WITHDRAWN
APRIL 23, 1982 (*p. 1387*)

BY EDGAR H. HOLDEN

GEORGE R. KINLEY

S-5731

1 Amend Senate File 2300 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, by striking lines 1 through 11 and
4 inserting in lieu thereof the following:

5 "Section 1. Section 524.706, subsection 1,
6 paragraph a, Code 1981, is amended to read as follows:

7 a. An executive officer of a state bank may receive
8 loans or extensions of credit from a state bank of
9 which ~~he~~ the person is an executive officer, resulting
10 in obligations as defined in section 524.904,
11 subsection 1, not exceeding, in the aggregate:

12 (1) ~~Such amount as the bank is permitted to lend~~
13 ~~pursuant to section 524.905, subsection 2, if, at~~
14 ~~the time such obligation is incurred, it is~~ An amount
15 secured by a first lien on a dwelling which is
16 expected, after the obligation is incurred, to be
17 owned by the executive officer and used by him as
18 his the officer's residence, provided that at the
19 time after the loan is made there is no other loan
20 by the bank to the executive officer, under authority
21 of this subparagraph, outstanding, and.

22 (2) An amount not exceeding an aggregate of twenty
23 thousand dollars outstanding at any one time, to
24 finance the education of a child or children of the
25 executive officer, and.

26 (3) Any other loans or extensions of credit which
27 in the aggregate do not at any one time exceed ten
28 thousand dollars.

29 (4) Other amounts which do not, in the aggregate,
30 exceed the principal amounts of time certificates
31 of deposit in the bank which are held in the name
32 of the executive officer, if repayment of the loan
33 or credit amounts is at all times secured by pledge
34 of the certificates. An interest in or portion of
35 a time certificate of deposit does not satisfy the
36 requirements of this subparagraph if that interest
37 or portion is also pledged to secure the payment of
38 a debt or obligation of any person other than the
39 executive officer."

40 2. Page 2, by striking lines 6 through 9 and
41 inserting in lieu thereof the following: "a fiduciary
42 capacity with respect to these funds. A bank receiving
43 funds in escrow pursuant to an escrow agreement
44 executed on or after the effective date of this Act
45 in connection with a loan as defined in section 535.8,
46 subsection 1, shall pay interest to the borrower on
47 those funds, calculated on a daily basis, at the rate
48 the".

49 3. Page 2, line 11, by striking the words "such
50 an escrow account" and inserting in lieu thereof the

S-5731 PAGE 2
1 words "an escrow account in connection with any loan
2 authorized by this section".

3 4. By striking page 2, line 16 through page 3,
4 line 17 and inserting in lieu thereof the following:
5 "Sec. 3. Section 524.1802, Code 1981, is amended
6 by adding the following new unnumbered paragraph:
7 NEW UNNUMBERED PARAGRAPH. No bank holding company
8 shall directly or indirectly acquire ownership or
9 control of more than twenty-five percent of the voting
10 shares of any savings and loan association, or the
11 power to control in any manner the election of a
12 majority of the directors of any savings and loan
13 association, if upon such acquisition the associations
14 so owned or controlled by the bank holding company
15 would have, in the aggregate, more than eight percent
16 of the total deposits, both time and demand, of all
17 associations in this state, as determined by the
18 superintendent on the basis of the most recent reports
19 of the associations in the state to their supervisory
20 authorities which are available at the time of the
21 acquisition."

22 5. Page 4, by striking lines 18 through 20 and
23 inserting in lieu thereof the following: "to these
24 funds. A credit union receiving funds in escrow
25 pursuant to an escrow agreement executed on or after
26 the effective date of this Act in connection with
27 a loan as defined in section 535.8, subsection 1,
28 shall pay interest to the borrower on those funds,
29 calculated on".

30 6. Page 4, line 23, by striking the words "such
31 an escrow account" and inserting in lieu thereof the
32 words "an escrow account in connection with any loan
33 authorized by this subsection".

34 7. Page 15, line 7, by striking the word "Voting"
35 and inserting in lieu thereof the word "VOTING".

36 8. Page 15, by striking lines 15 and 16 and
37 inserting in lieu thereof the words "shall, unless
38 otherwise specified in the proxy, continue in force
39 for eleven months from the date thereof, provided
40 that upon receipt of a written request for a new proxy
41 solicitation that is signed by at least two percent
42 of the members of the association, all proxies executed
43 prior to the date of receipt of the written request
44 shall be void upon the expiration of sixty days
45 following the date of receipt of the written request.
46 No proxies".

47 9. Page 19, by striking line 28 and inserting
48 in lieu thereof the words and figure "(10) in capital
49 stock,".

50 10. Page 19, by striking line 31 and inserting

1 in lieu thereof the following: "shall not exceed
2 five percent of the assets of the association at any
3 time prior to July 1, 1983, or six percent of assets
4 on or after July 1, 1983 and prior to July 1, 1984,
5 or seven percent of assets on or after July 1, 1984,
6 and prior to July 1, 1985, or eight percent of assets
7 on or after July 1, 1985 and prior to July 1, 1986,
8 or nine percent of assets on or after July 1, 1986
9 and prior to July 1, 1987, or ten percent of assets
10 at any time on or after July 1, 1987;".

11 11. Page 21, by inserting after line 25 the fol-
12 lowing:

13 "4. In addition to other conditions or
14 restrictions, an association that operates one or
15 more branch offices shall not make a commercial loan
16 or accept a commercial NOW account unless all of those
17 office locations are at places which a bank would
18 be authorized under section 524.1202 to apply for
19 and have approved as bank offices, provided that this
20 subsection does not require an association to close
21 any office if the total number of the association's
22 offices does not exceed the number of offices in
23 existence and operating on the effective date of this
24 Act plus the number of offices in existence and
25 operating on the effective date of this Act of any
26 other state association or federal association with
27 which the association merges on or after the effective
28 date of this Act. This subsection does not apply
29 to an association that makes only those commercial
30 loans and that accepts only those commercial NOW
31 accounts which the association could make or accept
32 if it were a federal association, subject to any
33 provisions, conditions or limitations relating to
34 or imposed upon federal associations in connection
35 with the activity."

36 12. Page 27, by striking lines 13 through 16 and
37 inserting in lieu thereof the following: "a fiduciary
38 capacity with respect to these funds. An association
39 receiving funds pursuant to an escrow agreement
40 executed on or after the effective date of this Act
41 in connection with a loan as defined in section 535.8,
42 subsection 1, shall pay interest to the borrower on
43 those funds, calculated on a daily basis, at the rate
44 the".

45 13. Page 27, lines 18 and 19, by striking the
46 words "such an escrow account" and inserting in lieu
47 thereof the words "an escrow account in connection
48 with any real estate loan".

49 14. Page 28, by inserting after line 22 the follow-
50 ing:

1 "The superintendent shall not approve an invest-
2 ment under this subsection if upon making the invest-
3 ment the entity making the investment directly or
4 indirectly would own or control more than twenty-five
5 percent of the voting shares of a savings and loan
6 association or would have the power to control in
7 any manner the election of a majority of the directors
8 of a savings and loan association, unless the super-
9 intendent first determines either that the associa-
10 tion in which the investment is to be made has only
11 those office locations which a bank would be authorized
12 under section 524.1202 to apply for and have approved
13 on the effective date of the proposed investment,
14 or that all nonconforming office locations were in
15 existence and operating on the effective date of this
16 Act. If such an investment is approved by the
17 superintendent, the association so owned or controlled
18 shall not subsequently establish any additional office
19 locations except one which a bank would be authorized
20 under section 524.1202 to apply for and have approved
21 on the date which the proposed office location would
22 commence operations."

23 15. Page 29, by inserting after line 4 the fol-
24 lowing:

25 "4. No bank shall directly or indirectly acquire
26 ownership or control of more than twenty-five percent
27 of the voting shares of any savings and loan
28 association, or the power to control in any manner
29 the election of a majority of the directors of any
30 savings and loan association, if upon such acquisition
31 the associations so owned or controlled by the bank
32 would have, in the aggregate, more than eight percent
33 of the total deposits, both time and demand, of all
34 associations in this state, as determined by the
35 superintendent on the basis of the most recent reports
36 of the associations in the state to their supervisory
37 authorities which are available at the time of the
38 acquisition."

39 16. Page 33, by inserting after line 2 the
40 following:

41 "NEW SECTION. TEMPORARY MORATORIUM. An association
42 shall not be incorporated under this chapter as a
43 stock association prior to the expiration of three
44 years after the effective date of this Act, except
45 that a state or federal mutual association may be
46 converted to a state stock association under section
47 30 of this Act at any time on or after the effective
48 date of this Act."

49 17. Page 37, line 35, by striking the figure "28"
50 and inserting in lieu thereof the figure "31".

1 18. Page 41, line 21, by striking the figure "30"
2 and inserting in lieu thereof the figure "33".

3 19. Page 44, by striking lines 23 through 25 and
4 inserting in lieu thereof the following: "funds.
5 A company receiving funds in escrow pursuant to an
6 escrow agreement executed on or after the effective
7 date of this Act in connection with a loan as defined
8 in section 535.8, subsection 1, shall pay interest
9 to the borrower on those funds, calculated on a daily
10 basis,".

11 20. Page 45, line 4, by striking the words "such
12 an escrow account" and inserting in lieu thereof the
13 words "an escrow account in connection with a loan
14 authorized by this section".

15 21. Page 47, by striking lines 1 through 32.

16 22. Page 47, by inserting after line 32 the fol-
17 lowing:

18 "Sec. 537.1301. Section 537.1301, subsection 14,
19 paragraph b, subparagraph (2), Code 1981, as amended
20 by Acts of the Sixty-ninth General Assembly, 1981
21 Session, chapter 177, section 3, is amended to read
22 as follows:

23 (2) ~~A debt which is incurred primarily for the~~
24 ~~purpose of acquiring real property or refinancing~~
25 ~~a contract for deed to real property and which is~~
26 secured by a first lien on that real property and
27 which is incurred primarily for the purpose of
28 acquiring that real property, or refinancing a contract
29 for deed to that real property, or constructing on
30 that real property a building containing one or more
31 dwelling units.

32 23. Page 48, lines 4 and 5, by striking the word
33 and figures "19, or 33" and inserting in lieu thereof
34 the word and figures "22, or 36".

35 24. Page 48, line 8, by striking the word and
36 figures "19, or 33" and inserting in lieu thereof
37 the word and figures "22, or 36".

38 25. By renumbering as necessary.

S-5731 FILED RECEIVED FROM THE HOUSE
APRIL 22, 1982

Senate Journal - 4/23/82

SENATE FILE 2300

AN ACT

RELATING TO THE REGULATION OF FINANCIAL INSTITUTIONS.

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

Section 1. Section 524.706, subsection 1, paragraph a, Code 1981, is amended to read as follows:

a. An executive officer of a state bank may receive loans or extensions of credit from a state bank of which he ~~he~~ person is an executive officer, resulting in obligations as defined in section 524.904, subsection 1, not exceeding, in the aggregate:

~~(1) Such amount as the bank is permitted to lend pursuant to section 524.905, subsection 2, if, at the time such obligation is incurred, it is~~ An amount secured by a first lien on a dwelling which is expected, after the obligation is incurred, to be owned by the executive officer and used ~~by him~~ as his ~~the officer's~~ residence, provided that ~~at the time after~~ the loan is made there is no other loan by the bank to the executive officer, under authority of this subparagraph, outstanding, ~~and.~~

(2) An amount not exceeding an aggregate of twenty thousand dollars outstanding at any one time, to finance the education of a child or children of the executive officer, ~~and.~~

(3) Any other loans or extensions of credit which in the aggregate do not at any one time exceed ten thousand dollars.

(4) Other amounts which do not, in the aggregate, exceed the principal amounts of time certificates of deposit in the bank which are held in the name of the executive officer, if repayment of the loan or credit amounts is at all times secured by pledge of the certificates. An interest in or portion of a time certificate of deposit does not satisfy the requirements of this subparagraph if that interest or portion is also pledged to secure the payment of a debt or obligation of any person other than the executive officer.

Sec. 2. Section 524.905, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter

173, section 5, is amended by striking the section and inserting in lieu thereof the following:

524.905 LOANS ON REAL PROPERTY. A state bank may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the superintendent under chapter 17A. The rules shall include provisions as necessary to insure the safety and soundness of these loans, and to insure full and fair disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

A bank may include in the loan documents signed by the borrower a provision requiring the borrower to pay the bank each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the bank in order to better secure the loan. The bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A bank receiving funds in escrow pursuant to an escrow agreement executed on or after the effective date of this Act in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the bank pays to depositors of funds in ordinary savings accounts. A bank which maintains an escrow account in connection with any loan

authorized by this section, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

Sec. 3. Section 524.1802, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. No bank holding company shall directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any savings and loan association, or the power to control in any manner the election of a majority of the directors of any savings and loan association, if upon such acquisition the associations so owned or controlled by the bank holding company would have, in the aggregate, more than eight percent of the total deposits, both time and demand, of all associations in this state, as determined by the superintendent on the basis of the most recent reports of the associations in the state to their supervisory authorities which are available at the time of the acquisition.

Sec. 4. Section 533.4, subsection 21, Code 1981, is amended to read as follows:

~~21. Notwithstanding the provisions of section 533.16, subsection 4, a~~ A credit union may take a second mortgage on real property to secure a loan made by the credit union, ~~subject pursuant~~ to rules ~~promulgated~~ adopted by the administrator.

Sec. 5. Section 533.16, subsection 4, Code 1981, is amended by striking the subsection and inserting in lieu thereof the following:

4. A credit union may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the administrator under chapter 17A. These rules shall contain provisions as necessary to insure the safety and soundness of these loans, and to insure full and fair

disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

A credit union may include in the loan documents signed by the borrower a provision requiring the borrower to pay the credit union each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the credit union in order to better secure the loan. The credit union shall be deemed to be acting in a fiduciary capacity with respect to these funds. A credit union receiving funds in escrow pursuant to an escrow agreement executed on or after the effective date of this Act in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the credit union pays to its members on ordinary savings deposits. A credit union which maintains an escrow account in connection with any loan authorized by this subsection, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

Sec. 6. Section 534.2, subsection 1, Code 1981, is amended by striking the subsection and inserting in lieu thereof the following:

1. "Association" or "state association" means a corporation holding a certificate of authority to operate under this chapter as either a mutual association or a stock association.

Sec. 7. Section 534.2, subsection 7, Code 1981, is amended by striking the subsection and inserting in lieu thereof the following:

7. "Insured", when used in conjunction with the words "association", "state association", "foreign association", or "federal association", means an institution whose deposits are insured in part by the federal savings and loan insurance corporation.

Sec. 8. Section 534.2, Code 1981, is amended by adding the following new subsections:

NEW SUBSECTION. "Bank" means any person who is authorized under chapter 524 to engage in the business of banking in this state.

NEW SUBSECTION. "Bank holding company" means a bank holding company as defined in section 524.1801 that is authorized under chapter 524, division XVIII, to do business in this state as a bank holding company.

NEW SUBSECTION. "Federal association" means a corporation operating under the federal Home Owners' Loan Act of 1933 as either a mutual association or a stock association.

NEW SUBSECTION. "Association holding company" means a person other than an individual that directly or indirectly owns, controls or votes more than twenty-five percent of any class of voting stock of a stock association or that controls in any manner the election of a majority of the directors of a stock association or mutual association.

NEW SUBSECTION. "Mutual association" means a corporation organized on a mutual ownership basis without shareholders.

NEW SUBSECTION. "Residential real estate" means real estate on which there is located, or will be located following the construction of improvements pursuant to a real estate loan, a structure or structures designed or used primarily

to provide living accommodations for people, except structures which are designed to primarily provide accommodations to transients.

NEW SUBSECTION. "Savings account" means a deposit account in a stock association or mutual association or a withdrawable share account or time share account in a mutual association.

NEW SUBSECTION. "Service corporation" means a corporation which is organized under chapter 496A and which is owned in any part by one or more state associations or federal associations or a combination of these.

NEW SUBSECTION. "Stock association" means a corporation owned by shareholders.

NEW SUBSECTION. "Supervised organization" means an association, association holding company, service corporation, licensed foreign association, or a subsidiary of an association, holding company, service corporation, or licensed foreign association.

NEW SUBSECTION. "Superintendent" means the superintendent of banking.

Sec. 9. Section 534.5, subsection 1, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 175, section 1, is amended to read as follows:

1. EXCLUSIVENESS OF ACCESS. Every member shall have the right to inspect such books and records of an association as pertain to the member's loan or savings investment. Otherwise, the right of inspection and examination of the books and records shall be limited (a) to the supervisor or a duly authorized representative as provided in this chapter (b) to persons duly authorized to act for the association, and (c) to any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association or of an uninsured member by the federal home loan bank. The accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and by the supervisor and the supervisor's examiners

and representatives, provided that the association may, upon receipt of the written consent of a member, furnish information concerning that member's loans and savings investments to a person who the association has reason to believe intends to use the information in connection with a credit transaction involving the member on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the member. No member or any other person shall have access to the books and records ~~or shall possess a partial or complete list of the members~~ except upon express action and authority of the board of directors. Every association shall compile prior to its annual meeting, and shall make available to any member upon request of the member, a list by name of the aggregate remuneration paid by the association during the preceding fiscal year to each of the association's five highest paid officers and to each director of the association.

Sec. 10. Section 534.11, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 175, section 2, is amended to read as follows:

534.11 SHARE SAVINGS ACCOUNTS.

1. OWNERSHIP. Share Savings accounts may be opened and held solely and absolutely in his the person's own right by, or in trust for, any person, including an adult or minor individual, male or female, single or married, a partnership, association, fiduciary corporation, or political subdivision or public or government unit or any other corporation or legal entity. Share Savings accounts shall be represented only by the account of each share savings account holder on the books of the association, and shall be transferable only on the books of the association and upon proper application by the transferee and upon acceptance of the transferee as a ~~member~~ savings account holder upon terms approved by the board of directors. The association may treat the holder of record of a share savings account as the owner ~~thereof~~ for all

purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of ~~such-share~~ the savings account.

2. EVIDENCE OF OWNERSHIP. An account book may be issued to each share savings account holder on the books of the association and ~~such the~~ account book shall, if issued, indicate the withdrawal value of the share account. A separate certificate for a share savings account may be issued in lieu of an account book in form to be approved by the supervisor.

3. DUPLICATE ACCOUNT BOOKS AND CERTIFICATES. Upon the filing with an association by any one of the holders of record as shown by the books of the association, or by ~~his the~~ holder's legal representative, of an affidavit to the effect that the account book or certificate evidencing ~~his-share~~ a savings account with the association has been lost or destroyed, and that ~~such the~~ account book or certificate has not been pledged or assigned in whole or in part, ~~such the~~ association shall issue a new account book or certificate in the name of the holder or holders of record, ~~such the~~ replacement book stating or certificate disclosing that it is issued in lieu of one lost or destroyed, and the association shall in no way be liable thereafter on account of the original account book or certificate, provided that the board of directors shall, if in its judgment it is necessary, require a bond in an amount it deems sufficient to indemnify the association against any loss which might result from the issuance of ~~such the~~ new account book or certificate.

4. MINORS. An association and any a federal savings and loan association may issue ~~share-accounts~~ a savings account to any minor as the sole and absolute owner of ~~such-share~~ the account, and pay withdrawals and act with respect to ~~such accounts~~ the account on the order of ~~such the~~ minor. Any payment or delivery of rights to any minor, or a receipt of acquittance signed by a minor, who holds a share savings account, shall be a valid and sufficient release and discharge

of such the institution for any payment so made or delivery of right to such the minor. In the case of a minor, the receipt, acquittance or other action required by the institution to be taken by the minor shall be binding upon such the minor with like effect as if he the minor were of full age and legal capacity. The parent or guardian of such a minor shall not in his the capacity as of parent or guardian have the power to attach or in any manner to transfer any share savings account issued to or in the name of such the minor, provided, however, that in the event of the death of such the minor the receipt of acquittance of either parent or of a person standing in loco parentis to such the minor shall be a valid and sufficient discharge of such the institution for any sum or sums not exceeding the-aggregate one thousand dollars in the aggregate unless the minor shall have previously has given written notice to the institution not to accept the signature of such the parent or person.

5. JOINT ACCOUNTS. When a share savings account is opened in any association or federal savings and loan association in the name of two or more persons, whether minor or adult, in such form that the moneys in the account are payable to either or the survivor or survivors then such the account and all additions thereto shall be the property of such those persons as joint tenants. The moneys in such the account may be paid to or on the order of any one of such-persons them during their lifetimes or to or on the order of any one of the survivors of them after the death of any one or more of them upon presentation of the pass or account book or other evidence of ownership as required by the articles or bylaws of the association. The opening of the account in such form shall, in the absence of fraud or undue influence, be conclusive evidence in any act or proceedings to which either the association or the surviving party or parties is a party, of the intention of all of the parties to the account to vest title to such the account and the additions thereto in such

the survivor or survivors. By written instructions given to the institution by all the parties to the account, the signatures of more than one of such the persons during their lifetime or of more than one of the survivors after the death of any one of them may be required on any check, receipt or withdrawal order, in which case the institution shall pay the moneys in the account only in accordance with such the instructions, but no-such instructions of the parties shall not in any event limit the right of the survivor or survivors to receive the moneys in the account.

Payment of all or any of the moneys in such an account as provided in the preceding paragraph of this section subsection shall discharge the institution from liability with respect to the moneys so paid, prior to receipt by the institution of a written notice from any one of them the parties directing the institution not to permit withdrawals in accordance with the terms of the account or the instructions. After receipt of such a notice an institution may refuse, without liability to honor any check, receipt, or withdrawal order on the account pending determination of the rights of the parties. No An institution paying any survivor in accordance with the provisions of this subsection shall thereby not be liable as a result of that action for any estate, inheritance or succession taxes which may be due this state.

6. PLEDGE TO ASSOCIATION OF SHARE SAVINGS ACCOUNT IN JOINT TENANCY. The pledge to any association or federal savings and loan association of all or part of a share savings account in joint tenancy signed by that person or those persons who are authorized in writing to make withdrawals from the account shall, unless the terms of the share savings account provide specifically to the contrary, be a valid pledge and transfer to the association of that part of the account pledged, and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS, CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES. Any association or federal savings and loan association may accept share savings 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 The 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 the account in whole or in part. The withdrawal value of such the accounts, and dividends thereon, or other rights relating thereto may be paid or delivered, in whole or in part to such the fiduciary without regard to any notice to the contrary as long as such the fiduciary is living. The payment or delivery to any-such the fiduciary or a receipt or acquittance signed by any-such the 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 the 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 has been given to an institution and the institution has no notice of any other disposition of the beneficial estate, the withdrawal value of such the account and dividends thereon on the account, or other rights relating thereto to the account 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 is opened by any person, describing himself the person in opening such the account as trustee for another, and no other or further notice of the existence and terms of a legal and valid trust then-such than that description shall-have has been given in writing to such the association, in the event of the death of the person so described as trustee, the withdrawal value of such

the account or any part thereof, together with the dividends or interest thereon on the account, may be paid to the person for whom the account was thus stated to have been opened, and such the account and all additions thereto shall be the property of such that person. The payment or delivery to any-such beneficiary, beneficiaries or designated that person, or a receipt or acquittance signed by such beneficiary, beneficiaries or designated that person for any such payment or delivery shall be a valid and sufficient release and discharge of an the institution for the payment or delivery so made. No An institution paying any-such a fiduciary or beneficiary in accordance with the provisions of this subsection shall thereby not be liable as a result of that action for any estate, inheritance or succession taxes which may be due this state.

8. PAY ON DEATH ACCOUNTS. Any association and any federal savings and loan association may issue share savings accounts in the name of one or more persons with the provision that upon the death of the owner or owners thereof the proceeds thereof shall be the property of the person or persons designated by the owner or owners and shown by the record of such the association, but such the proceeds shall be subject to the debts of the decedent and the payment of Iowa inheritance tax, if any, provided, however, that six months after the date of the death of the owner the receipt or acquittance of the person so designated shall be a valid and sufficient release and discharge of such the association for the delivery of such share the savings account or the payment so made.

9. POWERS OF ATTORNEY OR-SHARE ON SAVINGS ACCOUNT. Any association or federal savings and loan association may continue to recognize the authority of an attorney authorized in writing to manage or to make withdrawals either in whole or in part from the-share a savings account of-a-member until it receives written notice or is on clear actual notice of

the revocation of ~~his~~ the attorney's authority. For the purpose of this subsection, written notice of the death or adjudication of incompetency of ~~such member shall constitute~~ the savings account holder constitutes written notice of revocation of the authority of ~~his~~ the attorney. ~~No such~~ An institution shall not be liable for damages, penalty or tax by reason of any payment made pursuant to this subsection.

10. SHARE SAVINGS ACCOUNTS AS LEGAL INVESTMENTS. Administrators, executors, custodians, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials ~~hereby~~ are specifically authorized ~~and empowered~~ to invest funds held by them, without any order of any court in share or deposit accounts or time certificates of deposit of insured savings associations which are under state supervision, or federal savings and loan associations organized under the laws of the United States and under federal supervision, and such the investment shall be deemed and held to be a legal investments-for-such investment of the funds.

Whenever, under the laws of this state or otherwise, a deposit of securities is required for any purpose, the securities made legal investments by this ~~section~~ subsection shall be acceptable for ~~such deposits that deposit,~~ and whenever, under the laws of this state or otherwise, a bond is required with security ~~such the~~ the bond may be furnished, and the securities made legal investments by this ~~section~~ subsection in the amount of ~~such the~~ the bond, when deposited ~~therewith,~~ shall be acceptable as security without other security.

The provisions of this ~~section~~ subsection are supplemental to any and all other laws relating to and declaring what shall

be legal investments for the persons, corporations, organizations, and officials referred to in this ~~section~~ subsection and the laws relating to the deposit of securities and the making and filing of bonds for any purpose.

11. NEGOTIABLE-ORDER-OF-WITHDRAWAL NOW ACCOUNTS. ~~Associations may offer accounts under which account owners may order or authorize the withdrawal of a specified amount of the account by means of cash or a negotiable or nonnegotiable check or similar instrument payable to the account owner or to third parties or their order for the benefit of the account owner. However, this authority is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations imposed upon the federally chartered associations for this type of activity.~~ An association may offer savings accounts under which the owner of the account may order or authorize the withdrawal of part or all of the savings account by means of a negotiable or nonnegotiable draft or similar instrument payable to the owner or to third parties or their order.

12. DEPOSIT ACCOUNTS. A stock association or mutual association may receive money for deposit.

13. SHARE ACCOUNTS. A mutual association may receive money to be held in withdrawable share accounts and time share accounts.

14. TERMS AND CONDITIONS. An association shall establish the interest rate, method of computing interest, service charges, and other terms and conditions of each type of savings account it will accept. These terms and conditions shall be consistent with this chapter, and shall be applied equally to all similar accounts. An association shall furnish a copy of the terms and conditions of a savings account upon request. An association shall give reasonable notice of any change in the terms and conditions to the owners of each type of

savings account which is changed, provided that notice of changes in interest rates or methods of computing interest may be provided by posting a conspicuous notice of the change in each of the association's offices. The terms and conditions of an account established for a specified time period cannot be changed during that time period except with mutual consent or according to the original terms.

15. INDUCEMENTS. An association may give inducements for the opening of a savings account or the making of additions to a savings account.

Sec. 11. Section 534.12, subsection 1, Code 1981, is amended to read as follows:

1. VOTING. Each member shall have one vote for each one hundred dollars of net equity above share loans in his or her share account owned and held by him or her at any election, and may vote the same by proxy, but no person shall vote more than ten percent of the savings liability at the time of said election excepting that proxies held and voted by an individual member or a proxy committee shall not be included in said ten percent limitation. Every proxy shall be in writing and shall, unless otherwise specified in the proxy, continue in force for eleven months from the date thereof, provided that upon receipt of a written request for a new proxy solicitation that is signed by at least two percent of the members of the association, all proxies executed prior to the date of receipt of the written request shall be void upon the expiration of sixty days following the date of receipt of the written request. No proxies shall be voted at any meeting unless such proxies have been on file with the secretary of the association for verification at least five days before the date of the meeting. Anyone depositing or transferring savings as collateral security shall be deemed the owner of such share account within the meaning of this section. Notice of the regular annual meeting of members of an association shall be given by publishing said notice in a newspaper of general

circulation in the county in which the office of said association is located at least thirty days before the date set for said annual meeting. Proxies may be revoked by any member upon written notice to the secretary of an association; by execution of a written proxy to another agent; or by personal attendance by the member at the members' meetings. Each member as defined by section 534.2, subsection 8, shall, regardless of shares, be entitled to at least one vote at any members' meeting.

Sec. 12. Section 534.12, subsections 3 and 4, Code 1981, are amended to read as follows:

3. ASSOCIATION LIEN ON SHARE SAVINGS ACCOUNTS. Every ~~such~~ association shall at all times have a lien upon the savings accounts of a member savings account holder as security for repayment of money loaned ~~him~~ to the person and as security for ~~his~~ other indebtedness of the person to the association and ~~such the~~ lien shall attach and continue without assignment or pledge to or possession by the association of any evidence of ~~such~~ ownership. ~~Such~~ The lien may be enforced to satisfy any past due indebtedness by charging ~~such the~~ indebtedness to the debtor's share savings account.

4. REDEMPTION. At any time funds are on hand for the purpose the association shall have the right to redeem by lot or otherwise, as the board of directors may determine, all or any part of any of its ~~share-account~~ savings accounts on a dividend date by giving thirty days' notice by registered mail addressed to the account holders at their last addresses recorded on the books of the association. ~~No An~~ association shall not redeem any of its share accounts when the association is in an impaired condition or when it has applications for withdrawal which have been on file more than thirty days and have not been reached for payment. The redemption price of ~~share-accounts-redeemed a~~ savings account shall be the full value of the account redeemed, as determined by the board of directors, but in no event shall the redemption value be

less than the withdrawal value. If the ~~afesaid~~ notice of redemption ~~shall have been duly~~ has been given, and if on or before the redemption date the funds necessary for ~~such~~ the redemption ~~shall~~ have been set aside so as to be and continue to be available ~~therefor for redemptions~~, dividends upon the accounts called for redemption shall cease to accrue from and after the dividend date specified as the redemption date, and all rights with respect to ~~such those~~ those accounts shall ~~forthwith, after such redemption date,~~ terminate as of the redemption date, except subject only to the right of the account holder of record to receive the redemption value without interest. All ~~share~~ savings accounts which have been validly called for redemption must be tendered for payment within ten years from the date of redemption designated in the redemption notice, ~~otherwise or~~ they shall be canceled and forfeited for the use of the school fund of the county in which the association has its principal place of business and all claims of ~~such the~~ the account holders against the association shall be barred forever. Redemption shall not be made, ~~however,~~ of ~~such share~~ any savings accounts which are held by a member-director person who is a director and which are necessary to qualify his-acting the person to act as director.

Sec. 13. Section 534.19, Code 1981, is amended by adding the following new subsections:

NEW SUBSECTION. DIVIDENDS ON CAPITAL STOCK. A stock association may declare and pay dividends on capital stock in cash or property out of the unreserved and unrestricted earned surplus of the stock association, or in its own shares, except when the stock association is in an impaired condition or when the payment thereof would cause the stock association to be in an impaired condition. A split-up or division of the issued shares of capital stock into a greater number of shares without increasing the stated capital of the stock association is authorized, and shall not be construed to be a dividend within the meaning of this subsection.

NEW SUBSECTION. TAX AND LOAN ACCOUNTS. To act as depository for receipt of payments of federal or state taxes and loan funds from persons other than the state or subdivisions, agencies or instrumentalities of the state, and satisfy any federal or state statutory or regulatory requirements in connection therewith, including pledging of assets as collateral, payment of earnings at prescribed rates and, notwithstanding any other provision of this chapter, issuing such accounts subject to the right of immediate withdrawal.

NEW SUBSECTION. LEASING OF PERSONAL PROPERTY. To acquire, upon the specific request of and for the use of a customer, and lease, personal property pursuant to a binding arrangement for the leasing of the property to the customer upon terms requiring payment to the association, during the minimum period of the lease, of rentals which in the aggregate, when added to the estimated tax benefits to the association resulting from the ownership of the leased property plus the estimated residual market value of the leased property at the expiration of the initial term of the lease, will be at least equal to the total expenditures by the association for, and in connection with, the acquisition, ownership, maintenance, and protection of the property. A lease made under authority of this section shall have the prior approval of the supervisor or be made pursuant to personal property lease guidelines approved by the supervisor for use by the lessor association or pursuant to a personal property lease guideline rule of general applicability for use by all associations.

Sec. 14. Section 534.19, subsection 15, Code 1981, is amended to read as follows:

15. SERVICE CORPORATIONS. Any association ~~shall have the power to~~ may organize and own, alone or with any other similar corporation, a service corporation for the mutual good of ~~said corporations~~ the associations. ~~An association~~

~~may invest in capital stock, obligations, or other securities of service corporations in an amount not to exceed five percent of the association's assets.~~ The supervisor of state chartered associations shall have the right to examine said service corporations.

Sec. 15. Section 534.17, subsection 1, Code 1981, is amended to read as follows:

1. ~~in securities without limit,~~ An association may invest without limit, except as expressly stated, in the following securities: (1) in obligations of, or obligations which are guaranteed as to principal and interest by, the United States or this state; (2) in stock of a federal home loan bank of which it is eligible to be a member, and in any obligation or consolidated obligations of any federal home loan bank or banks; (3) in stock or obligations of the federal savings and loan insurance corporation; (4) in stock, or obligations, or other instruments of a the federal national mortgage association, the government national mortgage association, the federal home loan mortgage corporation, or any successor ~~or successors thereto~~; (5) in demand, time or savings deposits, in bankers acceptances with any bank or trust company the deposits of which are insured by the federal deposit insurance corporation; (6) in stock or obligations of any corporation or agency of the United States or this state, or in deposits therewith to the extent that such corporation or agency assists in furthering or facilitating the association's purposes or powers; (7) in share savings accounts of any association operating under the provisions of this chapter and of any federal savings and loan association; (8) in bonds, notes, or other evidences of indebtedness which are a general obligation of any city, village, county, school district, or other municipal or political subdivision so long as the total investment in such corporation does not exceed five percent of the assets of ~~said the association.~~ ~~Any of said,~~ except that any of these investments which are securities

or obligations which are evidence of first mortgage liens on real estate are exempt from the above five percent limitation; (9) in bonds secured by an interest in real estate; (10) in capital stock, obligations, or other securities of service corporations, provided that the aggregate investment in service corporations shall not exceed five percent of the assets of the association at any time prior to July 1, 1983, or six percent of assets on or after July 1, 1983 and prior to July 1, 1984, or seven percent of assets on or after July 1, 1984, and prior to July 1, 1985, or eight percent of assets on or after July 1, 1985 and prior to July 1, 1986, or nine percent of assets on or after July 1, 1986 and prior to July 1, 1987, or ten percent of assets at any time on or after July 1, 1987; and (11) in an open end management investment company registered under the federal Investment Company Act of 1940, the portfolio of which is restricted to investments in which an association may invest.

Sec. 16. Section 534.23, subsection 1, Code 1981, is amended to read as follows:

1. SCHOOL SAVINGS. An association ~~shall have power to~~ may contract with the proper authorities of any public or nonpublic elementary or secondary school or other institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the association in any school or institutional thrift or savings plan, and it may accept share savings accounts at ~~such a~~ the school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for ~~such that~~ that purpose.

Sec. 17. Section 534.41, subsection 2, unnumbered paragraph 1, Code 1981, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

The supervisor has general supervision over all supervised organizations.

Sec. 18. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. GENERAL LENDING POWERS. An association may, subject to any applicable restrictions under this chapter and rules adopted by the supervisor, loan money, extend credit, discount or purchase the vendor's interest in real estate contracts, and discount or purchase other evidences of indebtedness and agreements for the payment of money.

Sec. 19. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. LIMITATION ON POWERS.

1. A service corporation shall not make a commercial loan or accept a commercial NOW account except during those periods of time, if any, when federal service corporations are granted and can exercise similar authority under a federal statute or regulation, and the state authorization is subject to the conditions and limitations imposed upon federal service corporations for a similar activity. Except as provided in this section, an association shall not make a commercial loan or accept a commercial NOW account except during those periods of time, if any, when federal associations are granted and can exercise similar authority under federal statute or regulation, and the state authorization is subject to the conditions and limitations imposed upon federal associations for similar activity. However, an association may make commercial loans and accept commercial NOW accounts under the restrictions contained in subsections 2 and 3 without regard to the authority granted federal associations.

2. As an annual average, based on monthly computations, an association may hold not more than one percent of its assets in commercial loans, provided that this limitation shall increase to two percent of assets on July 1, 1983, to three percent of assets on July 1, 1984, to four percent of assets on July 1, 1985, and to five percent of assets on July 1, 1986, but further provided that commencing on the effective

date of any federal statute or federal rule or regulation removing all limitations or controls on the rates of interest that may be paid by banks and savings and loan associations on savings accounts, an association may hold not more than ten percent of its assets in commercial loans.

3. An association may accept a commercial NOW account only from a person who at the time the account is opened has a commercial loan from the association.

4. In addition to other conditions or restrictions, an association that operates one or more branch offices shall not make a commercial loan or accept a commercial NOW account unless all of those office locations are at places which a bank would be authorized under section 524.1202 to apply for and have approved as bank offices, provided that this subsection does not require an association to close any office if the total number of the association's offices does not exceed the number of offices in existence and operating on the effective date of this Act plus the number of offices in existence and operating on the effective date of this Act of any other state association or federal association with which the association merges on or after the effective date of this Act. This subsection does not apply to an association that makes only those commercial loans and that accepts only those commercial NOW accounts which the association could make or accept if it were a federal association, subject to any provisions, conditions or limitations relating to or imposed upon federal associations in connection with the activity.

5. For purposes of this section a "commercial loan" is a loan to a person borrowing money for a business or agricultural purpose. As used in this paragraph, "agricultural purpose" means as defined in section 535.13; and "business purpose" includes but is not limited to a commercial, service or industrial enterprise carried on for profit, and any investment activity. However "commercial loan" does not

include a loan secured by an interest in real estate for the purpose of financing the acquisition of real estate or the construction of improvements on real estate. In determining which loans are "commercial loans" the rules of construction stated in Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 177, section 1, subsection 1, paragraph f, subparagraphs (1), (2), (3) and (4) shall apply.

6. For purposes of this section a "commercial NOW account" is a NOW account on which an association was prohibited from paying interest on the effective date of this Act by federal statutes or regulations. As used in this paragraph a "NOW account" is a savings account authorized by section 534.11, subsection 11, as amended by this Act.

7. For purposes of this section a lease of personal property shall be treated as a commercial loan if a loan to the lessee to acquire the property would have been a commercial loan.

Sec. 20. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. SOUND LENDING STANDARDS. An association shall not make a loan unless it first has determined that the loan is authorized by this chapter, and that the type, amount, purpose, and repayment provisions of the loan in relation to the borrower's resources, credit standing and any collateral securing repayment of the loan support the reasonable belief that the loan will be financially sound and will be repaid according to its terms.

Sec. 21. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. COMMITMENT TO RESIDENTIAL LOANS.

1. COMMITMENT. As an annual average, based on monthly computations, an association shall hold at least sixty percent of its assets in the following types of assets:

a. Loans secured by first liens or first claims on residential real estate, participation interests in groups of

loans secured by first liens or first claims on residential real estate, securities that are secured by groups of loans secured by first liens or first claims on residential real estate, or property improvement loans for the making of improvements upon residential real property, or a combination of these.

b. Cash.

c. Obligations of the United States or of a state or political subdivision of a state, and stock or obligations of a corporation which is an instrumentality of the United States or of a state or political subdivision of a state, but not including obligations the interest on which is excludable from gross income under section 103 of the Internal Revenue Code of 1954.

d. Certificates of deposit in, or obligations of, a corporation organized under a state law which specifically authorizes such corporation to insure the deposits or share accounts of member associations.

e. Loans secured by a deposit or share of a member.

f. Property acquired through the liquidation of default loans.

g. Property used by the association in the conduct of its business under this chapter.

2. FAILURE TO MEET COMMITMENT. If, upon examination, the supervisor determines that an association has failed to meet the requirements of subsection 1 for any two of its preceding five fiscal years, the association shall be so notified in writing, with a copy of the notice to the superintendent of banking, and the association shall within ninety days following receipt of the notice do one of the following:

a. Establish to the satisfaction of the supervisor that at least sixty percent of the current amount of its assets are held in the types of assets referred to in subsection 1. If the association subsequently fails to meet the

requirements of subsection 1 during any one of the three fiscal years following the fiscal year in which the second violation in five years occurred, then the association shall within ninety days following receipt of a notice of this violation take one of the actions specified in paragraph b, c, d, or e.

b. File a plan of merger to merge with another state association whose assets are such that the two associations would have met the requirements of subsection 1 on a consolidated basis during at least four of the five preceding years.

c. File a plan of merger with a federal association or a bank under which the resulting organization is not a state association.

d. File a plan of conversion to become a federal association or a bank.

e. File a plan of conversion that provides both for conversion to a stock association and for the immediate conversion of the resulting stock association to a bank.

3. FAILURE TO RESOLVE PROBLEM. If an association fails to take one of the actions required by subsection 2, or fails to complete the plan of merger or conversion within nine months after receiving the notice specified in subsection 2, the supervisor shall appoint a conservator to operate the association in conformance with subsection 1 or a receiver to liquidate the association.

Sec. 22. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. REAL ESTATE LOANS. An association may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the supervisor under chapter 17A. These rules shall contain provisions as necessary to insure the safety and soundness of these loans, and to insure full and fair disclosure to borrowers of the effects of

provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

Sec. 23. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. REQUIRED REAL ESTATE LOAN PRACTICES. Real estate loans must meet the following requirements:

1. APPRAISAL. A qualified person shall conduct an inspection of the property securing the loan and submit a signed appraisal of the market value of that property, provided that an appraisal is only required where the loan is secured by a first lien.

2. NOTE. A note shall be signed by the borrower and delivered to the association.

3. LIEN. The loan shall be secured by a mortgage, deed of trust or similar instrument constituting a lien or claim upon real estate. Such instrument shall provide for the full protection of the association in the event of default.

4. PAYMENT TERMS. The loan shall provide for repayment upon those terms set forth in the note signed by the borrower.

5. LOAN SETTLEMENT STATEMENT. The borrower shall receive a statement setting forth in detail the charges and fees the borrower has paid or is obligated to pay in connection with the loan.

6. BALLOON PAYMENTS. An association shall mail to the borrower an offer to refinance a balloon payment under a loan at least twenty days prior to the balloon payment date if at that time no payments under the loan are delinquent. Such

offer shall be at an interest rate no greater than one percent per annum above the index rate, monthly payments no greater than those necessary to fully amortize the amount of the balloon payment plus interest over a term ending thirty years after the first loan to the borrower secured by the real estate securing the loan to be refinanced, and a term of at least one year before the next balloon payment. Where the balloon payment is due one month after the preceding monthly payment date, the association may require the borrower to make a payment equal to the preceding monthly payment on the balloon payment date if the first payment under the note to refinance the balloon note is one month after the balloon payment date. The association may offer repayment plans to refinance a balloon payment in addition to the plan required by this subsection. For purposes of this subsection the term "loan" means as defined in section 535.8, subsection 1; the term "balloon payment" means a payment which is more than three times as big as the mean average of the payments which precede it; and the term "index rate" means the national average mortgage contract rate for major lenders on the purchase of previously-occupied homes which is most recently published in final form by the federal home loan bank board one month prior to the date on which the balloon payment is due.

Sec. 24. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. AUTHORIZED REAL ESTATE LOAN PRACTICES. An association may do any of the following with respect to a real estate loan, and any contract provision authorized by this section shall be enforceable:

1. PREPAYMENT. Except as prohibited by section 535.9, an association may include in the loan documents signed by the borrower a provision imposing a penalty in the event of prepayments as defined in the document.

2. PROTECTIVE DISBURSEMENTS. An association may pay taxes, assessments, ground rents, insurance premiums and similar charges with respect to real estate securing a loan. An association may add these disbursements to the unpaid principal balance of the loan, in which event the disbursements shall be secured to the same extent as the principal balance of the loan.

3. PROTECTIVE PAYMENTS. An association may include in the loan documents signed by the borrower a provision requiring the borrower to pay the association each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the association in order to better secure the loan. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. An association receiving funds pursuant to an escrow agreement executed on or after the effective date of this Act in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the association pays to members depositing funds in ordinary savings accounts. An association which maintains an escrow account in connection with any real estate loan, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

4. ADDITIONAL PROVISIONS. An association may include in the loan documents signed by the borrower any other provision not inconsistent with this chapter.

Sec. 25. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. LINE OF CREDIT ARRANGEMENTS. An association may commit its assets to lines of credit pursuant to credit

arrangements, including but not limited to agreements with credit and debit card holders and with other credit or debit card issuers. An association may become a member or stockholder of or become otherwise affiliated with, any credit or debit card corporation, association, or other issuer.

Sec. 26. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. SUCCESSORS IN INTEREST. An association may deal directly with any person who has an interest in property which secures a loan by the association regarding the loan or the security interest without notice to any person who is obligated to repay the loan, and an association may forebear to sue or may extend time for payment of or otherwise modify the terms of the loan, without discharging or in any way affecting the liability of any person obligated to repay the loan.

Sec. 27. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. INVESTMENT IN AND BY BANKS.

1. **INVESTMENT IN BANKS.** A holding company, association, or service corporation may invest in the capital stock, obligations, or other securities of a bank with the prior approval of the supervisor.

2. **INVESTMENT BY BANKS.** Notwithstanding sections 524.802 and 524.901, subsection 3, a bank holding company, bank, or bank service corporation may, with the prior approval of the superintendent, invest in the capital stock, obligations or other securities of a state association.

The superintendent shall not approve an investment under this subsection if upon making the investment the entity making the investment directly or indirectly would own or control more than twenty-five percent of the voting shares of a savings and loan association or would have the power to control in any manner the election of a majority of the directors of a savings and loan association, unless the super-

intendent first determines either that the association in which the investment is to be made has only those office locations which a bank would be authorized under section 524.1202 to apply for and have approved on the effective date of the proposed investment, or that all nonconforming office locations were in existence and operating on the effective date of this Act. If such an investment is approved by the superintendent, the association so owned or controlled shall not subsequently establish any additional office locations except one which a bank would be authorized under section 524.1202 to apply for and have approved on the date which the proposed office location would commence operations.

3. **CONTINGENCIES.** An association or service corporation may make an investment under subsection 1 only if at the time of the investment either an insured bank or a bank service corporation owned by one or more insured banks would be permitted to make an investment under substantially the same circumstances in an insured state association under all applicable laws and regulations of the United States. A bank or bank service corporation may make an investment under subsection 2 only if at the time of the investment either an insured state association or a service corporation owned by one or more insured associations would be permitted to make an investment under substantially the same circumstances in an insured bank under all applicable laws and regulations of the United States. The ability of an organization to merge with another organization is not relevant in determining whether an organization is permitted to invest in another organization.

4. No bank shall directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any savings and loan association, or the power to control in any manner the election of a majority of the directors of any savings and loan association, if upon such acquisition the associations so owned or controlled by the

bank would have, in the aggregate, more than eight percent of the total deposits, both time and demand, of all associations in this state, as determined by the superintendent on the basis of the most recent reports of the associations in the state to their supervisory authorities which are available at the time of the acquisition.

5. DEFINITIONS. For purposes of this section an "insured bank" is a bank whose deposits are insured in part by the federal deposit insurance corporation; a "bank service corporation" is as defined by, and in accordance with, the laws of the United States, and the "superintendent" is the person appointed pursuant to section 524.201.

6. FINDINGS REQUIRED. The supervisor shall not grant an approval under subsection 1, and the superintendent shall not grant an approval under subsection 2 except after making one of the two following findings:

a. Based upon a preponderance of the evidence presented, the proposed investment will not have the immediate effect of significantly reducing competition between depository financial institutions located in the same community as the institution whose shares would be acquired.

b. Based upon a preponderance of the evidence presented, the proposed investment would have the anticompetitive effect specified in paragraph a of this subsection, but that other factors, to be specifically cited, outweigh the anticompetitive effect so that there would be a net public benefit as a result of the investment.

7. COMPETITION PRESERVED. The subsequent liquidation of a bank or state association whose shares are required under this section shall not prevent the subsequent incorporation of another bank in the same community, and the superintendent of banking shall not find the liquidation to be grounds for disapproving the incorporation of another bank in the same community under section 524.305; and shall not prevent the subsequent incorporation of another association in the same

community, and the supervisor shall not find the liquidation to be grounds for disapproving the incorporation of another association in the same community under this chapter.

Sec. 28. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. ACTIONS TO AVOID LOSS. An association may invest its funds, operate a business, manage or deal in property, or take any other action, over a reasonable period of time not exceeding one year, to avoid or reduce the loss on a loan or investment made or an obligation created in good faith, even though such action is not otherwise authorized by this chapter.

Sec. 29. Chapter 534, Code 1981, is amended by adding the following new sections:

NEW SECTION. ARTICLES OF INCORPORATION.

1. ORIGINAL ARTICLES. The original articles of incorporation of an association shall set forth:

- a. The name of the association.
- b. Whether the association is organized as a mutual association or a stock association.
- c. That the association will operate under this chapter.
- d. The period of duration if for a limited period, but in the absence of any statement in the articles an association shall have perpetual duration.
- e. The officer or officers authorized to sign instruments pertaining to real estate.
- f. Whether or not the association will have a corporate seal, and whether such seal must be affixed to instruments pertaining to real estate.
- g. If a stock association, the information specified in section 496A.49, subsections 4, 5, 6, and 7.
- h. Any other provision not inconsistent with this chapter.
- i. The person to whom the certificate of incorporation should be mailed by the secretary of state after filing.

j. The address of its registered office including street and number, if any, the name of the county in which the registered office is located, and the name of its registered agent or agents at such address.

k. The name and address of each incorporator.

1. The name and address and initial term of office of each member of the initial board of directors.

2. It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this chapter.

3. RESTATED ARTICLES. Restated articles of incorporation shall set forth the information specified in paragraphs a, b, c, d, e, f, g, h, i, and j of subsection 1.

4. AMENDMENT PROCEDURE. The procedure for amending articles of incorporation or adopting restated articles for mutual associations is that specified in section 504A.35, and for stock associations it is that specified in sections 496A.56 and 496A.57.

5. EFFECTIVE DATE. Original articles, amendments, and restatements are effective on the date they are filed with the secretary of state, or on such later effective date as is stated therein. The secretary of state shall not accept any of these documents for filing unless it has been approved by the supervisor.

NEW SECTION. BYLAWS.

1. GENERAL PROVISIONS. The initial bylaws of an association shall be adopted by its board of directors. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the association not inconsistent with the law or the articles. If the articles of a stock association so provide, the bylaws may contain provisions restricting the transfer of shares.

2. EFFECTIVE DATE. Amendments to bylaws or restatements of bylaws are effective on the date they are adopted if they have been preapproved by the supervisor or on the date they are approved by the supervisor if they were not preapproved, provided that the amendment or restatement is effective on a later effective date if so provided therein.

NEW SECTION. MEETINGS OF STOCKHOLDERS. Sections 496A.27, 496A.28, 496A.29, 496A.30, 496A.31, 496A.32, and 496A.33 apply to stock associations.

NEW SECTION. DIRECTORS. The business of the association shall be directed by a board of directors of not less than five nor more than twenty-five adult individuals elected by ballot from among the members or stockholders by a plurality of the votes of the members or stockholders present or voting by proxy. If authorized by vote of the members or stockholders, the directors may elect all directors. At all times at least two-thirds of the directors must be bona fide residents of this state.

NEW SECTION. INCORPORATING AN ASSOCIATION.

1. PLAN OF INCORPORATION. One or more persons may petition for approval of a plan of incorporation for an association by forwarding to the supervisor the following:

- a. The proposed original articles of incorporation.
- b. The proposed original bylaws.
- c. An application for approval of each proposed office.
- d. Other information the supervisor requires.

2. PROCEDURES. If the supervisor approves the plan of incorporation, the supervisor shall note the approval on the original articles, and the original articles shall be filed with the secretary of state.

3. CERTIFICATE OF OPERATION. A corporation shall not operate as an association under this chapter until it has received a certificate of operation from the supervisor. The supervisor shall not issue a certificate of operation to the association until approved articles and bylaws have

been adopted, the supervisor has received satisfactory proof that the corporation will be an insured association before receiving any money in savings accounts, and the interests of the public and members have been adequately protected.

NEW SECTION. TEMPORARY MORATORIUM. An association shall not be incorporated under this chapter as a stock association prior to the expiration of three years after the effective date of this Act, except that a state or federal mutual association may be converted to a state stock association under section 30 of this Act at any time on or after the effective date of this Act.

NEW SECTION. STOCK ASSOCIATION CAPITALIZATION.

1. IN GENERAL. Sections 496A.14, 496A.15, 496A.16, 496A.17, 496A.18, 496A.19, 496A.21, 496A.22, 496A.23, 496A.24, and 496A.25 apply to stock associations.

2. PERMANENT CAPITAL. Except as provided in this chapter, the total of the par values of all outstanding shares of voting common capital stock shall be permanent capital of the stock association and shall not be retired until final liquidation of the stock association. A stock association shall not reduce its outstanding voting common capital stock without first obtaining the consent of the supervisor. Consent shall be withheld if the reduction will cause the par value of outstanding voting common capital stock to be less than the minimum required by rules adopted by the supervisor.

3. CAPITAL STOCK AS SECURITY. A stock association shall not make a loan secured by the pledge of its capital stock.

Sec. 30. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. CONVERSIONS.

1. TYPES AUTHORIZED. The following types of conversions are authorized:

- a. Mutual association to stock association.
- b. Stock association to mutual association.

c. Mutual association or stock association to federal mutual association or federal stock association.

d. Federal mutual association or federal stock association to mutual association or stock association.

e. Stock association to a bank chartered under chapter 524.

2. INSURANCE. The organization must be either an insured association, a federal association, or an insured bank after any conversion.

3. PLAN OF CONVERSION. The board of directors shall approve a plan of conversion by a majority vote of all directors then serving. The plan shall include the following:

- a. The proposed restated articles of incorporation.
- b. The proposed restated bylaws.
- c. The effect of the conversion on each type of member or each class of stockholders.
- d. Other information the supervisor requires.
- e. If the conversion is to a bank, information required by the superintendent of banking.

4. SUPERVISOR'S APPROVAL. The plan of conversion shall be submitted to the supervisor for approval. The supervisor shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The plan is inequitable to a class of members or shareholders.

The supervisor shall notify the organization which submitted the plan of the supervisor's decision, and the reasons for rejection if the plan is rejected.

5. SUPERINTENDENT'S APPROVAL. The plan of conversion shall be submitted to the superintendent of banking for approval if the conversion is to a bank. The superintendent shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The character and fitness of the members of the initial board of directors is not such as to command the confidence of the community and to warrant the belief that the organization's business will be honestly and efficiently conducted.
- d. The capital structure of the organization is not adequate in relation to its anticipated business.
- e. The organization will have sufficient personnel with adequate knowledge and experience to conduct its business and administer any fiduciary accounts which it proposes to handle.
- f. The plan does not provide for the closing or sale of all of the offices which must be discontinued in order for the organization to have only those home and branch offices which a bank is allowed to have under chapter 524.

The superintendent shall notify the organization which submitted the plan of the superintendent's decision, and the reasons for rejection if the plan is rejected. The organization may amend and resubmit the plan in response to a notification of rejection.

6. MEMBER OR STOCKHOLDER APPROVAL. The plan of conversion must be approved at an annual meeting of members or stockholders, or at a special meeting called to consider the plan, by a majority vote of the members represented in person or by proxy if a mutual association or federal mutual association, or a majority vote of each class of voting stock represented in person or by proxy if a stock association or federal stock association.

If the proposed conversion is the conversion of a mutual association to a stock association, the board of directors shall cause written notice of the date, time and purpose of the meeting at which the members will be asked to vote on

the proposal to be mailed by first class mail, postage prepaid, to each member of the association not less than thirty days prior to the date of the meeting, and the board shall cause a copy of this notice to be posted in a conspicuous location in each of the association's offices from the date of mailing until the date of the meeting. The notice to be mailed to members and posted also shall give notice, in a form and manner to be prescribed by rule of the supervisor, the rights of a member to have access to and communicate with other members as provided in section 534.5, subsection 2 and the procedures that are to be followed under that provision. The mailed notice may be included in an envelope containing a periodic statement of account to the member. The supervisor may require that the date for the meeting of members be postponed to a date certain, not more than thirty days after the date originally prescribed, if the supervisor determines that such additional time is necessary to enable members who have requested to communicate with other members under section 534.5, subsection 2, to properly exercise that right.

If the proposed conversion is the conversion of a stock association to any other type of entity, the board of directors shall cause written notice of the proposed conversion and the earliest date when the proposed conversion might become effective to be posted in a conspicuous location in each of the association's offices commencing thirty days prior to the date of the shareholder's meeting at which the proposal will be voted upon and until thirty days after that date.

If the plan of conversion is approved, a copy of the minutes of the meeting, certified and acknowledged by the secretary or assistant secretary, shall be filed with the supervisor.

7. CONVERSION TO ASSOCIATION. If a state association results from the plan of conversion, the supervisor shall issue a certificate of incorporation when all of the following have occurred:

a. The supervisor has received adequate assurance that the association will be an insured association upon issuance of the certificate of incorporation.

b. The supervisor has approved the plan of conversion.

c. The supervisor has received the certified minutes of approval under subsection 6.

The proposed articles of incorporation and bylaws as contained in the plan of conversion shall become effective upon the issuance of the certificate of incorporation.

8. CONVERSION TO FEDERAL ASSOCIATION. If a federal association results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the supervisor when all of the following have occurred:

a. The supervisor has received a copy of the charter issued to a converting association by the federal home loan bank board or a certificate showing the organization of such association as a federal savings and loan association, certified by the secretary or assistant secretary of the federal home loan bank board.

b. The supervisor has approved the plan of conversion.

c. The supervisor has received the certified minutes of approval under subsection 6.

9. CONVERSION TO A BANK. If a bank results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the supervisor when all of the following have occurred:

a. The supervisor has received from the superintendent of banking a certificate showing that the organization is chartered as a bank.

b. The supervisor has approved the plan of conversion.

c. The supervisor has received the certified minutes of approval under subsection 6.

10. CERTIFICATION. The supervisor shall prepare a certificate of conversion upon the occurrence of all of the

events stated in subsection 7, 8, or 9. This certificate shall include the name of the corporation which adopted the plan of conversion, the name of the corporation after the conversion, and the effective date of conversion. The original certificate shall be filed with the secretary of state. The supervisor shall provide a certified copy of the certificate to any person upon payment of a five dollar fee. A certified copy of this certificate shall be sufficient proof of that conversion for purposes of establishing the liability for debts or the ownership of assets as provided in section 31, subsections 2 and 3 of this Act.

11. COMPETITION PRESERVED. A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another bank in the same community, and the superintendent of banking shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, subsection 1, paragraph b or c. A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another association in the same community, and the supervisor shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another association in the same community under this chapter.

Sec. 31. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. EFFECTS OF CONVERSION.

1. CONTINUATION. The legal existence of an entity shall not terminate as a result of a conversion under section 30 of this Act. The entity resulting from a conversion shall be a continuation of the same corporate entity which adopted the plan of conversion.

2. LIABILITIES. The corporation resulting from a conversion is liable for all obligations incurred by the corporation before, during or after the conversion.

3. **ASSETS.** All property of the corporation adopting a plan of conversion, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal or mixed, choses in action, and every other right and privilege immediately vests in the corporation resulting from the conversion, by act of law and without any other conveyance, act or deed, except to the extent an interest in property passes to another person under the explicit terms of the plan of conversion.

4. **PENDING ACTIONS.** Pending actions in any court or tribunal to which the corporation adopting a plan of conversion is a party shall not be abated or discontinued by reason of the conversion, but may be prosecuted in the same manner as if the conversion had not been made.

Sec. 32. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. MERGER.

1. **MERGER DEFINED.** As used in this section, the terms "merger" or "merge" means any plan by which the assets and liabilities of an entity are combined with those of one or more other entities, including transactions in which one of the corporate entities survives and transactions in which a new corporate entity is created.

2. **TYPES AUTHORIZED.** An association may merge only with one or more other state associations, federal associations, bank holding companies or banks.

3. **PLAN OF MERGER.** The board of directors of each merging entity shall approve an identical plan of merger by a majority vote of all directors then serving. The plan shall include the following:

- a. The proposed name of the surviving organization.
- b. The proposed articles of incorporation of the surviving organization.
- c. The proposed bylaws of the surviving organization.
- d. The effect of the merger on each type of member or each class of stockholders.

e. Other information required by the supervisor.

4. **SUPERVISOR'S APPROVAL.** The plan of merger shall be submitted to the supervisor for approval. The supervisor shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The plan is inequitable to a class of members or stockholders.

The supervisor shall notify the organizations which submitted the plan of the supervisor's decision, and the reasons for rejection if the plan is rejected.

5. **SUPERINTENDENT'S APPROVAL.** The plan of merger shall be submitted to the superintendent of banking for approval if the proposed merger is with or into a bank or bank holding company. The superintendent shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The capital structure of the resulting organization will not be adequate in relation to its anticipated business.
- d. The plan does not provide for the closing or sale of all of the offices which must be discontinued in order for the resulting organization to have only those office locations which a resulting bank would be authorized under chapter 524 to apply for and have approved on the effective date of the merger if it had no bank office locations in operation on that date.

The superintendent shall notify the organization which submitted the plan of the superintendent's decision, and the reasons for rejection if the plan is rejected. The organization may amend and resubmit the plan in response to a notification of rejection.

6. MEMBER OR STOCKHOLDER APPROVAL. The plan of merger must be approved at an annual meeting of members or stockholders, or at a special meeting called to consider the plan, by a majority vote of the members represented in person or by proxy of each of the mutual associations or federal mutual associations included in the plan, or a majority vote of each class of voting stock represented in person or by proxy of each of the stock associations, federal stock associations, bank holding companies or banks included in the plan. If so approved, a copy of the minutes of the meeting, certified and acknowledged by the secretary or assistant secretary, shall be filed with the supervisor.

7. RECEIVERSHIP. If a receiver has been appointed for any association included in the plan of merger, the receiver shall act in place of the board of directors and the members or stockholders, and the plan must also be approved by the court by which the receiver was appointed.

8. CERTIFICATION. The supervisor shall prepare a certificate of merger upon the occurrence of all of the events stated in subsections 3, 4, 5, 6, and 7. This certificate shall include the name of the surviving association, federal association or bank and the effective date of the merger. The original certificate shall be filed with the secretary of state. The supervisor shall provide a certified copy of the certificate to any person upon payment of a five dollar fee. A certified copy of this certificate shall be sufficient proof of the merger for purposes of establishing the liability for debts or the ownership of assets as provided in section 33, subsections 1 and 2 of this Act. An association involved in a merger may transfer assets or receive assets under the plan of merger only after the certificate of merger has been issued by the supervisor.

9. COMPETITION PRESERVED. A merger under this section shall not prevent the subsequent incorporation of another bank in the community in which the merged association is

located, and the superintendent of banking shall not find the merger to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, subsection 1, paragraph b or c. A merger under this section shall not prevent the subsequent incorporation of another association in the community in which the merged association is located, and the supervisor shall not find the merger to be grounds for disapproving the incorporation of another association in the same community under this chapter.

Sec. 33. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. EFFECTS OF MERGER.

1. LIABILITIES. The association, federal association or bank resulting from a merger is liable for all obligations incurred by each of the associations, federal associations, bank holding companies or banks included in the merger before, during, or after the merger.

2. ASSETS. All property of each association, federal association, bank holding company or bank adopting a plan of merger, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, choses in action, and every other right and privilege immediately vests in the association, federal association, bank holding companies or bank resulting from the merger by act of law and without any other conveyance, act or deed, except to the extent an interest in property passed to another person under the explicit terms of the plan of merger.

3. PENDING ACTIONS. Pending actions in any court or tribunal to which any association, federal association, bank holding company or bank adopting a plan of merger is a party shall not be abated or discontinued by reason of the merger, but may be prosecuted in the same manner as if the merger had not been made.

Sec. 34. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. BULK TRANSFERS.

1. DEFINED. A "bulk transfer" is any transfer in bulk and not in the ordinary course of the transferor's business of a major part in value of the loans, savings accounts, or real estate of an association or of one office of an association, or any combination of such loans, savings accounts and real estate.

2. APPROVAL. An association may be the transferor under a bulk transfer upon the prior written consent of the supervisor and upon the majority vote of members represented in person or by proxy if a mutual association, or a majority vote of each class of voting stock represented in person or by proxy if a stock association. An association may be the transferee under a bulk transfer upon the approval of its board of directors.

3. TRANSFERS TO BANKS. A bulk transfer by an association to a bank is void unless written consent to the transfer is obtained from the superintendent prior to the transfer.

Sec. 35. Chapter 534, Code 1981, is amended by adding the following new section:

NEW SECTION. LIMITATIONS. Nothing contained in this chapter shall be construed to authorize an association to merge with or be acquired wholly or in part by a foreign institution unless all applicable laws and regulations of the United States would specifically authorize a merger with or acquisition by a foreign institution. For purposes of this subsection the term "foreign institution" means a federal association whose home office is located in another state, a bank whose home office is located in another state, or a bank holding company which is with respect to the state of Iowa an "out-of-state bank holding company" as defined or referred to in 12 U.S.C. 1842(d), and for purposes of this subsection the words "acquire" or "acquisition" mean to directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any association or the power to control in any manner the election of a majority of the directors of any association.

Sec. 36. Chapter 536A, Code 1981, is amended by adding the following new section:

NEW SECTION. REAL ESTATE LOANS. A licensed industrial loan company may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the auditor under chapter 17A. These rules shall contain provisions as necessary to insure the safety and soundness of these loans, and to insure full and fair disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

A licensed industrial loan company may include in the loan documents signed by the borrower a provision requiring the borrower to pay the company each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the company in order to better secure the loan. The company shall be deemed to be acting in a fiduciary capacity with respect to these funds. A company receiving funds in escrow pursuant to an escrow agreement executed on or after the effective date of this Act in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the lowest rate the company pays to holders of thrift certificates issued by the company. If the company does not issue thrift

certificates as defined in section 536B.2, the company shall pay an interest rate which represents the average of the lowest rates paid on thrift certificates by companies required to be members of the industrial loan thrift guaranty corporation under chapter 536B. This rate shall be determined by the auditor of state as of December 31 and June 30 of each year, and the auditor of state shall cause the rate to be published in the Iowa administrative bulletin within twenty days following the date of determination. The rate so determined shall apply from the date of publication of the rate and until a different rate is published. A company which maintains an escrow account in connection with a loan authorized by this section, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

Sec. 37. Section 536A.16, Code 1981, is amended to read as follows:

536A.16 CEASE AND DESIST ORDERS. Whenever the auditor has reasonable cause to believe that any licensee is violating any provision of this chapter, chapter 536B, or rules adopted under either chapter, he the auditor may, after ten days' advance written notice, in addition to all actions provided for in this chapter, and without prejudice thereto, enter an order requiring such the licensee to cease, desist and refrain from such the violation. After receipt of the advance written notice as provided above, any licensee, within five days from the receipt of such notice may file with the auditor a written demand for a hearing. ~~Such hearings~~ Hearings shall promptly be held in the office of the auditor and ~~no a~~ cease and desist order shall not be issued until after the hearing ~~during-which-the.~~ The licensee shall be entitled to present evidence and the testimony of witnesses at the hearing.

Sec. 38. Section 536A.17, Code 1981, is amended to read as follows:

536A.17 INJUNCTIONS. The auditor by counsel of the attorney general may commence an action in ~~any court of competent jurisdiction~~ the district court, in the name of the state of Iowa as plaintiff on the relation of ~~such the~~ auditor to restrain and enjoin any licensee from violating ~~the provisions of~~ this chapter, chapter 536B, or rules adopted under either chapter, or to restrain and enjoin any person, copartnership, firm or corporation from engaging in the business of operating an industrial loan company without obtaining a license as required by this chapter.

Sec. 39. Section 536A.22, Code 1981, is amended to read as follows:

536A.22 THRIFT CERTIFICATES. Licensed industrial loan companies may sell senior debt to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes or similar evidences of indebtedness. The total amount of such thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes or similar evidences of indebtedness outstanding and in the hands of the general public shall not at any time exceed ten times the total amount of capital, surplus, undivided profits and subordinated debt that gives priority to such securities of the issuing industrial loan company. ~~The~~ Except as provided in chapter 536B, the sale of such securities shall be subject to the provisions of chapter 502, and shall not be construed to be exempt therefrom by reason of the provisions of section 502.202, subsection 10, except that the sale of thrift certificates or installment thrift certificates which are redeemable by the holder thereof either upon demand or within a period not in excess of one hundred eighty days shall be exempt from sections 502.201 and 502.602.

Sec. 40. Section 536B.2, subsection 5, Code 1981, is amended to read as follows:

5. "Thrift certificates" issued by a member means senior indebtedness issued to and in the hands of the general public, and includes thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes, or similar evidences of indebtedness.

Sec. 41. Section 537.2310, subsection 2, paragraph d, Code 1981, is amended to read as follows:

d. Sales of property or items by the licensee which are not for the profit of the licensee and which are sold for a price not exceeding fifteen fifty dollars.

Sec. 42. Section 537.1301, subsection 14, paragraph b, subparagraph (2), Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 177, section 3, is amended to read as follows:

(2) A debt which is ~~incurred primarily for the purpose of acquiring real property or refinancing a contract for deed to real property and which is~~ secured by a first lien on that real property and which is incurred primarily for the purpose of acquiring that real property, or refinancing a contract for deed to that real property, or constructing on that real property a building containing one or more dwelling units.

Sec. 43. Notwithstanding contrary provisions of this Act, a bank, savings and loan association, credit union or industrial loan company organized or licensed under the laws of this state may until July 1, 1983, make real estate loans pursuant to applicable provisions of the Code as it existed prior to the effective date of this Act and pursuant to any applicable rules that are adopted under section 2, 5, 22, or 36 of this Act after the effective date of this Act. Commencing July 1, 1983, the institution shall make real estate loans only in accordance with applicable rules adopted under section 2, 5, 22, or 36 of this Act.

Sec. 44.

1. Sections 534.3, 534.4, 534.22, 534.24, 534.25, 534.26, 534.27, 534.28, 534.29, 534.30, 534.36, 534.37, 534.38, 534.39,

534.40, 534.67, 534.71, 534.72, and 534.73, Code 1981, are repealed. Section 534.21, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 175, sections 6 and 7, is repealed.

2. Chapter 535B, Code 1981, is repealed.

3. Section 534.19, subsections 2, 3, 4, 5, 11, 16, 17, and 19, Code 1981, are amended by striking those subsections. Section 534.19, subsection 6, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 175, section 3, is amended by striking the subsection.

TERRY E. BRANSTAD
President of the Senate

DELWYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2300, Sixty-ninth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 18, 1982

ROBERT D. RAY
Governor