

AMENDED 2-24-89 (p 400)  
D.C. 88-89 (p 185)

Senate File 255 (Reassigned)

Small Business and Commerce: Blanshan, Chair; Jesse and Renken.

FILED FEB 21 1989

SENATE FILE 255  
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 220)

Passed Senate, Date 3-13-89 (p 75) Passed House, Date 4/10/89 (p 130)  
Vote: Ayes 49 Nays 0 Vote: Ayes 95 Nays 5  
Approved January 2, 1989 (p 2, 5)

A BILL FOR

1 An Act relating to the priority of advances under line-of-credit  
2 mortgages.

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

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SF 255

1 Section 1. Section 654.12A, unnumbered paragraph 1, Code  
2 1989, is amended to read as follows:

3 Subject to section 572.18, if a prior recorded mortgage  
4 contains the notice prescribed in this section and identifies  
5 the maximum credit available to the borrower, then loans and  
6 advances made under the mortgage, up to the maximum amount of  
7 credit together with interest thereon, are senior to  
8 indebtedness to other creditors under subsequently recorded  
9 mortgages and other subsequently recorded or filed liens even  
10 though the holder of the prior recorded mortgage has actual  
11 notice of indebtedness under a subsequently recorded mortgage  
12 or other subsequently recorded or filed lien. So long as  
13 credit is available to the borrower, payment of the  
14 outstanding mortgage balance to zero shall not extinguish the  
15 prior recorded mortgage if it contains the notice prescribed  
16 by this section. The notice prescribed by this section for  
17 the prior recorded mortgage is as follows:

18 EXPLANATION

19 This bill provides that line-of-credit loans secured by  
20 mortgages, such as home equity line-of-credit loans, will  
21 maintain priority over subsequently recorded mortgages or  
22 other liens even though the balance of the line of credit is  
23 paid to zero.

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prior recorded mortgage if it contains the notice prescribed by this section. The notice prescribed by this section for the prior recorded mortgage is as follows:

SENATE FILE 255

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JO ANN ZIMMERMAN  
President of the Senate

AN ACT  
RELATING TO THE PRIORITY OF ADVANCES UNDER LINE-OF-CREDIT  
MORTGAGES.

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DONALD D. AVENSON  
Speaker of the House

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

Section 1. Section 654.12A, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Subject to section 572.18, if a prior recorded mortgage contains the notice prescribed in this section and identifies the maximum credit available to the borrower, then loans and advances made under the mortgage, up to the maximum amount of credit together with interest thereon, are senior to indebtedness to other creditors under subsequently recorded mortgages and other subsequently recorded or filed liens even though the holder of the prior recorded mortgage has actual notice of indebtedness under a subsequently recorded mortgage or other subsequently recorded or filed lien. So long as credit is available to the borrower, payment of the outstanding mortgage balance to zero shall not extinguish the

I hereby certify that this bill originated in the Senate and is known as Senate File 255, Seventy-third General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved Feb 2, 1990

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TERRY E. BRANSTAD  
Governor

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