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MAR 17 1989

HOUSE FILE 658

Place On Calendar

BY COMMITTEE ON SMALL BUSINESS  
AND COMMERCE

(SUCCESSOR TO HSB 254)

Passed House, Date 4-3-89 (p.1202) Passed Senate, Date 3/13/90 (P.1058)  
Vote: Ayes 99 Nays 0 Vote: Ayes 46 Nays 0  
Approved April 27, 1990

A BILL FOR

1 An Act relating to savings and loan associations and their  
2 regulation by the superintendent of savings and loans.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 658

1 Section 1. Section 534.102, subsection 23, Code 1989, is  
2 amended by striking the subsection.

3 Sec. 2. Section 534.108, Code 1989, is amended by adding  
4 the following new unnumbered paragraph:

5 NEW UNNUMBERED PARAGRAPH. Every association shall file  
6 with the superintendent all monthly, quarterly, and annual  
7 reports required by and filed with the federal home loan bank  
8 board.

9 Sec. 3. NEW SECTION. 534.113 REFERENCES TO UNITED STATES  
10 CODE AND REGULATIONS.

11 All references in this chapter to the United States Code  
12 and regulations adopted pursuant to the United States Code  
13 refer to the United States Code and regulations as amended to  
14 and including January 1, 1989.

15 Sec. 4. Section 534.203, Code 1989, is amended by adding  
16 the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. A loan made by an association  
18 must be authorized by lending policies approved by the  
19 association's board of directors and made available to the  
20 superintendent upon request.

21 Sec. 5. Section 534.205, subsection 6, Code 1989, is  
22 amended to read as follows:

23 6. BALLOON PAYMENTS. An association shall mail to the  
24 borrower an offer to refinance a balloon payment under a loan  
25 at least twenty days ~~prior-to~~ before the balloon payment date  
26 if at that time no payments under the loan are delinquent.  
27 The offer shall be at an interest rate no greater than one  
28 percent per annum above the index rate and with monthly  
29 payments no greater than those necessary to fully amortize the  
30 amount of the balloon payment plus interest over a term which,  
31 when added together with the term representing the number of  
32 monthly payments made ~~prior-to~~ before the most recent notice  
33 to refinance, is not less than the original loan term. The  
34 association must offer to the borrower a term of at least one  
35 year before the next balloon payment. Where if the balloon

1 payment is due one month after the preceding monthly payment  
2 date, the association may require the borrower to make a  
3 payment equal to the preceding monthly payment on the balloon  
4 payment date if the first payment under the note to refinance  
5 the balloon note is one month after the balloon payment date.  
6 The association may offer repayment plans to refinance a  
7 balloon payment in addition to the plan required by this  
8 subsection. For purposes of this subsection, ~~the term "loan"~~  
9 means the same as defined in section 535.8, subsection 1; the  
10 term "balloon payment" means a payment which is more than  
11 three times as big as the mean average of the payments which  
12 precede it; and ~~the term "index rate"~~ means the national  
13 average mortgage contract rate for major lenders on the  
14 purchase of previously occupied homes which is most recently  
15 published in final form by the federal home loan bank board  
16 ~~one month prior to~~ not more than four months before the date  
17 on which the balloon payment is due.

18 Sec. 6. Section 534.207, subsection 1, Code 1989, is  
19 amended by adding the following new unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
21 subsection, "residential real estate" means real estate on  
22 which there is located, or within three years will be located  
23 following the construction of improvements financed by a real  
24 estate loan, a structure or structures designed or used  
25 primarily to provide living accommodations for people, except  
26 structures which are designed primarily to provide  
27 accommodations for transients.

28 Sec. 7. Section 534.212, Code 1989, is amended by adding  
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. An association taking any such  
31 actions shall notify the superintendent of the action or  
32 actions taken.

33 Sec. 8. Section 534.213, subsection 1, paragraph i, Code  
34 1989, is amended to read as follows:

35 i. Bonds or bond instruments secured by an interest in

1 real estate.

2 Sec. 9. Section 534.213, subsection 1, paragraph j, Code  
3 1989, is amended to read as follows:

4 j. Capital stock, obligations, or other securities of  
5 service corporations; provided that however, the aggregate  
6 investment in service corporations shall not exceed ~~seven~~  
7 ~~percent of assets of the association on or after July 17, 1984,~~  
8 ~~and prior to July 17, 1985, or eight percent of assets on or~~  
9 ~~after July 17, 1985 and prior to July 17, 1986, or nine percent~~  
10 ~~of assets on or after July 17, 1986 and prior to July 17, 1987,~~  
11 ~~or ten percent of the assets at any time on or after July 17,~~  
12 ~~1987 of the association.~~

13 Sec. 10. Section 534.213, subsection 1, paragraph k, Code  
14 1989, is amended to read as follows:

15 k. An open end management investment company registered  
16 under the federal Investment Company Act of 1940, the  
17 portfolio of which is restricted to investments in which an  
18 association may invest; however, the association's total  
19 investment in the shares of any one such company shall not  
20 exceed five percent of the association's assets without prior  
21 notification of the superintendent, who may prohibit exceeding  
22 the five percent limit by order.

23 Sec. 11. Section 524.213, subsection 1, Code 1989, is  
24 amended by adding the following new paragraph:

25 NEW PARAGRAPH. p. Commercial paper and corporate debt  
26 securities with investment characteristics as defined by rules  
27 adopted by the superintendent.

3584-  
28 Sec. 12. Section 534.403, subsection 2, Code 1989, is  
29 amended to read as follows:

30 2. EXPENSES, PER DIEM, VACATION, AND SICK LEAVE. If the  
31 examination is made under section 534.401, subsection 3, each  
32 examiner shall file with the superintendent an itemized,  
33 certified, and sworn voucher of the examiner's expense for the  
34 time the examiner is actually engaged in an examination. On  
35 the fifteenth and last days of each month each examiner shall

1 file in triplicate with the superintendent a certified  
2 statement of the actual days engaged in examinations. The  
3 salaries shall be included in a ~~biweekly~~ two-week payroll  
4 period. Upon approval of the superintendent, the director of  
5 revenue and finance is authorized to issue warrants for  
6 payment of the vouchers and salaries, including a prorated  
7 amount for vacation and sick leave, from the savings and loan  
8 revolving fund. Repayment to the state shall be made as  
9 provided by section 534.408, subsection 4. Savings and loan  
10 examiners shall be paid salaries at rates commensurate with,  
11 and shall be reimbursed for meals and lodging at the same rate  
12 and in the same manner as, that which is received by federal  
13 examiners operating under the federal home loan bank board.

14 Sec. 13. Section 534.403, subsection 3, Code 1989, is  
15 amended to read as follows:

16 3. RECORD REQUIRED. A record of ~~each-examination~~ all  
17 examinations, reports, and related information shall be kept  
18 in the superintendent's office, showing in detail as to each  
19 association all matters connected with the conduct of the its  
20 business, its financial standing, and everything touching its  
21 solvency, plan of business, and integrity.

22 The examinations, and reports, and other information  
23 ~~connected-with-them;~~ shall be kept confidential in the office  
24 of the superintendent, and are not subject to publication or  
25 disclosure to others except as provided in this chapter  
26 provided. However, any the superintendent may furnish any  
27 examination, report, or information to the federal savings and  
28 loan insurance corporation, federal deposit insurance  
29 corporation, or a successor deposit insurance instrumentality,  
30 federal home loan bank board, or financial institution  
31 regulatory authorities of any state. Any evidence of  
32 felonious acts on the part of the officers, directors, or  
33 employees of an association may be referred by the  
34 superintendent to proper authorities. Members of  
35 associations, other than their officers and directors, are not

1 entitled to inspection of any such records or information, and  
2 are not entitled to any information relative to the names of  
3 the members of an association, or the amounts invested by  
4 them, as disclosed in the superintendent's office, or in the  
5 records of an association.

6 Sec. 14. Section 534.405, Code 1989, is amended by adding  
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. Actions taken by the  
9 superintendent under this section are not subject to section  
10 17A.18, subsection 3.

11 Sec. 15. Section 534.507, Code 1989, is amended to read as  
12 follows:

13 534.507 NAME.

3517-14 The name of an association shall contain the words "savings  
15 bank" or the words "savings and loan association". An  
16 association shall not advertise or hold itself out to the  
17 public as a commercial bank; however, a corporate name, logo,  
18 or signage existing on January 1, 1989, depicting the name of  
19 the association may be used for as long as the association  
20 chooses to continue to use the name, logo, or signage existing  
21 on that date.

22 Sec. 16. Section 534.511, subsection 2, Code 1989, is  
23 amended to read as follows:

24 2. TYPES AUTHORIZED. An association may merge only with  
25 one or more other state associations, federal associations,  
26 association holding companies, bank holding companies, or  
27 banks.

28 Sec. 17. NEW SECTION. 534.518 DISSOLUTION.

29 The dissolution of an association shall be conducted  
30 pursuant to procedures approved by the superintendent. Upon  
31 dissolution, the association shall surrender its certificate  
32 of authority to the superintendent, and the superintendent  
33 shall publish notice of the dissolution in a newspaper of  
34 general circulation in the county of the home office of the  
35 association.

1 Sec. 18. NEW SECTION. 534.519 MUTUAL HOLDING COMPANIES.

2 1. An association may reorganize as a mutual holding  
3 company in the manner and with the effect provided in the  
4 federal National Housing Act of 1934, 12 U.S.C. §1730a(s).  
5 The mutual holding company may engage in activities permitted  
6 by the federal National Housing Act of 1934, 12 U.S.C.  
7 §1730a(s). For purposes of 12 U.S.C. §1730a(s)(5)(D),  
8 investments in service corporations shall be deemed available  
9 for purchase without regard to the limitation contained in  
10 section 534.213, subsection 1, paragraph "j", on the amount of  
11 such investments.

12 2. A mutual holding company shall be deemed a mutual  
13 association for purposes of sections 534.401, 534.403,  
14 534.501, 534.502, 534.503, 534.505, 534.509, 534.510, 534.511,  
15 534.512, 534.513, 534.514, 534.601, 534.602, 545.603, 534.604,  
16 534.605, 534.606, 534.701, 534.702, 534.703, 534.704, and  
17 534.705.

18 3. Except as otherwise provided in this chapter, a mutual  
19 holding company has all powers set forth in section 496A.4.

20 4. The superintendent may adopt rules pursuant to chapter  
21 17A pertaining to mutual holding companies.

22 5. Proxies of the association shall continue in force as  
23 proxies of the mutual holding company.

24 Sec. 19. Section 534.605, subsection 2, Code 1989, is  
25 amended to read as follows:

3484-26 2. To make without the prior notification of the  
27 superintendent, fifteen days prior to closing the loan or  
28 executing the contract, who may prohibit the proposed  
29 transaction by order a real estate loan or real estate  
30 contract to a director, officer, or employee of the  
31 association, or to any an attorney or firm of attorneys,  
32 regularly serving the association in the capacity of attorney  
33 at law, or to any a partnership in which any-such a director,  
34 officer, employee, attorney, or firm of attorneys has any  
35 interest, and no without the prior notification of the

1 superintendent, fifteen days prior to closing the loan or  
 2 executing the contract, who may prohibit the proposed  
 3 transaction by order. A real estate loan or real estate  
 4 contract shall not be made to any a corporation in which any  
 5 of ~~such~~ the parties are stockholders, except that with the  
 6 prior approval of its board of directors a real estate loan or  
 7 real estate contract may be made to a corporation in which no  
 8 ~~such~~ a party owns no more than fifteen percent of the total  
 9 outstanding stock and in which the stock owned by all ~~such~~ the  
 10 parties does not exceed twenty-five percent of the total  
 11 outstanding stock. ~~Provided, that nothing herein shall~~  
 12 However, this section does not prohibit an association from  
 13 making loans pursuant to sections 534.202 and 534.208 and  
 14 loans on the security of a first lien on the home property or  
 15 mobile home owned and occupied by a director, officer, or  
 16 employee of an association, or by an attorney or member of a  
 17 firm of attorneys regularly serving the association in the  
 18 capacity of attorney at law ~~upon a two-thirds vote of the~~  
 19 ~~directors, the interested director not voting.~~

20 A loan made to an affiliated party is subject to the  
 21 association's normal lending policies and procedures, and  
 22 shall be approved by a two-thirds vote of the directors, the  
 23 interested director not voting.

EXPLANATION

24  
 25 This bill amends the savings and loan associations chapter.  
 26 Section 1 removes the definition of "residential real  
 27 estate" from the general chapter definitions. Section 6  
 28 redefines "residential real estate" with similar language as a  
 29 limitation to the investment provisions of section 534.207.  
 30 Section 2 requires that monthly, quarterly, and annual  
 31 federal home loan bank reports be filed with the savings and  
 32 loan division.  
 33 Section 3 updates references to the United States Code and  
 34 federal regulations pertaining to savings and loans.  
 35 Section 4 requires each savings and loan to develop formal



1 lending policies.

2 Section 5 redefines the index rate that is used when  
3 refinancing a balloon mortgage loan.

4 Section 6 redefines "residential real estate" to include  
5 land which within three years will have a structure devoted  
6 primarily to accommodations for people.

7 Section 7 requires that any otherwise unauthorized action  
8 taken by a savings and loan to avoid a loss must be reported  
9 to the superintendent of savings and loans.

10 Section 8 authorizes savings and loans to invest in bond  
11 instruments secured by real estate as well as bonds.

12 Section 9 removes outdated language relating to authorized  
13 service corporation investment limits because the phase-in  
14 period described has now expired.

15 Section 10 restricts the level of investment that a savings  
16 and loan may have in any one mutual fund.

17 Section 11 authorizes savings and loans to invest in  
18 certain types of commercial paper and corporate securities.

19 Section 12 modifies language relating to expense claims by  
20 savings and loan division personnel.

21 Section 13 authorizes the release of confidential  
22 information to federal and state regulatory authorities.

23 Section 14 provides that certain regulatory actions taken  
24 by the superintendent of savings and loan associations are not  
25 subject to the contested case provisions of chapter 17A.

26 Section 15 prohibits the use of names, advertising logos,  
27 or signage which implies that a savings and loan association  
28 is a commercial bank.

29 Section 16 authorizes savings and loans to merge with  
30 savings and loan holding companies.

31 Section 17 establishes the procedures for the dissolution  
32 of a savings and loan association.

33 Section 18 incorporates into state law recent federal  
34 legislation concerning mutual savings and loan holding  
35 companies.

1 Section 19 allows savings and loans to make certain loans  
2 to affiliated persons with prior notification of the  
3 superintendent of savings and loans.

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HOUSE FILE 658

H-3589

- 1 Amend House File 658 as follows:  
2 1. Page 3, by inserting after line 27 the  
3 following:  
4 "Sec. \_\_\_\_ Section 534.302, subsection 8, Code  
5 1989, is amended to read as follows:  
6 8. PAY ON DEATH ACCOUNTS. Any association and any  
7 federal savings and loan association may issue savings  
8 accounts in the name of one or more persons with the  
9 provision that upon the death of the owner or owners  
10 the proceeds shall be the property of the person or  
11 persons designated by the owner or owners and shown by  
12 the record of the association, ~~but.~~ After payment by  
13 the institution, the proceeds shall be remain subject  
14 to the debts of the decedent and the payment of Iowa  
15 inheritance tax, if any, provided, however, that six  
16 months after the date of the death of the owner the  
17 receipt or acquittance of the person so designated  
18 shall be a valid and sufficient release and discharge  
19 of the association for the delivery of the savings  
20 account or the payment so made. An institution paying  
21 the person or persons designated shall not be liable  
22 as a result of that action for any debts of the  
23 decedent or for any estate, inheritance, or succession  
24 taxes which may be due this state."  
25 2. By renumbering as necessary.

By SHERZAN of Polk

H-3589 FILED MARCH 23, 1989

Adopted 4-3-89 (p. 1202)

HOUSE FILE 658

H-3484

- 1 Amend House File 658 as follows:  
2 1. Page 6, by striking lines 26 through 29 and  
3 inserting the following:  
4 "2. To make a real estate loan or real estate".  
5 2. Page 6, line 34, by inserting after the word  
6 "any" the following: "an".

By DODERER of Johnson

H-3484 FILED MARCH 20, 1989

Adopted 4-3-89 (p. 1202)

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HOUSE FILE 658

H-3517

- 1 Amend House File 658 as follows:  
2 1. Page 5, by striking lines 16 through 21 and  
3 inserting the following: "association shall not use a  
4 name in advertising in a manner which would not be  
5 available to a federal association under the United  
6 States Code and regulations adopted pursuant to the  
7 United States Code."

By SHERZAN of Polk

H-3517 FILED MARCH 21, 1989

Withdrawn 4-3-89 (p. 1202)

Gen. Commerce General pass 5069. B. Pass 2/2 (p. 426)

HOUSE FILE 658

BY COMMITTEE ON SMALL BUSINESS  
AND COMMERCE

(SUCCESSOR TO HSB 254)

(As Amended and Passed by the House April 3, 1989)

<sup>pass 5069</sup>  
Passed House, Date 4/7/90 (p. 2227) Passed Senate, Date 3/13/90 (p. 1058)  
Vote: Ayes 94 Nays 0 Vote: Ayes 46 Nays 0  
Approved April 27, 1990

**A BILL FOR**

1 An Act relating to savings and loan associations and their  
2 regulation by the superintendent of savings and loans.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

**HOUSE FILE 658**

**S-5069**

1 Amend House File 658, as amended, passed, and re-  
2 printed by the House, as follows:  
3 1. Page 1, line 14, by striking the figure "1989"  
4 and inserting the figure "1990".  
5 2. Page 2, line 17, by inserting after the word  
6 "due" the following: ", or, alternatively, a rate  
7 based upon any other independently verifiable index  
8 approved by the superintendent".

By COMMITTEE ON COMMERCE  
WILLIAM D. PALMER, Chairperson

**S-5069 FILED FEBRUARY 8, 1990**

*Adopted 3/13 (p. 1058)*

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2 amended by striking the subsection.

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33 to refinance, is not less than the original loan term. The  
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2 date, the association may require the borrower to make a  
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29 amended to read as follows:

30 8. PAY ON DEATH ACCOUNTS. Any association and any federal  
31 savings and loan association may issue savings accounts in the  
32 name of one or more persons with the provision that upon the  
33 death of the owner or owners the proceeds shall be the  
34 property of the person or persons designated by the owner or  
35 owners and shown by the record of the association; but. After

1 payment by the institution, the proceeds shall be remain  
2 subject to the debts of the decedent and the payment of Iowa  
3 inheritance tax, if any, provided, however, that six months  
4 after the date of the death of the owner the receipt or  
5 acquittance of the person so designated shall be a valid and  
6 sufficient release and discharge of the association for the  
7 delivery of the savings account or the payment so made. An  
8 institution paying the person or persons designated shall not  
9 be liable as a result of that action for any debts of the  
10 decedent or for any estate, inheritance, or succession taxes  
11 which may be due this state.

12 Sec. 13. Section 534.403, subsection 2, Code 1989, is  
13 amended to read as follows:

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4 business, its financial standing, and everything touching its  
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26 the following new unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. Actions taken by the  
28 superintendent under this section are not subject to section  
29 17A.18, subsection 3.

30 Sec. 16. Section 534.507, Code 1989, is amended to read as  
31 follows:

32 534.507 NAME.

33 The name of an association shall contain the words "savings  
34 bank" or the words "savings and loan association". An  
35 association shall not advertise or hold itself out to the

1 public as a commercial bank; however, a corporate name, logo,  
2 or signage existing on January 1, 1989, depicting the name of  
3 the association may be used for as long as the association  
4 chooses to continue to use the name, logo, or signage existing  
5 on that date.

6 Sec. 17. Section 534.511, subsection 2, Code 1989, is  
7 amended to read as follows:

8 2. TYPES AUTHORIZED. An association may merge only with  
9 one or more other state associations, federal associations,  
10 association holding companies, bank holding companies, or  
11 banks.

12 Sec. 18. NEW SECTION. 534.518 DISSOLUTION.

13 The dissolution of an association shall be conducted  
14 pursuant to procedures approved by the superintendent. Upon  
15 dissolution, the association shall surrender its certificate  
16 of authority to the superintendent, and the superintendent  
17 shall publish notice of the dissolution in a newspaper of  
18 general circulation in the county of the home office of the  
19 association.

20 Sec. 19. NEW SECTION. 534.519 MUTUAL HOLDING COMPANIES.

21 1. An association may reorganize as a mutual holding  
22 company in the manner and with the effect provided in the  
23 federal National Housing Act of 1934, 12 U.S.C. §1730a(s).  
24 The mutual holding company may engage in activities permitted  
25 by the federal National Housing Act of 1934, 12 U.S.C.  
26 §1730a(s). For purposes of 12 U.S.C. §1730a(s)(5)(D),  
27 investments in service corporations shall be deemed available  
28 for purchase without regard to the limitation contained in  
29 section 534.213, subsection 1, paragraph "j", on the amount of  
30 such investments.

31 2. A mutual holding company shall be deemed a mutual  
32 association for purposes of sections 534.401, 534.403,  
33 534.501, 534.502, 534.503, 534.505, 534.509, 534.510, 534.511,  
34 534.512, 534.513, 534.514, 534.601, 534.602, 545.603, 534.604,  
35 534.605, 534.606, 534.701, 534.702, 534.703, 534.704, and

1 534.705.

2 3. Except as otherwise provided in this chapter, a mutual  
3 holding company has all powers set forth in section 496A.4.

4 4. The superintendent may adopt rules pursuant to chapter  
5 17A pertaining to mutual holding companies.

6 5. Proxies of the association shall continue in force as  
7 proxies of the mutual holding company.

8 Sec. 20. Section 534.605, subsection 2, Code 1989, is  
9 amended to read as follows:

10 2. To make a real estate loan or real estate contract to a  
11 director, officer, or employee of the association, or to any  
12 an attorney or firm of attorneys, regularly serving the  
13 association in the capacity of attorney at law, or to any a  
14 partnership in which any-such a director, officer, employee,  
15 attorney, or firm of attorneys has any an interest, and-no  
16 without the prior notification of the superintendent, fifteen  
17 days prior to closing the loan or executing the contract, who  
18 may prohibit the proposed transaction by order. A real estate  
19 loan or real estate contract shall not be made to any a  
20 corporation in which any of such the parties are stockholders,  
21 except that with the prior approval of its board of directors  
22 a real estate loan or real estate contract may be made to a  
23 corporation in which no-such a party owns no more than fifteen  
24 percent of the total outstanding stock and in which the stock  
25 owned by all such the parties does not exceed twenty-five  
26 percent of the total outstanding stock. Provided,-that  
27 nothing-herein-shall However, this section does not prohibit  
28 an association from making loans pursuant to sections 534.202  
29 and 534.208 and loans on the security of a first lien on the  
30 home property or mobile home owned and occupied by a director,  
31 officer, or employee of an association, or by an attorney or  
32 member of a firm of attorneys regularly serving the  
33 association in the capacity of attorney at law upon-a-twe-  
34 thirds-vote-of-the-directors,-the-interested-director-not  
35 voting.

1 A loan made to an affiliated party is subject to the  
2 association's normal lending policies and procedures, and  
3 shall be approved by a two-thirds vote of the directors, the  
4 interested director not voting.

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SENATE AMENDMENT TO HOUSE FILE 658

H-5669

- 1 Amend House File 658, as amended, passed, and re-
- 2 printed by the House, as follows:
- 3 1. Page 1, line 14, by striking the figure "1989"
- 4 and inserting the figure "1990".
- 5 2. Page 2, line 17, by inserting after the word
- 6 "due" the following: ", or, alternatively, a rate
- 7 based upon any other independently verifiable index
- 8 approved by the superintendent".

RECEIVED FROM THE SENATE

H-5669 FILED MARCH 14, 1990

*House concurred 4/7 (p. 2227)*

HSB 254

SMALL BUSINESS AND COMMERCE

HOUSE FILE 658

BY (PROPOSED COMMITTEE ON SMALL BUSINESS AND COMMERCE BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to savings and loan associations and their  
2 regulation by the superintendent of savings and loans.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 534.102, subsection 23, Code 1989, is  
2 amended by striking the subsection.

3 Sec. 2. Section 534.108, Code 1989, is amended by adding  
4 the following new unnumbered paragraph:

5 NEW UNNUMBERED PARAGRAPH. Every association shall file  
6 with the superintendent all monthly, quarterly, and annual  
7 reports required by and filed with the federal home loan bank  
8 board.

9 Sec. 3. NEW SECTION. 534.113 REFERENCES TO UNITED STATES  
10 CODE AND REGULATIONS.

11 All references in this chapter to the United States Code  
12 and regulations adopted pursuant to the United States Code  
13 refer to the United States Code and regulations as amended to  
14 and including January 1, 1989.

15 Sec. 4. Section 534.203, Code 1989, is amended by adding  
16 the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. A loan made by an association  
18 must be authorized by lending policies approved by the  
19 association's board of directors and made available to the  
20 superintendent upon request.

21 Sec. 5. Section 534.205, subsection 6, Code 1989, is  
22 amended to read as follows:

23 6. Balloon payments. An association shall mail to the  
24 borrower an offer to refinance a balloon payment under a loan  
25 at least twenty days ~~prior-to~~ before the balloon payment date  
26 if at that time no payments under the loan are delinquent.  
27 The offer shall be at an interest rate no greater than one  
28 percent per annum above the index rate and with monthly  
29 payments no greater than those necessary to fully amortize the  
30 amount of the balloon payment plus interest over a term which,  
31 when added together with the term representing the number of  
32 monthly payments made ~~prior-to~~ before the most recent notice  
33 to refinance, is not less than the original loan term. The  
34 association must offer to the borrower a term of at least one  
35 year before the next balloon payment. Where If the balloon

1 payment is due one month after the preceding monthly payment  
2 date, the association may require the borrower to make a  
3 payment equal to the preceding monthly payment on the balloon  
4 payment date if the first payment under the note to refinance  
5 the balloon note is one month after the balloon payment date.  
6 The association may offer repayment plans to refinance a  
7 balloon payment in addition to the plan required by this  
8 subsection. For purposes of this subsection, the-term "loan"  
9 means the same as defined in section 535.8, subsection 1; the  
10 term "balloon payment" means a payment which is more than  
11 three times as big as the mean average of the payments which  
12 precede it; and the-term "index rate" means the national  
13 average mortgage contract rate for major lenders on the  
14 purchase of previously occupied homes which is most recently  
15 published in final form by the federal home loan bank board  
16 ~~one-month-prior-to~~ not more than four months before the date  
17 on which the balloon payment is due.

18 Sec. 6. Section 534.207, subsection 1, Code 1989, is  
19 amended by adding the following new unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
21 subsection, "residential real estate" means real estate on  
22 which there is located, or within three years will be located  
23 following the construction of improvements financed by a real  
24 estate loan, a structure or structures designed or used  
25 primarily to provide living accommodations for people, except  
26 structures which are designed primarily to provide  
27 accommodations for transients.

28 Sec. 7. Section 534.212, Code 1989, is amended by adding  
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. An association taking any such  
31 actions shall notify the superintendent of the action or  
32 actions taken.

33 Sec. 8. Section 534.213, subsection 1, paragraph i, Code  
34 1989, is amended to read as follows:

35 i. Bonds or bond instruments secured by an interest in



1 real estate.

2 Sec. 9. Section 534.213, subsection 1, paragraph j, Code  
3 1989, is amended to read as follows:

4 j. Capital stock, obligations, or other securities of  
5 service corporations; provided that however, the aggregate  
6 investment in service corporations shall not exceed seven  
7 ~~percent of assets of the association on or after July 1, 1984,~~  
8 ~~and prior to July 1, 1985, or eight percent of assets on or~~  
9 ~~after July 1, 1985 and prior to July 1, 1986, or nine percent~~  
10 ~~of assets on or after July 1, 1986 and prior to July 1, 1987,~~  
11 ~~or ten percent of the assets at any time on or after July 1,~~  
12 ~~1987 of the association.~~

13 Sec. 10. Section 534.213, subsection 1, paragraph k, Code  
14 1989, is amended to read as follows:

15 k. An open end management investment company registered  
16 under the federal Investment Company Act of 1940, the  
17 portfolio of which is restricted to investments in which an  
18 association may invest; however, the association's total  
19 investment in the shares of any one such company shall not  
20 exceed five percent of the association's assets without prior  
21 notification of the superintendent, who may prohibit exceeding  
22 the five percent limit by order.

23 Sec. 11. Section 524.213, subsection 1, Code 1989, is  
24 amended by adding the following new paragraph:

25 NEW PARAGRAPH. p. Commercial paper and corporate debt  
26 securities with investment characteristics as defined by rules  
27 adopted by the superintendent.

28 Sec. 12. Section 534.403, subsection 2, Code 1989, is  
29 amended to read as follows:

30 2. Expenses, per diem, vacation, and sick leave. If the  
31 examination is made under section 534.401, subsection 3, each  
32 examiner shall file with the superintendent an itemized,  
33 certified, and sworn voucher of the examiner's expense for the  
34 time the examiner is actually engaged in an examination. On  
35 the fifteenth and last days of each month each examiner shall

1 file in triplicate with the superintendent a certified  
2 statement of the actual days engaged in examinations. The  
3 salaries shall be included in a biweekly two-week payroll  
4 period. Upon approval of the superintendent, the director of  
5 revenue and finance is authorized to issue warrants for  
6 payment of the vouchers and salaries, including a prorated  
7 amount for vacation and sick leave, from the savings and loan  
8 revolving fund. Repayment to the state shall be made as  
9 provided by section 534.408, subsection 4. Savings and loan  
10 examiners shall be paid salaries at rates commensurate with,  
11 and shall be reimbursed for meals and lodging at the same rate  
12 and in the same manner as, that which is received by federal  
13 examiners operating under the federal home loan bank board.

14 Sec. 13. Section 534.403, subsection 3, Code 1989, is  
15 amended to read as follows:

16 3. RECORD REQUIRED. A record of each-examination all  
17 examinations, reports, and related information shall be kept  
18 in the superintendent's office, showing in detail as to each  
19 association all matters connected with the conduct of the its  
20 business, its financial standing, and everything touching its  
21 solvency, plan of business, and integrity.

22 The examinations, and reports, and other information  
23 connected-with-them, shall be kept confidential in the office  
24 of the superintendent, and are not subject to publication or  
25 disclosure to others except as provided in this chapter  
26 provided. However, any the superintendent may furnish any  
27 examination, report, or information to the federal savings and  
28 loan insurance corporation, federal deposit insurance  
29 corporation, or a successor deposit insurance instrumentality,  
30 federal home loan bank board, or financial institution  
31 regulatory authorities of any state. Any evidence of  
32 felonious acts on the part of the officers, directors, or  
33 employees of an association may be referred by the  
34 superintendent to proper authorities. Members of  
35 associations, other than their officers and directors, are not

1 entitled to inspection of any such records or information, and  
2 are not entitled to any information relative to the names of  
3 the members of an association, or the amounts invested by  
4 them, as disclosed in the superintendent's office, or in the  
5 records of an association.

6 Sec. 14. Section 534.405, Code 1989, is amended by adding  
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. Actions taken by the  
9 superintendent under this section are not subject to section  
10 17A.18, subsection 3.

11 Sec. 15. Section 534.507, Code 1989, is amended to read as  
12 follows:

13 534.507 NAME.

14 The name of an association shall contain the words "savings  
15 bank" or the words "savings and loan association". An  
16 association shall not advertise or hold itself out to the  
17 public as a commercial bank; however, a corporate name, logo,  
18 or signage existing on January 1, 1989, depicting the name of  
19 the association may be used for as long as the association  
20 chooses to continue to use the name, logo, or signage existing  
21 on that date.

22 Sec. 16. Section 534.511, subsection 2, Code 1989, is  
23 amended to read as follows:

24 2. Types authorized. An association may merge only with  
25 one or more other state associations, federal associations,  
26 association holding companies, bank holding companies, or  
27 banks.

28 Sec. 17. NEW SECTION. 534.518 DISSOLUTION.

29 The dissolution of an association shall be conducted  
30 pursuant to procedures approved by the superintendent. Upon  
31 dissolution, the association shall surrender its certificate  
32 of authority to the superintendent, and the superintendent  
33 shall publish notice of the dissolution in a newspaper of  
34 general circulation in the county of the home office of the  
35 association.

1 Sec. 18. NEW SECTION. 534.519 MUTUAL HOLDING COMPANIES.

2 1. An association may reorganize as a mutual holding  
3 company in the manner and with the effect provided in the  
4 federal National Housing Act of 1934, 12 U.S.C. §1730a(s).  
5 The mutual holding company may engage in activities permitted  
6 by the federal National Housing Act of 1934, 12 U.S.C.  
7 §1730a(s). For purposes of 12 U.S.C. §1730a(s)(5)(D),  
8 investments in service corporations shall be deemed available  
9 for purchase without regard to the limitation contained in  
10 section 534.213, subsection 1, paragraph "j", on the amount of  
11 such investments.

12 2. A mutual holding company shall be deemed a mutual  
13 association for purposes of sections 534.401, 534.403,  
14 534.501, 534.502, 534.503, 534.505, 534.509, 534.510, 534.511,  
15 534.512, 534.513, 534.514, 534.601, 534.602, 545.603, 534.604,  
16 534.605, 534.606, 534.701, 534.702, 534.703, 534.704, and  
17 534.705.

18 3. Except as otherwise provided in this chapter, a mutual  
19 holding company has all powers set forth in section 496A.4.

20 4. The superintendent may adopt rules pursuant to chapter  
21 17A pertaining to mutual holding companies.

22 5. Proxies of the association shall continue in force as  
23 proxies of the mutual holding company.

24 Sec. 19. Section 534.605, subsection 2, Code 1989, is  
25 amended to read as follows:

26 2. To make without the prior notification of the  
27 superintendent, fifteen days prior to closing the loan or  
28 executing the contract, who may prohibit the proposed  
29 transaction by order a real estate loan or real estate  
30 contract to a director, officer, or employee of the  
31 association, or to any an attorney or firm of attorneys,  
32 regularly serving the association in the capacity of attorney  
33 at law, or to any a partnership in which any-such a director,  
34 officer, employee, attorney, or firm of attorneys has any  
35 interest, and-no without the prior notification of the

1 superintendent, fifteen days prior to closing the loan or  
2 executing the contract, who may prohibit the proposed  
3 transaction by order. A real estate loan or real estate  
4 contract shall not be made to any a corporation in which any  
5 of such the parties are stockholders, except that with the  
6 prior approval of its board of directors a real estate loan or  
7 real estate contract may be made to a corporation in which no  
8 such the party owns more than fifteen percent of the total  
9 outstanding stock and in which the stock owned by all such the  
10 parties does not exceed twenty-five percent of the total  
11 outstanding stock. ~~Provided, that nothing herein shall~~  
12 However, this section does not prohibit an association from  
13 making loans pursuant to sections 534.202 and 534.208 and  
14 loans on the security of a first lien on the home property or  
15 mobile home owned and occupied by a director, officer, or  
16 employee of an association, or by an attorney or member of a  
17 firm of attorneys regularly serving the association in the  
18 capacity of attorney at law ~~upon a two-thirds vote of the~~  
19 ~~directors, the interested director not voting.~~

20 A loan made to an affiliated party is subject to the  
21 association's normal lending policies and procedures, and  
22 shall be approved by a two-thirds vote of the directors, the  
23 interested director not voting.

24 EXPLANATION

25 This bill amends the savings and loan associations chapter.

26 Section 1 removes the definition of "residential real  
27 estate" from the general chapter definitions. Section 6  
28 redefines "residential real estate" with similar language as a  
29 limitation to the investment provisions of section 534.207.

30 Section 2 requires that monthly, quarterly, and annual  
31 federal home loan bank reports be filed with the savings and  
32 loan division.

33 Section 3 updates references to the United States Code and  
34 federal regulations pertaining to savings and loans.

35 Section 4 requires each savings and loan to develop formal

1 lending policies.

2 Section 5 redefines the index rate that is used when  
3 refinancing a balloon mortgage loan.

4 Section 6 redefines "residential real estate" to include  
5 land which within three years will have a structure devoted  
6 primarily to accommodations for people.

7 Section 7 requires that any otherwise unauthorized action  
8 taken by a savings and loan to avoid a loss must be reported  
9 to the superintendent of savings and loans.

10 Section 8 authorizes savings and loans to invest in bond  
11 instruments secured by real estate as well as bonds.

12 Section 9 removes outdated language relating to authorized  
13 service corporation investment limits because the phase-in  
14 period described has now expired.

15 Section 10 restricts the level of investment that a savings  
16 and loan may have in any one mutual fund.

17 Section 11 authorizes savings and loans to invest in  
18 certain types of commercial paper and corporate securities.

19 Section 12 modifies language relating to expense claims by  
20 savings and loan division personnel.

21 Section 13 authorizes the release of confidential  
22 information to federal and state regulatory authorities.

23 Section 14 provides that certain regulatory actions taken  
24 by the superintendent of savings and loan associations are not  
25 subject to the contested case provisions of chapter 17A.

26 Section 15 prohibits the use of names, advertising logos,  
27 or signage which implies that a savings and loan association  
28 is a commercial bank.

29 Section 16 authorizes savings and loans to merge with  
30 savings and loan holding companies.

31 Section 17 establishes the procedures for the dissolution  
32 of a savings and loan association.

33 Section 18 incorporates into state law recent federal  
34 legislation concerning mutual savings and loan holding  
35 companies.

1 Section 19 allows savings and loans to make certain loans  
2 to affiliated persons with prior notification of the  
3 superintendent of savings and loans.

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## HOUSE FILE 658

## AN ACT

RELATING TO SAVINGS AND LOAN ASSOCIATIONS AND THEIR REGULATION BY THE SUPERINTENDENT OF SAVINGS AND LOANS.

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

Section 1. Section 534.102, subsection 23, Code 1989, is amended by striking the subsection.

Sec. 2. Section 534.108, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Every association shall file with the superintendent all monthly, quarterly, and annual reports required by and filed with the federal home loan bank board.

Sec. 3. NEW SECTION. 534.113 REFERENCES TO UNITED STATES CODE AND REGULATIONS.

All references in this chapter to the United States Code and regulations adopted pursuant to the United States Code refer to the United States Code and regulations as amended to and including January 1, 1990.

Sec. 4. Section 534.203, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A loan made by an association must be authorized by lending policies approved by the association's board of directors and made available to the superintendent upon request.

Sec. 5. Section 534.205, subsection 6, Code 1989, is amended to read as follows:

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 before the balloon payment date if at that time no payments under the loan are delinquent. The offer shall be at an interest rate no greater than one

percent per annum above the index rate and with monthly payments no greater than those necessary to fully amortize the amount of the balloon payment plus interest over a term which, when added together with the term representing the number of monthly payments made prior to before the most recent notice to refinance, is not less than the original loan term. The association must offer to the borrower a term of at least one year before the next balloon payment. Where if 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 the same 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 not more than four months before the date on which the balloon payment is due, or, alternatively, a rate based upon any other independently verifiable index approved by the superintendent.

Sec. 6. Section 534.207, subsection 1, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this subsection, "residential real estate" means real estate on which there is located, or within three years will be located following the construction of improvements financed by a real estate loan, a structure or structures designed or used primarily to provide living accommodations for people, except structures which are designed primarily to provide accommodations for transients.



Sec. 7. Section 534.212, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. An association taking any such actions shall notify the superintendent of the action or actions taken.

Sec. 8. Section 534.213, subsection 1, paragraph i, Code 1989, is amended to read as follows:

i. Bonds or bond instruments secured by an interest in real estate.

Sec. 9. Section 534.213, subsection 1, paragraph j, Code 1989, is amended to read as follows:

j. Capital stock, obligations, or other securities of service corporations; provided that however, the aggregate investment in service corporations shall not exceed seven percent of assets of the association on or after July 17, 1984, and prior to July 17, 1985, or eight percent of assets on or after July 17, 1985 and prior to July 17, 1986, or nine percent of assets on or after July 17, 1986 and prior to July 17, 1987, or ten percent of the assets at any time on or after July 17, 1987 of the association.

Sec. 10. Section 534.213, subsection 1, paragraph k, Code 1989, is amended to read as follows:

k. 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; however, the association's total investment in the shares of any one such company shall not exceed five percent of the association's assets without prior notification of the superintendent, who may prohibit exceeding the five percent limit by order.

Sec. 11. Section 534.213, subsection 1, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. p. Commercial paper and corporate debt securities with investment characteristics as defined by rules adopted by the superintendent.

Sec. 12. Section 534.302, subsection 8, Code 1989, is amended to read as follows:

8. PAY ON DEATH ACCOUNTS. Any association and any federal savings and loan association may issue savings accounts in the name of one or more persons with the provision that upon the death of the owner or owners the proceeds shall be the property of the person or persons designated by the owner or owners and shown by the record of the association, but, After payment by the institution, the proceeds shall be remain 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 the association for the delivery of the savings account or the payment so made. An institution paying the person or persons designated shall not be liable as a result of that action for any debts of the decedent or for any estate, inheritance, or succession taxes which may be due this state.

Sec. 13. Section 534.403, subsection 2, Code 1989, is amended to read as follows:

2. EXPENSES, PER DIEM, VACATION, AND SICK LEAVE. If the examination is made under section 534.401, subsection 3, each examiner shall file with the superintendent an itemized, certified, and sworn voucher of the examiner's expense for the time the examiner is actually engaged in an examination. On the fifteenth and last days of each month each examiner shall file in triplicate with the superintendent a certified statement of the actual days engaged in examinations. The salaries shall be included in a biweekly two-week payroll period. Upon approval of the superintendent, the director of revenue and finance is authorized to issue warrants for payment of the vouchers and salaries, including a prorated amount for vacation and sick leave, from the savings and loan revolving fund. Repayment to the state shall be made as provided by section 534.408, subsection 4. Savings and loan

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

Sec. 14. Section 534.403, subsection 3, Code 1989, is amended to read as follows:

3. RECORD REQUIRED. A record of each examination all examinations, reports, and related information shall be kept in the superintendent's office, showing in detail as to each association all matters connected with the conduct of the its business, its financial standing, and everything touching its solvency, plan of business, and integrity.

The examinations, and reports, and other information connected with them, shall be kept confidential in the office of the superintendent, and are not subject to publication or disclosure to others except as provided in this chapter provided. However, any the superintendent may furnish any examination, report, or information to the federal savings and loan insurance corporation, federal deposit insurance corporation, or a successor deposit insurance instrumentality, federal home loan bank board, or financial institution regulatory authorities of any state. Any evidence of felonious acts on the part of the officers, directors, or employees of an association may be referred by the superintendent to proper authorities. Members of associations, other than their officers and directors, are not entitled to inspection of any such records or information, and are not entitled to any information relative to the names of the members of an association, or the amounts invested by them, as disclosed in the superintendent's office, or in the records of an association.

Sec. 15. Section 534.405, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Actions taken by the superintendent under this section are not subject to section 17A.18, subsection 3.

Sec. 16. Section 534.507, Code 1989, is amended to read as follows:

534.507 NAME.

The name of an association shall contain the words "savings bank" or the words "savings and loan association". An association shall not advertise or hold itself out to the public as a commercial bank; however, a corporate name, logo, or signage existing on January 1, 1989, depicting the name of the association may be used for as long as the association chooses to continue to use the name, logo, or signage existing on that date.

Sec. 17. Section 534.511, subsection 2, Code 1989, is amended to read as follows:

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

Sec. 18. NEW SECTION. 534.518 DISSOLUTION.

The dissolution of an association shall be conducted pursuant to procedures approved by the superintendent. Upon dissolution, the association shall surrender its certificate of authority to the superintendent, and the superintendent shall publish notice of the dissolution in a newspaper of general circulation in the county of the home office of the association.

Sec. 19. NEW SECTION. 534.519 MUTUAL HOLDING COMPANIES.

1. An association may reorganise as a mutual holding company in the manner and with the affect provided in the federal National Housing Act of 1934, 12 U.S.C. § 1730a(s). The mutual holding company may engage in activities permitted by the federal National Housing Act of 1934, 12 U.S.C. § 1730a(s). For purposes of 12 U.S.C. § 1730a(s)(5)(D), investments in service corporations shall be deemed available for purchase without regard to the limitation contained in section 534.213, subsection 1, paragraph "j", on the amount of such investments.

2. A mutual holding company shall be deemed a mutual association for purposes of sections 534.401, 534.403, 534.501, 534.502, 534.503, 534.505, 534.509, 534.510, 534.511, 534.512, 534.513, 534.514, 534.601, 534.602, 545.603, 534.604, 534.605, 534.606, 534.701, 534.702, 534.703, 534.704, and 534.705.

3. Except as otherwise provided in this chapter, a mutual holding company has all powers set forth in section 496A.4.

4. The superintendent may adopt rules pursuant to chapter 17A pertaining to mutual holding companies.

5. Proxies of the association shall continue in force as proxies of the mutual holding company.

Sec. 20. Section 534.605, subsection 2, Code 1989, is amended to read as follows:

2. To make a real estate loan or real estate contract to a director, officer, or employee of the association, or to any an attorney or firm of attorneys regularly serving the association in the capacity of attorney at law, or to any a partnership in which any-such a director, officer, employee, attorney, or firm of attorneys has any an interest, and no without the prior notification of the superintendent, fifteen days prior to closing the loan or executing the contract, who may prohibit the proposed transaction by order. A real estate loan or real estate contract shall not be made to any a corporation in which any of such the parties are stockholders, except that with the prior approval of its board of directors a real estate loan or real estate contract may be made to a corporation in which no-such a party owns no more than fifteen percent of the total outstanding stock and in which the stock owned by all such the parties does not exceed twenty-five percent of the total outstanding stock. Provided-that nothing-herein-shall However, this section does not prohibit an association from making loans pursuant to sections 534.202 and 534.208 and loans on the security of a first lien on the home property or mobile home owned and occupied by a director, officer, or employee of an association, or by an attorney or

member of a firm of attorneys regularly serving the association in the capacity of attorney at law upon-a-two-thirds-vote-of-the-directors, the-interested-director-not voting.

A loan made to an affiliated party is subject to the association's normal lending policies and procedures, and shall be approved by a two-thirds vote of the directors, the interested director not voting.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN SIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 658, Seventy-third General Assembly.

Approved April 27, 1990

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JOSEPH O'HERN  
Chief Clerk of the House

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TERRY E. BRANSTAD  
Governor