

CHAPTER 259

INVESTMENT OF FUNDS BY FIDUCIARIES

AN ACT to repeal section twelve thousand seven hundred seventy-two (12772) of the code, 1927, and to enact a substitute therefor relating to investment of funds by trustees, executors, administrators and guardians.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. That section twelve thousand seven hundred seventy-
2 two (12772) of the code, 1927, be and the same is hereby repealed
3 and the following enacted in lieu thereof:

4 "All proposed investments of trust funds by fiduciaries shall first
5 be reported to the court or a judge for approval and be approved
6 and unless otherwise authorized or directed by the court under
7 authority of which he or it acts, or by the will, trust agreement or
8 other document which is the source of authority, a trustee, executor,
9 administrator or guardian shall invest all moneys received by such
10 fiduciary, to be by him or it invested, in securities which at the time
11 of the purchase thereof are included in one or more of the following
12 classes:

13 (1) Bonds or other interest bearing obligations of the United
14 States for the payment of which the faith and credit of the United
15 States is pledged.

16 (2) Bonds issued by any federal land bank under the act of con-
17 gress designated as "The Federal Farm Loan Act" and acts
18 amendatory thereof.

19 (3) Bonds or other interest bearing obligations of any state in the
20 United States for the payment of which the faith and credit of such
21 state is pledged and which state has not defaulted in the payment of
22 any of its bonded debts within the ten (10) preceding years.

23 (4) Bonds, or other interest bearing obligations, which are a
24 direct obligation of any county, township, city, village, town, school
25 district, or other municipal corporation or district, having power to
26 levy general taxes, in the state of Iowa, and also bonds, or other inter-
27 est bearing obligations, which are a direct obligation of any county,
28 township, city, village, town, school district or other municipal cor-
29 poration or district, having power to levy general taxes, in any ad-
30 joining state, having a population of not less than five thousand
31 (5,000); and also bonds, or other interest bearing obligations, which
32 are a direct obligation of any county, township, city, village, town,
33 school district, or other municipal corporation or district, having
34 power to levy general taxes, in any other state, having a population
35 of not less than ten thousand (10,000). Provided, however, the total
36 funded indebtedness of any such municipality enumerated in this
37 paragraph shall not exceed ten per cent (10%) of the assessed value
38 of the taxable property therein, as ascertained by the last assess-
39 ment for tax purposes, and provided further that such municipality
40 or district has not defaulted in the payment of any of its bonded
41 indebtedness within the ten (10) preceding years.

42 (5) Notes or bonds of any individual secured by a first mortgage
43 on improved real estate located in this state, provided the aggregated
44 amount of such notes and/or bonds secured by such first mortgage,

45 does not exceed fifty per cent (50%) of the value of the mortgage
46 property as determined by the fiduciary.

47 (6) Notes or bonds of any corporation secured by a first mortgage
48 on improved real estate located in this or any adjoining state upon
49 which no default in payment of principal or interest shall have
50 occurred within five (5) preceding years provided the aggregate
51 amount of such notes and/or bonds secured by such first mortgage
52 does not exceed fifty per cent (50%) of the value of the mortgage
53 property as determined by the fiduciary.

54 (7) Bonds of any railroad corporation which are secured by a first
55 lien mortgage or trust deed upon not less than one hundred (100)
56 miles of main track in the United States and which mortgage or
57 trust deed has been outstanding not less than fifteen (15) years and
58 upon which bonds issued thereunder there has been no default in
59 the payment of principal and/or interest since the date of said such
60 trust deed.

61 (8) Bonds of any corporation secured by a first lien upon any
62 railroad terminal depot, tunnel or bridge in the United States used
63 by two or more railroad companies which have guaranteed the pay-
64 ment of principal and interest of such bonds and have otherwise
65 covenanted or agreed to pay the same, provided at least one of said
66 railroad companies meets the following requirements:

67 (a) Has earned net income equal to at least four per cent (4%)
68 of the par value of its outstanding capital stock for five (5) preced-
69 ing years, and

70 (b) Has regularly and punctually paid interest and maturing prin-
71 cipal on all of its mortgage indebtedness for five (5) preceding years.

72 (c) Has outstanding capital stock of the par value of at least one-
73 third ($1/3$) of its total mortgage indebtedness.

74 (9) Bonds of any corporation supplying either water, electric
75 energy, or artificial manufactured gas or two (2) or more thereof for
76 light, heat, power, water or other purposes, or furnishing telephone
77 or telegraph service, provided that such bonds are secured by a first
78 mortgage on all property used in the business of the issuing cor-
79 poration or by a first and refunding mortgage containing provision
80 for retiring all prior liens, and provided further, that the issuing
81 corporation is incorporated within the United States, and if operating
82 entirely outside this state is operating in a state or other jurisdic-
83 tion having a public utilities commission with regulatory powers,
84 and providing such operating corporation has annual gross earnings
85 of at least one million dollars (\$1,000,000.00), seventy-five per cent
86 (75%) of which gross earnings have come from the sale of water,
87 gas or electricity, or the rendering of telephone or telegraph service
88 and not more than fifteen per cent (15%) from any other one kind of
89 business and which corporation has a record on its behalf or for its
90 predecessors or constituent companies, or having officially reported
91 net earnings at least twice its interest charges on all mortgaged in-
92 debtedness for the period of five (5) years immediately preceding
93 the investment and having outstanding stock the book value of
94 which is not less than two-thirds ($2/3$) of its total funded debt, and
95 which corporation shall have all franchises to operate in the terri-
96 tory it serves in which at least seventy-five per cent (75%) of its
97 gross income is earned, which franchise shall extend at least five

98 (5) years beyond the maturity of such bonds or which have indeter-
 99 minate permits or agreements with duly constituted public author-
 100 ities, or in the bonds of any constituent or subsidiary company of
 101 any such operating company which are secured by a first mortgage
 102 on all property of such constituent or subsidiary company, provided
 103 such bonds are to be retired or refunded by a junior mortgage, the
 104 bonds of which are eligible hereunder.

1 SEC. 2. The population specified in section one (1) shall be deter-
 2 mined by the last preceding official state or federal census. The
 3 indebtedness of any municipality or governmental subdivision shall
 4 be determined by the official certificate of the officer of such mu-
 5 nicipality or district in charge of its public accounts.

1 SEC. 3. Any fiduciary may by and with the consent of the court
 2 having jurisdiction over such fiduciary or under permission of the
 3 will or other instrument creating the trust, continue to hold any in-
 4 vestment originally received by him or it under the trust or any
 5 increase thereof. Such fiduciary may also make investments which
 6 he or it may deem necessary to protect and safeguard investments
 7 already made according to the provisions of this act.

1 SEC. 4. All acts or parts of acts in conflict with the provisions
 2 hereof are hereby repealed.

1 SEC. 5. This act being deemed of immediate importance shall be
 2 in full force and effect from and after its publication in the.....
 3, a newspaper published in....., Iowa, and the
 4, a newspaper published in....., Iowa.

House File No. 501. Approved April 16, 1929.

I hereby certify that the foregoing act was published in the Ida Grove Pioneer April 25, 1929, and the Oakland Acorn April 25, 1929.

ED. M. SMITH, *Secretary of State.*

CHAPTER 260

SUPREME COURT

AN ACT to amend section twelve thousand eight hundred one (12801) of the code, 1927, relating to the number of judges of the supreme court, and providing for an additional judge of said court.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section twelve thousand eight hundred one (12801)
 2 of the code, 1927, is hereby amended by striking from line two thereof
 3 the word "eight" and substituting in lieu thereof the word "nine", and
 4 by striking from said line two of said section the word "four" and
 5 substituting in lieu thereof the word "five".

1 SEC. 2. The additional judge provided for by this act shall be ap-
 2 pointed by the governor after the taking effect of this act. The per-
 3 son so appointed shall hold office until the first of January following
 4 the general election in the year 1930, and until his successor is elected