

# House Study Bill 578

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE, REGULATION AND  
LABOR BILL BY CHAIRPERSON  
JENKINS)

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

## A BILL FOR

1 An Act relating to the prepayment of agricultural loans secured  
2 by a real estate mortgage.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 5641YC 81  
5 kk/je/5

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1 1 Section 1. Section 535.9, subsection 1, Code 2005, is  
1 2 amended to read as follows:  
1 3 1. As used in this section, "loan" means a loan of money  
1 4 which is wholly or in part to be used for the purpose of  
1 5 purchasing real property which is a single-family or a two=  
1 6 family dwelling occupied or to be occupied by the borrower, or  
1 7 which is payable over a term of five years or less for the  
1 8 purpose of purchasing agricultural land. "Loan" includes the  
1 9 refinancing of a contract of sale, and the refinancing of a  
1 10 prior loan, whether or not the borrower also was the borrower  
1 11 under the prior loan, and the assumption of a prior loan.

### EXPLANATION

1 12 This bill relates to the prepayment of loans secured by  
1 13 real estate mortgages for the purchase of agricultural land.  
1 14 Code section 535.9 prohibits mortgage lenders from receiving  
1 15 additional interest other than due under the terms of the loan  
1 16 agreement and from imposing penalties for prepayment of a loan  
1 17 earlier than required by the loan agreement. The bill  
1 18 restricts the definition of "loan" with regard to the purchase  
1 19 of agricultural land to agricultural loans payable over a term  
1 20 of five years or less so that loans to purchase agricultural  
1 21 land which are payable for a term of more than five years may  
1 22 have additional interest or penalties imposed for prepayment  
1 23 of the loan.  
1 24 of the loan.  
1 25 LSB 5641YC 81  
1 26 kk:nh/je/5