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MAR 10 1989

Printed On Calendar

HOUSE FILE 575
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 275)

Passed House, Date 3-21-89 (p. 88) Passed Senate, Date 4-11-89 (p. 1318)
Vote: Ayes 91 Nays 6 Vote: Ayes 48 Nays 1
Approved 4-27-89

A BILL FOR

1 An Act relating to the investment authority of state banks.

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

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HF 575

387 amends all-

1 Section 1. Section 524.901, Code 1989, is amended by
2 adding the following new subsections:

3 NEW SUBSECTION. 7. When approved by the superintendent, a
4 state bank may invest in real estate purchased at a sheriff's
5 sale or at any other sale, public or private, judicial or
6 otherwise, upon which the state bank has a lien or claim,
7 legal or equitable; in real estate accepted by the state bank
8 in satisfaction of any obligation; in real estate purchased
9 upon contracts for sale or improvement and sale, at the cost
10 of land and improvements, when such contracts are executed
11 concurrently with or prior to such purchase, such transactions
12 to be subject to all the limitations provided in this section
13 with respect to real estate loans; in real estate acquired by
14 the state bank in exchange for real estate owned by the state
15 bank; in real estate acquired by the state bank in connection
16 with salvaging the value of property owned by the state bank;
17 in real estate for the purpose of producing income or for sale
18 or for improvement of the real estate and the erection of
19 buildings on the real estate for sale or rental purposes,
20 subject to the following limitations:

21 a. The investment shall be for economic or community
22 development purposes only.

23 b. The total aggregate amount invested shall not exceed
24 twenty percent of the capital and surplus of the state bank.

25 c. The real estate purchased shall not be agricultural
26 land.

27 NEW SUBSECTION. 8. When approved by the superintendent, a
28 state bank may invest in a community development corporation.
29 A state bank shall have the same investment authority in a
30 community development corporation as the investment authority
31 of a federal bank pursuant to title XII of the United States
32 code.

33 EXPLANATION

34 This bill allows state banks to invest directly in real
35 estate for economic or community development purposes only

1 after obtaining the approval of the superintendent of banking.
2 A state bank's investment in real estate will be limited to a
3 total of twenty percent of capital and surplus. The real
4 estate purchased shall not be agricultural land. This bill
5 also allows a state bank, upon approval of the superintendent,
6 to invest in a community development corporation.

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HOUSE FILE 575

H-3457

Amend House File 575 as follows:

1. Page 1, by striking everything after the enacting clause and inserting the following:
"Section 1. Section 524.901, Code 1989, is amended by adding the following new subsections:
NEW SUBSECTION. 7. a. A state bank may invest in real estate as set forth in paragraph "b", subject to the following limitations:
 - (1) The investment shall be approved by the superintendent.
 - (2) The investment shall be for economic or community development purposes only.
 - (3) The total aggregate amount invested shall not exceed twenty percent of the capital and surplus of the state bank.
 - (4) The real estate purchased shall not be agricultural-zoned land.b. The state bank may acquire real estate as follows:
 - (1) At a sheriff's sale or any other sale of real estate against which the state bank has a legal or equitable lien or claim.
 - (2) In satisfaction of any obligation to the state bank.
 - (3) Upon contracts for sale or improvement and sale, at the cost of the land and improvements, if the contracts are executed concurrently or prior to the purchase. However, the transaction is subject to the limitations on real estate loans.
 - (4) In exchange for real estate owned by the state bank.
 - (5) In connection with salvaging the value of property owned by the state bank.
 - (6) For the purpose of producing income through the improvement or erection of a building and the sale or rental of the property.NEW SUBSECTION. 8. If approved by the superintendent, a state bank may invest in a community development corporation. A state bank shall have the same authority to invest in a community development corporation as does a federal bank pursuant to Title XII of the United States Code."

By DVORSKY of Johnson

H-3457 FILED MARCH 20, 1989
Adopted 3-21-89 (p. 880)

HOUSE FILE 575
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 275)

(As Amended and Passed by the House March 21, 1989)

Passed House, Date 3-21-89 (p. 881) Passed Senate, Date 4-11-89 (p. 138)
Vote: Ayes 91 Nays 6 Vote: Ayes 48 Nays 1
Approved 4-27-89 (p. 2138)

A BILL FOR

1 An Act relating to the investment authority of state banks.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

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1 Section 1. Section 524.901, Code 1989, is amended by
2 adding the following new subsections:

3 NEW SUBSECTION. 7. a. A state bank may invest in real
4 estate as set forth in paragraph "b", subject to the following
5 limitations:

6 (1) The investment shall be approved by the super-
7 intendent.

8 (2) The investment shall be for economic or community
9 development purposes only.

10 (3) The total aggregate amount invested shall not exceed
11 twenty percent of the capital and surplus of the state bank.

12 (4) The real estate purchased shall not be agricultural-
13 zoned land.

14 b. The state bank may acquire real estate as follows:

15 (1) At a sheriff's sale or any other sale of real estate
16 against which the state bank has a legal or equitable lien or
17 claim.

18 (2) In satisfaction of any obligation to the state bank.

19 (3) Upon contracts for sale or improvement and sale, at
20 the cost of the land and improvements, if the contracts are
21 executed concurrently or prior to the purchase. However, the
22 transaction is subject to the limitations on real estate
23 loans.

24 (4) In exchange for real estate owned by the state bank.

25 (5) In connection with salvaging the value of property
26 owned by the state bank.

27 (6) For the purpose of producing income through the
28 improvement or erection of a building and the sale or rental
29 of the property.

30 NEW SUBSECTION. 8. If approved by the superintendent, a
31 state bank may invest in a community development corporation.

32 A state bank shall have the same authority to invest in a
33 community development corporation as does a federal bank
34 pursuant to Title XII of the United States Code.

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HSB 275

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC DEVELOPMENT BILL)

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

A BILL FOR

1 An Act relating to the investment authority of state banks.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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7 legal or equitable; in real estate accepted by the state bank
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10 of land and improvements, when such contracts are executed
11 concurrently with or prior to such purchase, such transactions
12 to be subject to all the limitations provided in this section
13 with respect to real estate loans; in real estate acquired by
14 the state bank in exchange for real estate owned by the state
15 bank; in real estate acquired by the state bank in connection
16 with salvaging the value of property owned by the state bank;
17 in real estate for the purpose of producing income or for sale
18 or for improvement of the real estate and the erection of
19 buildings on the real estate for sale or rental purposes,
20 subject to the following limitations:

21 a. The investment shall be for industrial or community
22 development purposes only.

23 b. The total aggregate amount invested shall not exceed
24 twenty percent of the capital and surplus of the state bank.

25 c. The real estate purchased shall not be agricultural
26 property.

27 NEW SUBSECTION. 8. When approved by the superintendent, a
28 state bank may invest in a community development corporation.
29 A state bank shall have the same investment authority in a
30 community development corporation as the investment authority
31 of a federal bank pursuant to title XII of the United States
32 code.

33 EXPLANATION

34 This bill allows state banks to invest directly in real
35 estate for industrial or community development purposes only

1 after obtaining the approval of the superintendent of banking.
2 A state bank's investment in real estate will be limited to a
3 total of twenty percent of capital and surplus. The real
4 estate purchased shall not be agricultural property. This
5 bill also allows a state bank, upon approval of the
6 superintendent, to invest in a community development
7 corporation.

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HOUSE FILE 575

AN ACT
RELATING TO THE INVESTMENT AUTHORITY OF STATE BANKS.

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

Section 1. Section 524.901, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 7. a. A state bank may invest in real estate as set forth in paragraph "b", subject to the following limitations:

- (1) The investment shall be approved by the superintendent.
- (2) The investment shall be for economic or community development purposes only.
- (3) The total aggregate amount invested shall not exceed twenty percent of the capital and surplus of the state bank.
- (4) The real estate purchased shall not be agricultural-zoned land.
 - b. The state bank may acquire real estate as follows:
 - (1) At a sheriff's sale or any other sale of real estate against which the state bank has a legal or equitable lien or claim.
 - (2) In satisfaction of any obligation to the state bank.
 - (3) Upon contracts for sale or improvement and sale, at the cost of the land and improvements, if the contracts are executed concurrently or prior to the purchase. However, the transaction is subject to the limitations on real estate loans.
 - (4) In exchange for real estate owned by the state bank.
 - (5) In connection with salvaging the value of property owned by the state bank.
 - (6) For the purpose of producing income through the improvement or erection of a building and the sale or rental

of the property.

NEW SUBSECTION. 8. If approved by the superintendent, a state bank may invest in a community development corporation. A state bank shall have the same authority to invest in a community development corporation as does a federal bank pursuant to Title XII of the United States Code.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 575, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved 4-27, 1989

TERRY E. BRANSTAD
Governor

HF 575