

Do Pass 2/25/81 (p. 196)

Commerce
DeKoster, Chairperson
Comito
Rush

FILED FEB 13 1981

SENATE FILE 244

BY SCHWENGELS

Res. Commerce 2/25/81

Senate File 244

Commerce: Hansen of O'Brien, Chair; Sturgeon and Hummel.

Do Pass 4/23/81 (p. 1014)

Passed Senate, Date 2-23-81 (p. 717) Passed House, Date 4-24-81 (p. 1557)

Vote: Ayes 45 Nays 1 Vote: Ayes 93 Nays 0

Approved May 14, 1981

*Repassed Sen. to pass 2581 4-29-81 (p. 1425)
47-0*

A BILL FOR

1 An Act relating to mortgage loan disclosure, reporting, and
2 record-keeping.

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

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1 Section 1. Section 535A.1, subsection 4, Code 1981, is
2 amended to read as follows:

3 4. "Reporting financial institution" means a financial
4 institution with-an-excess-of-ten-million-dollars-in-assets
5 which-during-a-reporting-period-accepts-mortgage-loan
6 applications-from-persons-in-any-iowa-city-with-a-population
7 in-excess-of-fifty-thousand-as-determined-in-the-most-recent
8 regular-census-or-in-any-standard-metropolitan-statistical
9 area which is required to file a mortgage loan disclosure
10 statement.

11 Sec. 2. Section 535A.1, Code 1981, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. "Mortgage loan disclosure statement" means
14 the statement required by the federal Home Mortgage Disclosure
15 Act, 12 U.S.C. secs. 2801 to 2809.

16 Sec. 3. Section 535A.4, Code 1981, is amended by striking
17 the section and inserting in lieu thereof the following:

18 535A.4 DISCLOSURE. Each reporting financial institution
19 shall file a copy of its mortgage loan disclosure statement
20 with the Iowa housing finance authority by March 31 following
21 the calendar year covered by the mortgage loan disclosure
22 statement. The filing satisfies all reporting requirements
23 under this chapter. The maintenance of records sufficient
24 to prepare this report satisfies the record-keeping
25 requirements of this chapter.

26 EXPLANATION

27 This bill provides that mortgage lenders annually must
28 file a copy of the disclosure statement required by the federal
29 Home Loan Disclosure Act with the Iowa housing finance au-
30 thority. It further provides that records maintained to pre-
31 pare that report will satisfy the record-keeping requirements
32 of chapter 535A. The bill repeals the separate record-keeping
33 and reporting requirements in the current Code. The bill
34 takes effect July 1 following its enactment.

35

SENATE FILE 244

H-3736

1 Amend Senate File 244, as passed by the Senate,
2 as follows:
3 1. Page 1, by inserting before line 1 the
4 following:
5 "Section 1. Chapter 524, division VIII, Code 1981,
6 is amended by adding the following new section:
7 NEW SECTION. A state bank may act as an escrow
8 agent with respect to real property, and may receive
9 funds and make disbursements from escrowed funds in
10 that capacity. The state bank shall be deemed to
11 be acting in a fiduciary capacity with respect to
12 these funds. A bank which maintains such an escrow
13 account, whether or not the mortgage has been assigned
14 to a third person, shall deliver to the mortgagor
15 a written summary of all transactions made with re-
16 spect to the loan and escrow accounts during each
17 calendar year. However, the mortgagor and mortgagee
18 may, by mutual agreement, select a fiscal year
19 reporting period other than the calendar year. The
20 summary shall be delivered or mailed not later than
21 thirty days following the year to which disclosure
22 relates. The summary shall contain all of the
23 following information:
24 1. The name and address of the mortgagee.
25 2. The name and address of the mortgagor.
26 3. A summary of escrow account activity during
27 the year as follows:
28 a. The balance of the escrow account at the
29 beginning of the year.
30 b. The aggregate amount of deposits to the escrow
31 account during the year.
32 c. The aggregate amount of withdrawals from the
33 escrow account for each of the following categories:
34 (1) Payments against loan principal.
35 (2) Payments against interest.
36 (3) Payments against real estate taxes.
37 (4) Payments for real property insurance premiums.
38 (5) All other withdrawals.
39 d. The balance of the escrow account at the end
40 of the year.
41 4. A summary of loan principal for the year as
42 follows:
43 a. The amount of principal outstanding at the
44 beginning of the year.
45 b. The aggregate amount of payments against
46 principal during the year.
47 c. The amount of principal outstanding at the
48 end of the year.
49 Sec. 2. Chapter 533, Code 1981, is amended by
50 adding the following new section:

1 NEW SECTION. A credit union may act as an escrow
2 agent with respect to real property that is mortgaged
3 to the credit union, and may receive funds and make
4 disbursements from escrowed funds in that capacity.
5 The credit union shall be deemed to be acting in a
6 fiduciary capacity with respect to these funds. A
7 credit union which maintains such an escrow account,
8 whether or not the mortgage has been assigned to a
9 third person, shall deliver to the mortgagor a written
10 summary of all transactions made with respect to the
11 loan and escrow accounts during each calendar year.
12 However, the mortgagor and mortgagee may, by mutual
13 agreement, select a fiscal year reporting period other
14 than the calendar year.

15 The summary shall be delivered or mailed not later
16 than thirty days following the year to which the
17 disclosure relates. The summary shall contain all
18 of the following information:

- 19 1. The name and address of the mortgagee.
- 20 2. The name and address of the mortgagor.
- 21 3. A summary of escrow account activity during
22 the year as follows:
 - 23 a. The balance of the escrow account at the
24 beginning of the year.
 - 25 b. The aggregate amount of deposits to the escrow
26 account during the year.
 - 27 c. The aggregate amount of withdrawals from the
28 escrow account for each of the following categories:
 - 29 (1) Payments against loan principal.
 - 30 (2) Payments against interest.
 - 31 (3) Payments against real estate taxes.
 - 32 (4) Payments for real property insurance premiums.
 - 33 (5) All other withdrawals.
 - 34 d. The balance of the escrow account at the end
35 of the year.

36 4. A summary of loan principal for the year as
37 follows:

- 38 a. The amount of principal outstanding at the
39 beginning of the year.
- 40 b. The aggregate amount of payments against
41 principal during the year.
- 42 c. The amount of principal outstanding at the
43 end of the year.

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

46 NEW SECTION. A savings and loan association may
47 act as an escrow agent with respect to real property
48 that is mortgaged to the association, and may receive
49 funds and make disbursements from escrowed funds in
50 that capacity. The association shall be deemed to

H-3736
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1 be acting in a fiduciary capacity with respect to
2 these funds. A savings and loan association which
3 maintains such an escrow account, whether or not the
4 mortgage has been assigned to a third person, shall
5 deliver to the mortgagor a written summary of all
6 transactions made with respect to the loan and escrow
7 accounts during each calendar year. However, the
8 mortgagor and mortgagee may, by mutual agreement,
9 select a fiscal year reporting period other than the
10 calendar year.

11 The summary shall be delivered or mailed not later
12 than thirty days following the year to which the
13 disclosure relates. The summary shall contain all
14 of the following information:

15 1. The name and address of the mortgagee.

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18 the year as follows:

19 a. The balance of the escrow account at the
20 beginning of the year.

21 b. The aggregate amount of deposits to the escrow
22 account during the year.

23 c. The aggregate amount of withdrawals from the
24 escrow account for each of the following categories:

25 (1) Payments against loan principal.

26 (2) Payments against interest.

27 (3) Payments against real estate taxes.

28 (4) Payments for real property insurance premiums.

29 (5) All other withdrawals.

30 d. The balance of the escrow account at the end
31 of the year.

32 4. A summary of loan principal for the year as
33 follows:

34 a. The amount of principal outstanding at the
35 beginning of the year.

36 b. The aggregate amount of payments against
37 principal during the year.

38 c. The amount of principal outstanding at the
39 end of the year."

40 2. Page 1, by inserting after line 25 the
41 following:

42 "Sec. ____ . Sections 1 through 3 of this Act apply
43 to mortgage loan accounts that are in existence as
44 of the effective date of this Act and those that are
45 established after the effective date of this Act.

46 The disclosures required by sections 1 through 3 of
47 this Act apply only with respect to calendar or fiscal
48 years commencing on or after the effective date of
49 this Act."

50 3. By renumbering sections of the bill.

S-3581

1 Amend Senate File 244, as passed by the Senate,
2 as follows:
3 1. Page 1, by inserting before line 1 the
4 following:
5 "Section 1. Chapter 524, division VIII, Code 1981,
6 is amended by adding the following new section:
7 NEW SECTION. A state bank may act as an escrow
8 agent with respect to real property, and may receive
9 funds and make disbursements from escrowed funds in
10 that capacity. The state bank shall be deemed to
11 be acting in a fiduciary capacity with respect to
12 these funds. A bank which maintains such an escrow
13 account, whether or not the mortgage has been assigned
14 to a third person, shall deliver to the mortgagor
15 a written summary of all transactions made with re-
16 spect to the loan and escrow accounts during each
17 calendar year. However, the mortgagor and mortgagee
18 may, by mutual agreement, select a fiscal year
19 reporting period other than the calendar year. The
20 summary shall be delivered or mailed not later than
21 thirty days following the year to which disclosure
22 relates. The summary shall contain all of the
23 following information:
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35 (2) Payments against interest.
36 (3) Payments against real estate taxes.
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46 principal during the year.
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48 end of the year.
49 Sec. 2. Chapter 533, Code 1981, is amended by
50 adding the following new section:

1 NEW SECTION. A credit union may act as an escrow
2 agent with respect to real property that is mortgaged
3 to the credit union, and may receive funds and make
4 disbursements from escrowed funds in that capacity.
5 The credit union shall be deemed to be acting in a
6 fiduciary capacity with respect to these funds. A
7 credit union which maintains such an escrow account,
8 whether or not the mortgage has been assigned to a
9 third person, shall deliver to the mortgagor a written
10 summary of all transactions made with respect to the
11 loan and escrow accounts during each calendar year.
12 However, the mortgagor and mortgagee may, by mutual
13 agreement, select a fiscal year reporting period other
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 - 23 a. The balance of the escrow account at the
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41 principal during the year.
- 42 c. The amount of principal outstanding at the
43 end of the year.

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

46 NEW SECTION. A savings and loan association may
47 act as an escrow agent with respect to real property
48 that is mortgaged to the association, and may receive
49 funds and make disbursements from escrowed funds in
50 that capacity. The association shall be deemed to

1 be acting in a fiduciary capacity with respect to
2 these funds. A savings and loan association which
3 maintains such an escrow account, whether or not the
4 mortgage has been assigned to a third person, shall
5 deliver to the mortgagor a written summary of all
6 transactions made with respect to the loan and escrow
7 accounts during each calendar year. However, the
8 mortgagor and mortgagee may, by mutual agreement,
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41 following:

42 "Sec. ____ Sections 1 through 3 of this Act apply
43 to mortgage loan accounts that are in existence as
44 of the effective date of this Act and those that are
45 established after the effective date of this Act.
46 The disclosures required by sections 1 through 3 of
47 this Act apply only with respect to calendar or fiscal
48 years commencing on or after the effective date of
49 this Act."

50 3. By renumbering sections of the bill.

SENATE FILE 244

AN ACT

RELATING TO MORTGAGE LOAN DISCLOSURE, REPORTING, AND RECORD-KEEPING.

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

Section 1. Chapter 524, division VIII, Code 1981, is amended by adding the following new section:

NEW SECTION. A state bank may act as an escrow agent with respect to real property, and may receive funds and make disbursements from escrowed funds in that capacity. The state bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A bank which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year. The summary shall be delivered or mailed not later than thirty days following the year to which disclosure relates. The summary shall contain all of the following information:

1. The name and address of the mortgagee.
2. The name and address of the mortgagor.
3. A summary of escrow account activity during the year as follows:
 - a. The balance of the escrow account at the beginning of the year.
 - b. The aggregate amount of deposits to the escrow account during the year.
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 - (1) Payments against loan principal.
 - (2) Payments against interest.
 - (3) Payments against real estate taxes.

- (4) Payments for real property insurance premiums.
- (5) All other withdrawals.
- d. The balance of the escrow account at the end of the year.
4. A summary of loan principal for the year as follows:
 - a. The amount of principal outstanding at the beginning of the year.
 - b. The aggregate amount of payments against principal during the year.
 - c. The amount of principal outstanding at the end of the year.

Sec. 2. Chapter 533, Code 1981, is amended by adding the following new section:

NEW SECTION. A credit union may act as an escrow agent with respect to real property that is mortgaged to the credit union, and may receive funds and make disbursements from escrowed funds in that capacity. The credit union shall be deemed to be acting in a fiduciary capacity with respect to these funds. A credit union which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

1. The name and address of the mortgagee.
2. The name and address of the mortgagor.
3. A summary of escrow account activity during the year as follows:
 - a. The balance of the escrow account at the beginning of the year.
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 - (2) Payments against interest.
 - (3) Payments against real estate taxes.
 - (4) Payments for real property insurance premiums.
 - (5) All other withdrawals.
- d. The balance of the escrow account at the end of the year.
4. A summary of loan principal for the year as follows:
- a. The amount of principal outstanding at the beginning of the year.
 - b. The aggregate amount of payments against principal during the year.
 - c. The amount of principal outstanding at the end of the year.

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

NEW SECTION. A savings and loan association may act as an escrow agent with respect to real property that is mortgaged to the association, and may receive funds and make disbursements from escrowed funds in that capacity. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. A savings and loan association which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

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 - (4) Payments for real property insurance premiums.
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 - d. The balance of the escrow account at the end of the year.
4. A summary of loan principal for the year as follows:
- a. The amount of principal outstanding at the beginning of the year.
 - b. The aggregate amount of payments against principal during the year.
 - c. The amount of principal outstanding at the end of the year.

Sec. 4. Section 535A.1, subsection 4, Code 1981, is amended to read as follows:

4. "Reporting financial institution" means a financial institution ~~with an excess of ten million dollars in assets which during a reporting period accepts mortgage loan applications from persons in any Iowa city with a population in excess of fifty thousand as determined in the most recent regular census or in any standard metropolitan statistical area which is required to file a mortgage loan disclosure statement.~~

Sec. 5. Section 535A.1, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. "Mortgage loan disclosure statement" means the statement required by the federal Home Mortgage Disclosure Act, 12 U.S.C. secs. 2801 to 2809.

Sec. 6. Section 535A.4, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

535A.4 DISCLOSURE. Each reporting financial institution shall file a copy of its mortgage loan disclosure statement with the Iowa housing finance authority by March 31 following the calendar year covered by the mortgage loan disclosure statement. The filing satisfies all reporting requirements under this chapter. The maintenance of records sufficient to prepare this report satisfies the record-keeping requirements of this chapter.

Sec. 7. Sections 1 through 3 of this Act apply to mortgage loan accounts that are in existence as of the effective date of this Act and those that are established after the effective date of this Act. The disclosures required by sections 1 through 3 of this Act apply only with respect to calendar or fiscal years commencing on or after the effective date of this Act.

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 244, Sixty-ninth General Assembly.

LINDA HOWARTH MACKAY
Secretary of the Senate

Approved _____, 1981

ROBERT D. RAY
Governor