

Use Small Business 3/19 Amend (5560) & Do Pass 3/26 (p. 1024)

MAR 11 1986

SENATE FILE 2268
BY COMMITTEE ON COMMERCE
(formerly SSB 2181)
Approved (p. 603)

Passed Senate, Date 3-13-86 (p. 713) Passed House, Date 4-7-86 (p. 1270)

Vote: Ayes 48 Nays 0 Vote: Ayes 96 Nays 0

Approved May 2, 1986 (p. 1612)

Repassed Senate 4-16-86 (p. 1256)

motion to reconsider (p. 1293)
Repassed House 4/10/86 (p. 1395)
87-6

45-0
motion to reconsider (p. 1263) w/d 4/23 A BILL FOR

1 An Act relating to the industrial loan thrift guaranty
2 corporation of Iowa.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2268

5560

1 Section 1. Section 536B.8, subsection 3, Code 1985, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. If after paying an advance
4 assessment as provided in this subsection, an industrial loan
5 corporation ceases to be a member of the guaranty corporation,
6 a refund of that assessment shall be limited to that portion
7 which is not necessary to meet those obligations of the
8 guarantee fund as provided in section 536B.7, and as
9 determined by the auditor of state, known to exist at the time
10 of the payment of the advance assessment.

11 Sec. 2. NEW SECTION. 536B.27 RESTRICTIONS ON LOANS.

12 A member shall not loan to a borrower, including a
5560 13 subsidiary or affiliated corporation of the borrower, more
14 than twenty percent of its total capital, surplus, and
15 undivided profits. The aggregate of a member's loans to
16 subsidiaries or affiliated corporations of the member shall
17 not exceed ten percent of the member's total assets.

5560

18 EXPLANATION

19 This bill codifies existing administrative interpretations
20 that limit the refund of advance assessments paid by
21 industrial loan corporations to the Iowa industrial loan
22 thrift guaranty fund. It also places limits on loans made by
23 members of the thrift guaranty corporation to borrowers and
24 subsidiaries or affiliated corporations of borrowers.

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SENATE FILE 2268

H-5560

Amend Senate File 2268 as passed by the Senate as follows:

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

"Sec. 103. Section 536B.7, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Thrift Except as provide in section 536B.28, thrift certificates of a member of the guaranty corporation shall be guaranteed by the guaranty corporation as follows:

2. Page 1, line 13, by striking the word "borrower" and inserting the following: "member".

3. Page 1, by inserting after line 17 the following:

"Sec. . NEW SECTION. 536B.28 LIMITS OF GUARANTEES -- PHASING OUT OF GUARANTEES.

1. Notwithstanding section 536B.7, any new thrift certificate issued by a member after June 30, 1986, shall not be guaranteed by the guaranty corporation. Thrift certificates guaranteed under section 536B.7 which are outstanding as of June 30, 1986 may be renewed provided that their maturity date after renewal is not later than June 30, 1988.

Thrift certificates issued by a member in the form of passbook accounts shall be redeemed by the member or converted to a nonguaranteed thrift certificate not later than June 30, 1987. After June 30, 1986 the balance of each guaranteed passbook account shall not exceed the balance of the account existing on that date plus any accumulated interest on that balance.

2. As of July 1, 1986, any thrift certificate issued by a member shall conspicuously bear on its face a statement indicating that the thrift certificate is not guaranteed or insured by the guaranty corporation or the state of Iowa. A member may issue such nonguaranteed thrift certificates as senior debt pursuant to section 536A.22.

3. All thrift certificates issued by a member, including those certificates issued prior to July 1, 1986, shall cease to be guaranteed by the guaranty corporation as of July 1, 1988.

4. Notwithstanding the provisions of this chapter, a member may, in lieu of maintaining membership in the guaranty corporation, acquire insurance from the federal deposit insurance corporation or the federal savings and loan insurance corporation to protect each thrift certificate against loss of funds."

4. Renumber as necessary.

BY COMMITTEE ON SMALL

H-5560 FILED MARCH 26, 1986 BUSINESS AND COMMERCE

*Adopted 4/7 (p. 1370) Recommended
as amended by 5673, 4/10/86 (p. 1374)
5736*

SENATE FILE 2268

H-5656

- 1 Amend the amendment H-5560 to Senate File 2268 as
2 passed by the Senate as follows:
3 1. Page 1, by striking lines 22 and 23 and
4 inserting the following: "renewed for a term not to
5 exceed one year beyond the stated maturity date, and
6 in no event beyond June 30, 1991."
7 2. Page 1, line 27, by striking the figure "1987"
8 and inserting the following: "1991".
9 3. Page 1, line 31, by inserting after the word
10 "any" the following: "new".
11 4. Page 1, line 41, by striking the figure "1988"
12 and inserting the following: "1991".

BY SKOW of Guthrie
JOCHUM of Dubuque
ARNOULD of Scott

H-5656 FILED APRIL 2, 1986

Loss 4/7 (p. 1269)

SENATE FILE 2268

H-5660

- 1 Amend H-5560 to Senate File 2268 as passed by the
2 Senate as follows:
3 1. Page 1, line 37, by inserting after the figure
4 "536A.22." the following: "However, before a member
5 may issue a nonguaranteed thrift certificate, the
6 member must disclose to the prospective purchase in
7 writing and orally that the certificate is not
8 guaranteed or insured by the guaranty corporation or
9 the state of Iowa. The written disclose shall be made
10 clearly and conspicuously and shall be specifically
11 signed and dated prior to the purchase by the
12 prospective purchaser of the certificate."

BY STURGEON of Woodbury
SKOW of Guthrie

H-5660 FILED APRIL 2, 1986

H/S 4/7 (p. 1269)

SENATE FILE 2268

H-5673

- 1 Amend H-5560 to Senate File 2268 as passed by the
2 Senate as follows:
3 1. Page 1, line 37, by inserting after the figure
4 "536A.22." the following: "However, before a member
5 may issue a nonguaranteed thrift certificate, the
6 member must disclose to the prospective purchaser in
7 writing and orally that the certificate is not
8 guaranteed or insured by the guaranty corporation or
9 the state of Iowa. The written disclosure shall be
10 made clearly and conspicuously and shall be
11 specifically signed and dated prior to the purchase by
12 the prospective purchaser of the certificate."

BY STURGEON of Woodbury
SKOW of Guthrie

H-5673 FILED APRIL 3, 1986

Adopted 4/7 (p. 1276)

H-5736

1 Amend the amendment H-5560 to Senate File 2268 as
2 passed by the Senate as follows:

3 1. Page 1, line 23, by inserting after the figure
4 "1988." the following: "However, any noncallable
5 thrift certificate issued by a member prior to January
6 1, 1986 for a term up to five years shall be
7 guaranteed by the guaranty corporation until the
8 expiration of the certificate."

9 2. Page 1, line 27, by striking the figure "1987"
10 and inserting the following: "1988".

11 3. Page 1, line 38, by striking the word "All"
12 and inserting the following: "Except as provided in
13 subsection 1, all".

BY HARBOR of Mills
SKOW of Guthrie

H-5736 FILED APRIL 7, 1986

Adopted 4/10 (p. 1294)

HOUSE AMENDMENT TO
SENATE FILE 2268

S-5687

1 Amend Senate File 2268 as passed by the Senate as
2 follows:

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

5 "Sec. 103. Section 536B.7, unnumbered paragraph 1,
6 Code 1985, is amended to read as follows:

7 Thrift Except as provide in section 536B.28, thrift
8 certificates of a member of the guaranty corporation
9 shall be guaranteed by the guaranty corporation as
10 follows:

11 2. Page 1, line 13, by striking the word
12 "borrower" and inserting the following: "member".

13 3. Page 1, by inserting after line 17 the
14 following:

15 "Sec. ____ . NEW SECTION. 536B.28 LIMITS OF
16 GUARANTEES -- PHASING OUT OF GUARANTEES.

17 1. Notwithstanding section 536B.7, any new thrift
18 certificate issued by a member after June 30, 1986,
19 shall not be guaranteed by the guaranty corporation.
20 Thrift certificates guaranteed under section 536B.7
21 which are outstanding as of June 30, 1986 may be
22 renewed provided that their maturity date after
23 renewal is not later than June 30, 1988. However, any
24 noncallable thrift certificate issued by a member
25 prior to January 1, 1986 for a term up to five years
26 shall be guaranteed by the guaranty corporation until
27 the expiration of the certificate.

28 Thrift certificates issued by a member in the form
29 of passbook accounts shall be redeemed by the member
30 or converted to a nonguaranteed thrift certificate not
31 later than June 30, 1988. After June 30, 1986 the
32 balance of each guaranteed passbook account shall not
33 exceed the balance of the account existing on that
34 date plus any accumulated interest on that balance.

35 2. As of July 1, 1986, any thrift certificate
36 issued by a member shall conspicuously bear on its
37 face a statement indicating that the thrift
38 certificate is not guaranteed or insured by the
39 guaranty corporation or the state of Iowa. A member
40 may issue such nonguaranteed thrift certificates as
41 senior debt pursuant to section 536A.22. However,
42 before a member may issue a nonguaranteed thrift
43 certificate, the member must disclose to the
44 prospective purchaser in writing and orally that the
45 certificate is not guaranteed or insured by the
46 guaranty corporation or the state of Iowa. The
47 written disclosure shall be made clearly and
48 conspicuously and shall be specifically signed and
49 dated prior to the purchase by the prospective
50 purchaser of the certificate.

S-5687

1 3. Except as provided in subsection 1, all thrift
2 certificates issued by a member, including those
3 certificates issued prior to July 1, 1986, shall cease
4 to be guaranteed by the guaranty corporation as of
5 July 1, 1988.

6 4. Notwithstanding the provisions of this chapter,
7 a member may, in lieu of maintaining membership in the
8 guaranty corporation, acquire insurance from the
9 federal deposit insurance corporation or the federal
10 savings and loan insurance corporation to protect each
11 thrift certificate against loss of funds."
12 4. Renumber as necessary.

S-5687 Filed April 14, 1986 REC'D FROM THE HOUSE

Senate concurred 4/16 (p. 1255)

SSB 2181
Commercial
SSB2181

COMMERCE: Priebe, Chair; Tieden and Jensen

New
SF 2268

SENATE/HOUSE FILE _____
BY (PROPOSED AUDITOR OF STATE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the industrial loan thrift guaranty
2 corporation of Iowa.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. If after paying an advance
4 assessment as provided in this subsection, an industrial loan
5 corporation ceases to be a member of the guaranty corporation,
6 a refund of that assessment shall be limited to that portion
7 which is not necessary to meet those obligations of the
8 guarantee fund as provided in section 536B.7, and as
9 determined by the auditor of state, known to exist at the time
10 of the payment of the advance assessment.

11 Sec. 2. NEW SECTION. 536B.27 RESTRICTIONS ON LOANS.

12 A member shall not loan to a borrower, including a
13 subsidiary or affiliated corporation of the borrower, more
14 than twenty percent of its total capital, surplus, and
15 undivided profits. The aggregate of a member's loans to
16 subsidiaries or affiliated corporations of the member shall
17 not exceed ten percent of the member's total assets.

18 EXPLANATION

19 This bill codifies existing administrative interpretations
20 that limit the refund of advance assessments paid by
21 industrial loan corporations to the Iowa industrial loan
22 thrift guaranty fund. It also places limits on loans made by
23 members of the thrift guaranty corporation to borrowers and
24 subsidiaries or affiliated corporations of borrowers.

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SENATE FILE 2268

AN ACT

RELATING TO THE INDUSTRIAL LOAN THRIFT GUARANTY CORPORATION
OF IOWA.

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

Section 1. Section 536B.7, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Thrift Except as provided in section 536B.28, thrift certificates of a member of the guaranty corporation shall be guaranteed by the guaranty corporation as follows:

Sec. 2. Section 536B.8, subsection 3, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If after paying an advance assessment as provided in this subsection, an industrial loan corporation ceases to be a member of the guaranty corporation, a refund of that assessment shall be limited to that portion which is not necessary to meet those obligations of the guarantee fund as provided in section 536B.7, and as determined by the auditor of state, known to exist at the time of the payment of the advance assessment.

Sec. 3. NEW SECTION. 536B.27 RESTRICTIONS ON LOANS.

A member shall not loan to a borrower, including a subsidiary or affiliated corporation of the member, more than twenty percent of its total capital, surplus, and undivided profits. The aggregate of a member's loans to subsidiaries or affiliated corporations of the member shall not exceed ten percent of the member's total assets.

Sec. 4. NEW SECTION. 536B.28 LIMITS OF GUARANTEES -- PHASING OUT OF GUARANTEES.

1. Notwithstanding section 536B.7, any new thrift certificate issued by a member after June 30, 1986, shall not be guaranteed by the guaranty corporation. Thrift

certificates guaranteed under section 536B.7 which are outstanding as of June 30, 1986 may be renewed provided that their maturity date after renewal is not later than June 30, 1988. However, any noncallable thrift certificate issued by a member prior to January 1, 1986 for a term up to five years shall be guaranteed by the guaranty corporation until the expiration of the certificate.

Thrift certificates issued by a member in the form of passbook accounts shall be redeemed by the member or converted to a nonguaranteed thrift certificate not later than June 30, 1988. After June 30, 1986 the balance of each guaranteed passbook account shall not exceed the balance of the account existing on that date plus any accumulated interest on that balance.

2. As of July 1, 1986, any thrift certificate issued by a member shall conspicuously bear on its face a statement indicating that the thrift certificate is not guaranteed or insured by the guaranty corporation or the state of Iowa. A member may issue such nonguaranteed thrift certificates as senior debt pursuant to section 536A.22. However, before a member may issue a nonguaranteed thrift certificate, the member must disclose to the prospective purchaser in writing and orally that the certificate is not guaranteed or insured by the guaranty corporation or the state of Iowa. The written disclosure shall be made clearly and conspicuously and shall be specifically signed and dated prior to the purchase by the prospective purchaser of the certificate.

3. Except as provided in subsection 1, all thrift certificates issued by a member, including those certificates issued prior to July 1, 1986, shall cease to be guaranteed by the guaranty corporation as of July 1, 1988.

4. Notwithstanding the provisions of this chapter, a member may, in lieu of maintaining membership in the guaranty corporation, acquire insurance from the federal deposit insurance corporation or the federal savings and loan

insurance corporation to protect each thrift certificate against loss of funds.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2268, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 2, 1986

TERRY E. BRANSTAD
Governor