

CHAPTER 338

BUILDING AND LOAN AND SAVINGS AND LOAN ASSOCIATIONS

S. F. 320

AN ACT to amend, revise and codify the statutes relating to building and loan associations and savings and loan associations.

Be It Enacted by the General Assembly of the State of Iowa:

1 Chapter five hundred thirty-four (534), Code 1958, is hereby re-
2 pealed and the following enacted in lieu thereof:

1 SECTION 1. Short title. This chapter may be cited as "Savings
2 and Loan Association chapter."

1 SEC. 2. Definitions. When used in this chapter, the following
2 words and phrases shall have the following meanings, except to the
3 extent that any such word or phrase is specifically qualified by its
4 context:

5 1. "Association" shall mean a corporation organized under the
6 provisions of this chapter to promote thrift and home ownership by
7 providing for its members a co-operative and mutual plan for sav-
8 ing money and investing money so saved in home loans to its mem-
9 bers. These "associations" shall be known as building and loan asso-
10 ciations or savings and loan associations or savings associations.
11 "Foreign companies" shall be any other savings and loan associa-
12 tion or building and loan association or organization, incorporated
13 for the purposes specified herein under the laws of another state or
14 country.

15 2. "Supervisor" shall mean the supervisor of savings and loan
16 associations.

17 3. "Dividend" shall mean that part of the net earnings of an
18 association which is declared payable on share accounts from time
19 to time by the board of directors and is the cost of savings money
20 to the association.

21 4. "Gross income" shall mean the sum for an accounting period
22 of the following:

23 a. Operating income.

24 b. Real estate income.

25 c. All profits actually received during such accounting period
26 from the sale of securities, real estate, or other property.

27 d. Other nonrecurring income.

28 5. "Regular lending area" shall mean the county in which the
29 home office of an association is located, and the counties of the state
30 or adjoining state immediately adjoining and abutting on such
31 county, or any additional area within fifty miles from the home office
32 whether within or without the state, whichever is the greater.

33 6. "Impaired condition" shall mean a condition in which the assets
34 of an association do not have an aggregate value equal to the aggre-
35 gate amount of liabilities of the association to its creditors, its mem-
36 bers and all other persons.

37 7. "Insured association" shall mean an association the share ac-
38 counts of which are insured wholly or in part by the federal savings
39 and loan insurance corporation.

40 8. "Member" shall mean a person owning a share account of an
41 association, and a person borrowing from or assuming or obligated
42 upon a loan held by an association, or purchasing property securing
43 a loan held by an association and any contract purchaser from the
44 association. A joint and survivorship relationship, whether of in-
45 vestors or borrowers, constitutes a single membership.

46 9. "Net earnings" shall mean gross income for an accounting pe-
47 riod less the aggregate of the following:

48 a. Operating expenses.

49 b. Real estate expenses.

50 c. All losses actually sustained during such accounting period
51 from the sale of securities, real estate or other property, or such
52 portion of such losses as shall not have been charged to reserves,
53 pursuant to the provisions of this chapter.

54 d. All interest paid, or due but unpaid, on borrowed money.

55 e. Other nonrecurring charges.

56 10. "Operating expenses" shall mean all expenses actually paid,
57 or due but unpaid, by an association during an accounting period,
58 excluding the following:

59 a. Real estate expenses.

60 b. Other nonrecurring charges.

61 That portion of prepaid expenses which is not apportionable to
62 the period may be excluded from operating expenses, in which event
63 operating expenses for future periods shall exclude that portion of
64 such prepaid expenses apportionable thereto.

65 11. "Operating income" shall mean all income actually received by
66 an association during an accounting period, excluding the following:

67 a. Foreclosed real estate income.

68 b. Other nonrecurring income.

69 12. "Real estate expenses" shall mean all expenses actually paid,
70 or due but unpaid, in connection with the ownership, maintenance,
71 and sale of real estate (other than office building or buildings and
72 real estate held for investment) by an association during an account-
73 ing period, excluding capital expenditures and losses on the sale of
74 real estate.

75 13. "Real estate income" shall mean all income actually received
76 by an association during an accounting period from real estate owned
77 (other than from office building or buildings and real estate held for
78 investment) excluding profit from sales of real estate.

79 14. "Real estate loan" shall mean any loan or other obligation
80 secured by real estate, whether in fee or in a leasehold extending or
81 renewable automatically for a period of at least fifty years.

82 15. "Home loan" shall mean a real estate loan on a dwelling or
83 dwellings for not more than four families, the principal use of which
84 is for residential purposes. A "home" is the same as "home prop-
85 erty" and constitutes the homestead of the owner. A home on a
86 farm is a home.

87 16. "Share account or shares" shall mean that part of the savings
88 liability of the association which is credited to the account of the
89 holder thereof.

90 17. "Savings liability" shall mean the aggregate amount of share
91 accounts of members, including dividends credited to such accounts,
92 less redemptions and withdrawals.

93 18. "Withdrawal value" shall mean the amount credited to a share
94 account of a member, less lawful deductions therefrom, as shown by
95 the records of the association.

96 19. "Insured mortgage" is a mortgage covered in part by insur-
97 ance, which insurance has been formally submitted to and approved
98 by the supervisor or by the federal home loan bank of the area in
99 which the association is located.

1 SEC. 3. **Incorporation and organization.**

2 1. *Petition for certificate of incorporation.* At any time hereafter
3 any five or more individuals (hereinafter referred to as the "incor-
4 porators"), citizens of this state may form an association to promote
5 thrift and home financing, subject to approval as hereinafter pro-
6 vided in this chapter by signing and acknowledging, before an offi-
7 cer competent to take acknowledgments of deeds, two copies of a
8 petition for a certificate of incorporation in the form prescribed by
9 the savings and loan supervisor, and of the bylaws in a form ap-
10 proved by the savings and loan supervisor, which shall be filed with
11 the savings and loan supervisor in the office of the auditor of state
12 accompanied by an incorporation fee.

13 2. *Articles.* The articles of incorporation shall show:

14 a. The names and residences of the incorporators.

15 b. The name of the association and its principal place of busi-
16 ness.

17 c. The purpose for which such association is formed.

18 d. The terms and plan of becoming and continuing a member.

19 e. The plan of making loans.

20 f. The plan of distributing profits.

21 g. The plan of equalizing losses.

22 h. The plan and terms of withdrawal of members.

23 i. The plan of providing for payment of expenses.

24 j. The terms of paying in savings by subscribers and of savings
25 liability.

26 k. The term of corporate existence.

27 l. The manner of electing officers and filling vacancies.

28 3. *Approval of articles—certificate of authority.*

29 a. The proposed articles of incorporation for any proposed new
30 association, together with proposed bylaws, shall be presented to the
31 auditor of state and by him submitted to the state executive council
32 and if it finds that they are in conformity with the law and based
33 upon a plan equitable in all respects to its members, and further
34 finds from the best sources at its command and from such investiga-
35 tion as it may deem necessary, that the proposed incorporators are
36 persons of good character, ability and responsibility; that a reason-
37 able necessity exists for such new institution in the community to
38 be served; that it can be established and operated without undue
39 injury to existing local thrift and home financing institutions and
40 that the proposed name of such institution is not similar to that of
41 any other association operating in the same community and is not
42 misleading or deceitful, the executive council shall attach thereto its
43 certificate of approval and enter its approval of record, and there-
44 upon such articles of incorporation shall be recorded in the office of
45 the secretary of state and in the office of the recorder of the county

• 46 in which the association's principal place of business is to be situ-
47 ated and then be filed in the office of the auditor of state who shall
48 at that time issue a certificate authorizing the association to transact
49 business as a building and loan or savings and loan association.

50 b. If the executive council does not affirmatively find as to each
51 and all of the said requirements it shall enter its disapproval of
52 record together with a statement of its findings and conclusions and
53 a certificate of incorporation shall not be issued. Upon such dis-
54 approval the executive council shall, by registered mail, notify one,
55 or all, of the proposed incorporators of its disapproval together with
56 the reasons for such disapproval, and thereupon, the proposed in-
57 corporators, if not satisfied with such action, may within sixty days
58 after the mailing of such notice appeal to the district court of Iowa
59 in and for the county in which the principal place of business of the
60 proposed association is to be located from such findings and dis-
61 approval by serving a notice of such appeal upon the auditor of
62 state, setting forth in general terms the decisions appealed from and
63 the grounds of the appeal and by filing with the clerk of the said
64 court, within such sixty days, a duly verified petition stating the
65 facts and the grounds of complaint and having attached thereto a
66 copy of the proposed articles of incorporation and bylaws and a copy
67 of the findings and conclusions of the executive council. Such appeal
68 shall be triable as a mandamus proceeding in equity and the findings
69 and decisions of the executive council shall be binding upon the court
70 unless overcome by clear and convincing proof. Any party aggrieved
71 by the order, judgment, or decree of the court may appeal therefrom
72 to the supreme court of Iowa.

73 c. Before a certificate of authority to do business shall be issued
74 to any such new association, the incorporators shall pay to the treas-
75 urer of the incorporators committee, in cash, an amount equal to not
76 less than ten per cent of the required minimum savings liability,
77 which fund shall be in addition to the required minimum paid-in
78 savings liability and shall, upon issuance of a certificate of incorpo-
79 ration, be paid to the association and shall be set up as a special
80 reserve to be designated "reserve for the operating expenses". Such
81 special reserve shall be used only for the purpose of paying the costs
82 and expenses of organization and for paying or contributing toward
83 payment of the operating expenses of such new association during
84 any period or periods during which the association's earnings shall
85 not be sufficient to pay all its expenses in addition to paying divi-
86 dends to its members at such reasonable rate as shall be approved by
87 the supervisor. Such "reserve for operating expenses" shall be used
88 only for the purposes herein specified and shall be subject to be re-
89 funded in full or in part to the contributors as hereinafter provided.

90 d. After five years from the date of incorporation, the amounts
91 contributed by the incorporators to such reserve for operating ex-
92 penses may be refunded to the contributors thereto, but the amounts
93 refunded shall at no time be in excess of accumulated net earnings
94 remaining after paying all expenses and paying or making allow-
95 ances for payment of reasonable dividends to shareholders since the
96 date of incorporation, and crediting at least the minimum amount
97 required to general reserve. In addition to refunding the amounts
98 contributed to such "reserve for operating expenses", the association

99 may also pay to such contributors interest on the amounts contrib-
100 uted, at rates not in excess of the dividend rates paid members since
101 date of incorporation. No such refund shall be made, or interest paid,
102 without first obtaining written approval of the supervisor.

103 e. In case of dissolution or liquidation of an association before
104 such contributions to such "reserve for operating expenses" have
105 been refunded, the contributors thereto shall be entitled to such
106 refunds out of moneys or assets remaining, if any, after payment
107 of all debts, expenses, costs, and other liabilities, including refund
108 to all members of the amounts paid in and credited on their share
109 accounts.

110 f. The corporate existence of an association shall begin when
111 the articles have been submitted and approved as required by this
112 section and when the secretary of state has issued a certificate of
113 incorporation. The corporate existence shall be perpetual unless
114 otherwise limited or unless terminated as provided for herein.

115 g. Amendments or renewed and substituted articles of incor-
116 poration may be approved from time to time at any regular or spe-
117 cial meeting of stockholders and shall be submitted for approval and
118 processed in the same general manner as outlined in subsection 3 of
119 this section.

120 h. No notices of incorporation or amendments need be pub-
121 lished.

122 i. The executive council shall keep a record of its proceedings
123 with reference to such associations.

124 j. The executive council shall have the power and it shall be its
125 duty, to revoke any certificate of authority given to any association
126 whenever it appears to said council that said association is transact-
127 ing business illegally, or is unjust and oppressive to its members or
128 the public. Before any such revocation shall be declared, the execu-
129 tive council shall first give thirty days written notice of its inten-
130 tions to revoke to the association involved and to the federal home
131 loan bank. Said notice shall fix a time and place for hearing on the
132 intended revocation and a permanent record shall be made of the
133 proceedings, hearing and findings and parties so involved and noti-
134 fied shall be furnished with a copy thereof. The association may
135 appeal any such finding of revocation to the district court within
136 ten days from receipt of a copy thereof. Trial shall be in equity and
137 de novo.

1 SEC. 4. Organization.

2 1. *Incorporators committee — treasurer — cash payment — bond.*
3 The incorporators shall appoint an incorporators committee and a
4 treasurer thereof. The subscribers to the savings shall pay in cash
5 to such treasurer on their subscriptions, before a certificate of in-
6 corporation is issued, an aggregate amount to be determined in rela-
7 tion to the population of the city in which the home office of the
8 association is to be located, on the following basis:

9 a. In cities having not to exceed ten thousand population the
10 minimum paid-in savings liability shall be fifty thousand dollars.

11 b. In cities having more than ten thousand but less than fifty
12 thousand population, the minimum paid-in savings liability shall be
13 one hundred thousand dollars.

14 c. In cities having more than fifty thousand population and less
15 than one hundred thousand population, the minimum paid-in savings
16 liability shall be one hundred and fifty thousand dollars; and

17 d. In cities having more than one hundred thousand population,
18 the minimum paid-in savings liability shall be two hundred thousand
19 dollars.

20 The population of any such city shall be determined by the said
21 supervisor in accordance with the latest federal decennial census.

22 The treasurer of the incorporators committee shall file with the
23 said supervisor a fidelity bond, signed by himself and an authorized
24 surety company acceptable to the supervisor, in a penal sum at least
25 equal to the required paid-in savings liability and expense fund as
26 hereinbefore required, payable to the supervisor of building and loan
27 associations. Such bond shall assure the safekeeping and delivery to
28 the association, after issuance of a certificate of incorporation, and
29 after the association's authorized officers have filed the required
30 bonds of all of such required paid-in savings liability and expense
31 fund, or in the event of failure to complete organization, such bond
32 shall assure the return to the persons providing such paid-in savings
33 liability and expense funds of the amounts contributed thereto by
34 them, less any necessary cost and expenses.

35 2. *Commencement of business.* The association may commence
36 business when the minimum savings liability as provided herein-
37 before shall have been paid in and the other provisions of this chap-
38 ter in relation thereto have been complied with.

1 SEC. 5. Access to books and records—communication with mem-
2 bers.

3 1. *Exclusiveness of access.* Every member shall have the right
4 to inspect such books and records of an association as pertain to his
5 loan or savings investment. Otherwise, the right of inspection and
6 examination of the books and records shall be limited (a) to the
7 supervisor or his duly authorized representative as provided in this
8 chapter (b) to persons duly authorized to act for the association,
9 and (c) to any federal instrumentality or agency authorized to in-
10 spect or examine the books and records of an insured association or
11 of an uninsured member by the federal home loan bank. The ac-
12 counts and loans of members shall be kept confidential by the associ-
13 ation, its directors, officers and employees, and by the supervisor,
14 his examiners and representatives, and no member or any other
15 person shall have access to the books and records or shall possess a
16 partial or complete list of the members except upon express action
17 and authority of the board of directors.

18 2. *Communication with members.* In the event, however, that any
19 member or members desire to communicate with other members of
20 the association with reference to any question pending or to be pre-
21 sented for consideration at a meeting of the members, the association
22 shall furnish upon request a statement of the approximate number
23 of members of the association at the time of such request, and an
24 estimate of the cost of forwarding such communication. The re-
25 questing member or members shall then submit the communication
26 to the supervisor who, if he finds it to be appropriate, truthful and
27 in the best interests of the association and all its members, shall

28 execute a certificate setting out such findings, forward the certificate
29 together with the communications to the association, and direct that
30 the communication be prepared and mailed by the association to the
31 members upon the requesting member's or members' payment to it
32 of the expenses of such preparation and mailing.

33 3. *Applicability of section to federal associations.* Insofar as the
34 provisions of this section are not inconsistent with federal law, such
35 provisions shall apply to federal savings and loan associations whose
36 home offices are located in this state, and to the members thereof
37 except that the communication provided for in subsection 2 shall be
38 submitted to the federal home loan bank board, Washington, D. C.,
39 in the case of a federal savings and loan association and forwarded
40 only upon that board's certificate and direction.

1 SEC. 6. **Financial statement.** Every association shall prepare and
2 publish annually in the month of January in a newspaper of gen-
3 eral circulation in the county in which the home office of such associ-
4 ation is located, and shall deliver to each member upon application
5 therefor, a statement of its financial condition in the form pre-
6 scribed or approved by the supervisor.

1 SEC. 7. **Indemnity Bonds.**

2 1. *Domestic companies — bonds — custody.* The officers and em-
3 ployees of any domestic association who sign or endorse checks or
4 handle any funds or securities of such association shall give such
5 bonds or fidelity insurance as the board of directors may require;
6 and no such officer shall be deemed qualified to enter upon the duties
7 of his office until his bond is approved by the board of directors and
8 by the auditor of state. Such bonds shall be deposited and filed with
9 the auditor of state. Such associations may in connection with ob-
10 taining such bonds or insurance acquire and hold membership in
11 mutual insurance or bonding companies. No such bond shall be ter-
12 minated or canceled because of failure to pay premium or for any
13 other cause until after ten days written notice to the supervisor of
14 intention to cancel such bond.

15 2. *Additional bonds.* All such bonds shall be increased or addi-
16 tional securities required by the board of directors or the auditor of
17 state when it becomes necessary to protect the interests of the asso-
18 ciation or its members.

19 3. *Disqualified sureties.* No director shall be accepted as surety on
20 such bonds, and no person shall be accepted as surety on the bond of
21 more than one office of said association.

22 4. *Liability of directors.* The directors shall be individually liable
23 for loss to the association or its members caused by their failure to
24 require a compliance with the provisions of this section.

1 SEC. 8. **Transactions of officers, directors, employees.** It shall be
2 unlawful for an officer, director or employee of an association:

3 1. To solicit, accept or agree to accept, directly or indirectly, from
4 any person other than the association any gratuity, compensation or
5 other personal benefit for any action taken by the association or for
6 endeavoring to procure any such action.

7 2. To make a real estate loan to a director, officer or employee of
8 the association, or to any attorney or firm of attorneys, regularly

9 serving the association in the capacity of attorney at law, or to any
10 partnership in which any such director, officer, employee, attorney
11 or firm of attorneys has any interest, and no real estate loan shall
12 be made to any corporation in which any of such parties are stock-
13 holders, except that with the prior approval of its board of directors
14 a real estate loan may be made to a corporation in which no such
15 party owns more than fifteen per cent of the total outstanding stock
16 and in which the stock owned by all such parties does not exceed
17 twenty-five per cent of the total outstanding stock: Provided, that
18 nothing herein shall prohibit an association from making loans on
19 the security of a first lien on the home property owned and occupied
20 by a director, officer or employee of an association, or by an attorney
21 or member of a firm of attorneys regularly serving the association
22 in the capacity of attorney at law upon a two-thirds vote of the
23 directors, the interested director not voting.

24 3. To have any interest, direct or indirect, in the purchase at less
25 than its face value of any evidence of a savings liability or other
26 indebtedness issued by the association or other assets at less than
27 their fair market value.

1 **SEC. 9. Records.**

2 1. Complete and adequate records of all accounts and of all min-
3 utes of proceedings of the members, directors and executive commit-
4 tee shall be maintained at all times at the office of the association.

5 2. Every association shall maintain membership records, which
6 shall show the name and address of the member, whether the mem-
7 ber is a share account holder, or a borrower, or a share account
8 holder and borrower, and the date of membership thereof. In the case
9 of account holding members, the association shall obtain a card con-
10 taining the signature of the owner of such account or his duly au-
11 thorized representative and shall preserve such signature card in the
12 records of the association.

13 3. Associations shall not be required to preserve or keep their
14 records or files for a longer period than eleven years next after the
15 first day of January of the year following the time of the making or
16 filing of such records or files; provided, however, that ledger sheets
17 showing unpaid accounts in favor of members of such savings and
18 loan association shall not be destroyed.

19 4. No liability shall accrue against any association, destroying
20 any such records after the expiration of the time provided in sub-
21 section 3, and in any cause or proceedings in which any such rec-
22 ords or files may be called in question or be demanded of the associ-
23 ation or any officer or employee thereof, a showing that such records
24 and files have been destroyed in accordance with the terms of this
25 chapter shall be a sufficient excuse for the failure to produce them.

26 5. All causes of action against an association based upon a claim
27 or claims inconsistent with an entry or entries in any savings and
28 loan association record or ledger, made in the regular course of
29 business, shall be deemed to have accrued, and shall accrue, one year
30 after the date of such entry or entries; and no action founded upon
31 such a cause may be brought after the expiration of ten years from
32 the date of such accrual.

33 6. The provisions of this chapter, so far as applicable, shall apply
34 to the records of federal savings and loan associations.

35 7. Any association may cause any or all records kept by such as-
36 sociation to be copied or reproduced by any photostatic, photographic
37 or microfilming process which correctly and permanently copies, re-
38 produces or forms a medium for copying or reproducing the original
39 record on a film or other durable material and such association may
40 thereafter dispose of the original record. Any such copy or repro-
41 duction shall be deemed to be an original record for all purposes and
42 shall be treated as an original record in all courts or administrative
43 agencies for the purpose of its admissibility in evidence. A facsimile,
44 exemplification or certified copy of any such copy or reproduction
45 reproduced from a film record shall, for all purposes, be deemed a
46 facsimile, exemplification or certified copy of the original.

1 SEC. 10. **Savings liability.** The savings liability of an association
2 is not limited, but shall consist only of the aggregate amount of
3 share accounts of its members, plus dividends credited to such ac-
4 counts, less redemption and withdrawal payments. Except as lim-
5 ited by the board of directors from time to time, a member may make
6 additions to his share account in such amounts and at such times as
7 he may elect. Share accounts shall be opened for cash. The mem-
8 bers of an association shall not be responsible for any losses which
9 its savings liability shall not be sufficient to satisfy, and share ac-
10 counts shall not be subject to assessment, nor shall the holders
11 thereof be liable for any unpaid installments on their accounts.
12 Dividends shall be declared in accordance with the provisions of this
13 chapter. No association shall prefer one of its share accounts over
14 any other share account as to the right to participate in dividends
15 as to time or amount. No preference between share account mem-
16 bers shall be created with respect to the distribution of assets upon
17 voluntary or involuntary liquidation, dissolution, or winding up of
18 an association. No association shall have power to contract with
19 respect to the savings liability in a manner inconsistent with the
20 provisions of this chapter.

1 SEC. 11. **Share accounts.**

2 1. *Ownership.* Share accounts may be opened and held solely and
3 absolutely in his own right by, or in trust for, any person, including
4 an adult or minor individual, male or female, single or married, a
5 partnership, association, fiduciary corporation, or political subdivi-
6 sion or public or government unit or any other corporation or legal
7 entity. Share accounts shall be represented only by the account of
8 each share account holder on the books of the association, and shall
9 be transferable only on the books of the association and upon proper
10 application by the transferee and upon acceptance of the transferee
11 as a member upon terms approved by the board of directors. The
12 association may treat the holder of record of a share account as the
13 owner thereof for all purposes without being affected by any notice
14 to the contrary unless the association has acknowledged in writing
15 notice of a pledge of such share account.

16 2. *Evidence of ownership.* An account book may be issued to each
17 share account holder on the books of the association and such ac-
18 count book shall, if issued, indicate the withdrawal value of the share

19 account. A separate certificate for a share account may be issued in
20 lieu of an account book in form to be approved by the supervisor.

21 3. *Duplicate account books and certificates.* Upon the filing with
22 an association by any one of the holders of record as shown by the
23 books of the association, or by his legal representative, of an affi-
24 davit to the effect that the account book or certificate evidencing his
25 share account with the association has been lost or destroyed, and
26 that such account book or certificate has not been pledged or as-
27 signed in whole or in part, such association shall issue a new account
28 book or certificate in the name of the holder or holders of record,
29 such book stating that it is issued in lieu of one lost or destroyed,
30 and the association shall in no way be liable thereafter on account of
31 the original account book, provided that the board of directors shall,
32 if in its judgment it is necessary, require a bond in an amount it
33 deems sufficient to indemnify the association against any loss which
34 might result from the issuance of such new account book or certifi-
35 cate.

36 4. *Minors.* An association and any federal savings and loan asso-
37 ciation may issue share accounts to any minor as the sole and abso-
38 lute owner of such share account, and pay withdrawals and act with
39 respect to such accounts on the order of such minor. Any payment
40 or delivery of rights to any minor, or a receipt of acquittance signed
41 by a minor, who holds a share account, shall be a valid and sufficient
42 release and discharge of such institution for any payment so made or
43 delivery of right to such minor. In the case of a minor, the receipt,
44 acquittance or other action required by the institution to be taken by
45 the minor shall be binding upon such minor with like effect as if he
46 were of full age and legal capacity. The parent or guardian of such
47 minor shall not in his capacity as parent or guardian have the power
48 to attach or in any manner to transfer any share account issued to
49 or in the name of such minor, provided, however, that in the event
50 of the death of such minor the receipt of acquittance of either par-
51 ent or of a person standing in loco parentis to such minor shall be a
52 valid and sufficient discharge of such institution for any sum or sums
53 not exceeding the aggregate one thousand dollars unless the minor
54 shall have given written notice to the institution not to accept the
55 signature of such parent or person.

56 5. *Joint accounts.* When a share account is opened in any associa-
57 tion or federal savings and loan association in the name of two or
58 more persons, whether minor or adult, in such form that the moneys
59 in the account are payable to either or the survivor or survivors then
60 such account and all additions thereto shall be the property of such
61 person as joint tenants. The moneys in such account may be paid to
62 or on the order of any one of such persons during their lifetimes or
63 to or on the order of any one of the survivors of them after the death
64 of any one or more of them upon presentation of the pass or account
65 book or other evidence of ownership as required by the articles or
66 bylaws of the association. The opening of the account in such form
67 shall, in the absence of fraud or undue influence, be conclusive evi-
68 dence in any act or proceedings to which either the association or
69 the surviving party or parties is a party, of the intention of all of
70 the parties to the account to vest title to such account and the addi-
71 tions thereto in such survivor or survivors. By written instructions

72 given to the institution by all the parties to the account, the signa-
73 tures of more than one of such persons during their lifetime or of
74 more than one of the survivors after the death of any one of them
75 may be required on any check, receipt or withdrawal order, in which
76 case the institution shall pay the moneys in the account only in ac-
77 cordance with such instructions, but no such instructions shall limit
78 the right of the survivor or survivors to receive the moneys in the
79 account.

80 Payment of all or any of the moneys in such account as provided
81 in the preceding paragraph of this section shall discharge the insti-
82 tution from liability with respect to the moneys so paid, prior to
83 receipt by the institution of a written notice from any one of them
84 directing the institution not to permit withdrawals in accordance
85 with the terms of the account or the instructions. After receipt of
86 such notice an institution may refuse, without liability to honor any
87 check, receipt, or withdrawal order on the account pending deter-
88 mination of the rights of the parties. No institution paying any
89 survivor in accordance with the provisions of this subsection shall
90 thereby be liable for any estate, inheritance or succession taxes
91 which may be due this state.

92 6. *Pledge to association of share account in joint tenancy.* The
93 pledge to any association or federal savings and loan association of
94 all or part of a share account in joint tenancy signed by that person
95 or those persons who are authorized in writing to make withdrawals
96 from the account shall, unless the terms of the share account provide
97 specifically to the contrary, be a valid pledge and transfer to the
98 association of that part of the account pledged, and shall not oper-
99 ate to sever or terminate the joint and survivorship ownership of
100 all or any part of the account.

101 7. *Accounts of administrators, executors, guardians, custodians,*
102 *trustees and other fiduciaries.* Any association or federal savings and
103 loan association may accept share accounts in the name of any ad-
104 ministrator, custodian, executor, guardian, trustee, or other fiduciary
105 in trust for a named beneficiary or beneficiaries. Any such fiduciary
106 shall have power to vote as a member as if the membership were held
107 absolutely, to open and to make additions to, and to withdraw any
108 such account in whole or in part. The withdrawal value of such ac-
109 counts, and dividends thereon, or other rights relating thereto may
110 be paid or delivered, in whole or in part to such fiduciary without
111 regard to any notice to the contrary as long as such fiduciary is liv-
112 ing. The payment or delivery to any such fiduciary or a receipt or
113 acquittance signed by any such fiduciary to whom any such payment
114 or any such delivery of rights is made shall be a valid and sufficient
115 release and discharge of an institution for the payment or delivery
116 so made. Whenever a person holding an account in a fiduciary capac-
117 ity dies and no written notice of the revocation or termination of the
118 fiduciary relationship shall have been given to an institution and the
119 institution has no notice of any other disposition of the beneficial
120 estate, the withdrawal value of such account and dividends thereon,
121 or other rights relating thereto may, at the option of an institution,
122 be paid or delivered, in whole or in part, to the beneficiary or bene-
123 ficiaries. Whenever an account shall be opened by any person, de-
124 scribing himself in opening such account as trustee for another and

125 no other or further notice of the existence and terms of a legal and
126 valid trust than such description shall have been given in writing to
127 such association, in the event of the death of the person so described
128 as trustee, the withdrawal value of such account or any part thereof,
129 together with the dividends or interest thereon, may be paid to the
130 person for whom the account was thus stated to have been opened,
131 and such account and all additions thereto shall be the property of
132 such person. The payment or delivery to any such beneficiary, bene-
133 ficiaries or designated person, or a receipt or acquittance signed by
134 such beneficiary, beneficiaries or designated person for any such
135 payment or delivery shall be a valid and sufficient release and dis-
136 charge of an institution for the payment or delivery so made. No
137 institution paying any such fiduciary or beneficiary in accordance
138 with the provisions of this subsection shall thereby be liable for any
139 estate, inheritance or succession taxes which may be due this state.

140 8. *Pay on death accounts.* Any association and any federal sav-
141 ings and loan association may issue share accounts in the name of
142 one or more persons with the provision that upon the death of the
143 owner or owners thereof the proceeds thereof shall be the property
144 of the person or persons designated by the owner or owners and
145 shown by the record of such association, but such proceeds shall be
146 subject to the debts of the decedent and the payment of Iowa inheri-
147 tance tax, if any, provided, however, that six months after the date
148 of the death of the owner the receipt or acquittance of the person so
149 designated shall be a valid and sufficient release and discharge of such
150 association for the delivery of such share account or the payment so
151 made.

152 9. *Powers of attorney or share account.* Any association or fed-
153 eral savings and loan association may continue to recognize the
154 authority of an attorney authorized in writing to manage or to make
155 withdrawals either in whole or in part from the share account of a
156 member until it receives written notice or is on clear actual notice of
157 the revocation of his authority. For the purpose of this subsection,
158 written notice of the death or adjudication of incompetency of such
159 member shall constitute written notice of revocation of the authority
160 of his attorney. No such institution shall be liable for damages, pen-
161 alty or tax by reason of any payment made pursuant to this subsec-
162 tion.

163 10. *Share accounts as legal investments.* Administrators, execu-
164 tors, custodians, guardians, trustees, and other fiduciaries of every
165 kind and nature, insurance companies, business and manufacturing
166 companies, banks, credit unions and all other types of financial in-
167 stitutions, charitable, educational, eleemosynary and public corpora-
168 tions and organizations, and municipalities and other public corpo-
169 rations and bodies, and public officials hereby are specifically
170 authorized and empowered to invest funds held by them, without any
171 order of any court in share account of insured savings associations
172 which are under state supervision, and in accounts of federal sav-
173 ings and loan associations organized under the laws of the United
174 States and under federal supervision, and such investment shall be
175 deemed and held to be legal investments for such funds.

176 Whenever, under the laws of this state or otherwise, a deposit of
177 securities is required for any purpose, the securities made legal in-

178 vestments by this section shall be acceptable for such deposits, and
179 whenever, under the laws of this state or otherwise, a bond is re-
180 quired with security such bond may be furnished, and the securities
181 made legal investments by this section in the amount of such bond,
182 when deposited therewith, shall be acceptable as security without
183 other security.

184 The provisions of this section are supplemental to any and all
185 other laws relating to and declaring what shall be legal investments
186 for the persons, corporations, organizations, and officials referred to
187 in this section and the laws relating to the deposit of securities and
188 the making and filing of bonds for any purpose.

1 **SEC. 12. Members general rights.**

2 1. *Voting.* Each member shall have one vote for each one hundred
3 dollars in his share account owned and held by him at any election,
4 and may vote the same by proxy, but no person shall vote more than
5 ten per cent of the savings liability at the time of said election ex-
6 cepting that proxies held and voted by an individual member or a
7 proxy committee shall not be included in said ten per cent limitation.
8 Every proxy shall be in writing and shall, unless otherwise specified
9 in the proxy, continue in force for eleven months from date thereof.
10 No proxies shall be voted at any meeting unless such proxies have
11 been on file with the secretary of the association for verification at
12 least five days before the date of the meeting. Anyone depositing or
13 transferring savings as collateral security shall be deemed the owner
14 of such share account within the meaning of this section. Notice of
15 the regular annual meeting of members of an association shall be
16 given by publishing said notice in a newspaper of general circula-
17 tion in the county in which the office of said association is located at
18 least thirty (30) days before the date set for said annual meeting.
19 Proxies may be revoked by any member upon written notice to the
20 secretary of an association; by execution of a written proxy to an-
21 other agent; or by personal attendance by the member at the mem-
22 bers' meetings.

23 2. *Withdrawals.* The terms of withdrawal of a member from such
24 association shall be such that any withdrawing member shall receive
25 a sum not less than he has paid into said association less withdrawals
26 and legal charges against the account, unless losses have occurred to
27 said association, during the time that said withdrawing member was
28 a member, which exceed the amount of the profits, or any fund cre-
29 ated with which to pay such losses, and in that case such withdraw-
30 ing member shall be charged with his proportionate share of the
31 excess of the losses over the profits, and no more. Such association
32 may provide by its articles of incorporation or bylaws or by resolu-
33 tion of its board of directors, the order in which withdrawals shall
34 be paid, and when dividends shall cease on share accounts on which
35 withdrawal demands have been made and what portion of the associ-
36 ation funds or receipts shall be used for payment of withdrawals.

37 3. *Association lien on share accounts.* Every such association shall
38 at all times have a lien upon the savings of a member as security for
39 repayment of money loaned him and as security for his other in-
40 debtedness to the association and such lien shall attach and continue
41 without assignment or pledge to or possession by the association of

42 any evidence of such ownership. Such lien may be enforced to satis-
43 fy any past due indebtedness by charging such indebtedness to the
44 debtor's share account.

45 4. *Redemption.* At any time funds are on hand for the purpose
46 the association shall have the right to redeem by lot or otherwise,
47 as the board of directors may determine, all or any part of any of its
48 share account on a dividend date by giving thirty days' notice by
49 registered mail addressed to the account holders at their last ad-
50 dresses recorded on the books of the association. No association shall
51 redeem any of its share accounts when the association is in an im-
52 paired condition or when it has applications for withdrawal which
53 have been on file more than thirty days and have not been reached
54 for payment. The redemption price of share accounts redeemed shall
55 be the full value of the account redeemed, as determined by the board
56 of directors, but in no event shall the redemption value be less than
57 the withdrawal value. If the aforesaid notice of redemption shall
58 have been duly given, and if on or before the redemption date the
59 funds necessary for such redemption shall have been set aside so as
60 to be and continue to be available therefor, dividends upon the ac-
61 counts called for redemption shall cease to accrue from and after the
62 dividend date specified as the redemption date, and all rights with re-
63 spect to such accounts shall forthwith, after such redemption date,
64 terminate, except only the right of the account holder of record to
65 receive the redemption value without interest. All share accounts
66 which have been validly called for redemption must be tendered for
67 payment within ten years from the date of redemption designated in
68 the redemption notice, otherwise they shall be cancelled and forfeited
69 for the use of the school fund of the county in which the association
70 has its principal place of business and all claims of such account hold-
71 ers against the association shall be barred forever. Redemption shall
72 not be made, however, of such share accounts held by a member-
73 director which are necessary to qualify his acting as director.

1 SEC. 13. *Defamation of institutions prohibited—malicious circu-*
2 *lation of reports.* Whoever maliciously or with intent to deceive
3 makes, publishes, utters, repeats, or circulates any false report con-
4 cerning any building and loan or savings and loan association which
5 imputes or tends to impute, insolvency or unsound financial condi-
6 tion or financial embarrassment, or which may tend to cause or pro-
7 voke or aid in causing or provoking a general withdrawal of funds
8 from such association, or which may otherwise injure or tend to
9 injure the business or good will of such building and loan or savings
10 and loan association, shall be guilty of felony and shall be fined not
11 more than five thousand dollars or be imprisoned for not more than
12 five years in the penitentiary or be punished by both such fine and
13 imprisonment.

1 SEC. 14. *Limitation on members' savings.* Associations having
2 assets of five hundred thousand dollars or less shall not accept from
3 any one member savings liability of more than ten thousand dollars.
4 Associations having assets in excess of five hundred thousand dollars
5 shall not accept from any one member savings liability in excess of
6 ten per cent of its assets. These limitations shall not apply to share

7 accounts issued to the United States government, or to any other
8 federal government agency or instrumentality.

1 SEC. 15. **Banking prohibited.** It shall be unlawful for any associ-
2 ation to receive investments of money from members without issu-
3 ing evidence of savings liability for the same, or to transact a bank-
4 ing business.

1 SEC. 16. **Deposits of funds by associations.** Funds of such associ-
2 ations may be deposited in any state or national bank insured by the
3 federal deposit insurance corporation on certificate of deposit, or the
4 usual bank pass book credit, subject to check by the proper desig-
5 nated officers of such association or in the federal home loan bank
6 of the district in which Iowa is located.

1 SEC. 17. **Investments.** Every association shall have power to in-
2 vest in securities and real estate as follows:

3 1. In securities without limit, in obligations of, or guaranteed as to
4 principal and interest by, the United States or this state; in stock of
5 a federal home loan bank of which it is eligible to be a member, and
6 in any obligation or consolidated obligations of any federal home loan
7 bank or banks; in stock or obligation of the federal savings and loan
8 insurance corporation; in stock or obligations of a national mortgage
9 association or any successor or successors thereto; in demand, time
10 or savings deposits with any bank or trust company the deposits of
11 which are insured by the federal deposit insurance corporation; in
12 stock or obligations of any corporation or agency of the United States
13 or this state, or in deposits therewith to the extent that such corpo-
14 ration or agency assists in furthering or facilitating the association's
15 purposes or powers; in share accounts of any association operating
16 under the provisions of this chapter and of any federal savings and
17 loan association; in bonds, notes, or other evidences of indebtedness
18 which are a general obligation of any city, town, village, county,
19 school district, or other municipal or political subdivision of this
20 state.

21 2. In real estate purchased at sheriff's sale or at any other sale,
22 public or private, judicial or otherwise, upon which the association
23 has a lien or claim, legal or equitable; in real estate accepted by the
24 association in satisfaction of any obligation; in real estate purchased
25 for sale or improvement and sale, upon contracts, at the cost of land
26 and improvements, when such contracts are executed concurrently
27 with or prior to such purchase, such transactions to be subject to all
28 the limitations herein provided with respect to real estate loans; in
29 real estate acquired by the association in exchange for real estate
30 owned by the association; in real estate acquired by the association
31 in connection with salvaging the value of property owned by the
32 association; an amount not exceeding the sum of its reserves and
33 undivided profits in the purchase and development of real estate for
34 the purpose of producing income or for sale or for improvement
35 thereof and the erection of buildings thereon for sale or rental pur-
36 poses. Title to all real estate shall be taken and held in the name of
37 the association and such title shall immediately be recorded in accord-
38 ance with law.

1 **SEC. 18. Investment—home office buildings.** Any such associa-
2 tion may invest an amount not to exceed five per cent of its paid-in
3 savings liability or such additional amounts as are authorized by the
4 supervisor in unencumbered real estate for use wholly or partly as
5 its business office.

1 **SEC. 19. General powers.** Every such association shall have the
2 following general powers:

3 1. *General corporate power.* To sue and be sued, complain and
4 defend in any court of law or equity; to purchase, acquire, hold, and
5 convey real and personal estate consistent with its objects and pow-
6 ers; to mortgage, pledge, or lease any real or personal estate owned
7 by the association and to authorize such pledgee to repledge same;
8 to take property by gifts, devise or bequest; to have a corporate seal.
9 which may be affixed by imprint, facsimile, or otherwise; to appoint
10 officers, agents, and employees as its business shall require and allow
11 them suitable compensation; to provide for life, health and casualty
12 insurance for its officers and employees and to adopt and operate
13 reasonable bonus plans and retirement benefits for such officers and
14 employees to enter into payroll savings plans; to adopt and amend
15 bylaws; to insure its accounts with the federal savings and loan in-
16 surance corporation and qualify as a member of a federal home loan
17 bank; to become a member of, deal with, or make contributions to
18 any organization to the extent that such organization assists in fur-
19 thering or facilitating the association's purposes or powers and to
20 comply with conditions of membership; to accept savings as provided
21 in this chapter together with such other powers as are otherwise
22 expressly provided for in this chapter.

23 2. *Loans on security of share accounts.* To make loans on the sole
24 security of share accounts. No such loan shall exceed the withdrawal
25 value of the accounts owned or otherwise pledged for or by the bor-
26 rower. No such loan shall be made when an association has applica-
27 tions for withdrawal which have been on file more than sixty days
28 and not been reached for payment.

29 3. *Mortgage loans.* To make first mortgage loans on real estate
30 under the limitations and conditions imposed elsewhere in this chap-
31 ter.

32 4. *Insured and guaranteed loans.* To make any loan, secured or
33 unsecured, which is insured or guaranteed in any manner and in any
34 amount by the United States or any instrumentality thereof or by
35 this state or any instrumentality thereof.

36 5. *Dealing with successors in interest.* In the case of loans made
37 under subsections 2, 3 and 4 of this section, in the event the owner-
38 ship of the real estate security or any part thereof becomes vested
39 in a person other than the party or parties originally executing the
40 security instruments, and provided there is not an agreement in
41 writing to the contrary, an association may, without notice to such
42 party or parties, deal with successor or successors in interest with
43 reference to said mortgage and the debt thereby secured in the same
44 manner as with such party or parties, and may forbear to sue or
45 may extend time for payment of or otherwise modify the terms of
46 the debt secured thereby, without discharging or in any way affecting
47 the original liability of such party or parties thereunder or upon the
48 debt thereby secured.

49 **6. *Property improvement loans.*** To make property improvement
50 loans to home owners and other property owners for maintenance,
51 repair, modernization, improvement and equipment of their proper-
52 ties, with or without security provided that no such loan without
53 security shall exceed three thousand, five hundred dollars, and pro-
54 vided further that not in excess of fifteen per cent of the assets of the
55 association shall be so invested, said fifteen per cent to be exclusive
56 of the thirty per cent of assets power set out in section 23* hereof.
57 Such loans shall be amortized to mature in not to exceed five years.

58 **7. *Power to purchase and to lend upon loans.*** The power to make
59 loans shall include (a) the power to purchase loans of any type that
60 the association may make, (b) the power to make loans upon the
61 security of loans of any type that the association may make, and
62 (c) the power to sell any loans of the type the association is author-
63 ized to make. Loans under (a) and (c) may be outside regular lend-
64 ing area if restricted to loans insured partially by an instrumentality
65 of the United States or by any other insurer approved by the federal
66 home loan bank or the supervisor.

67 **8. *Participation loans.*** An association may participate with other
68 lenders in the origination or purchase of an interest in loans of any
69 type that such an association may otherwise make, provided that the
70 other participants are instrumentalities of or corporations owned
71 wholly or in part by the United States or this state, or are associa-
72 tions or corporations insured by the federal savings and loan insur-
73 ance corporation or the federal deposit insurance corporation or are
74 life insurance companies with assets in excess of one hundred million
75 dollars, such loans to be within or without the regular lending area
76 of the association.

77 **9. *Servicing loans.*** To service mortgages subject to such regula-
78 tions and restrictions as may be prescribed by the supervisor, pro-
79 vided such mortgages originally are made by such association and
80 subsequently sold. The maximum principal amount of mortgages
81 thus serviced by an association at any one time shall not exceed
82 twenty-five per cent of the amount of the savings liability of such
83 association.

84 **10. *Fiscal agent.*** Any such association which is a member of a
85 federal home loan bank shall have power to act as fiscal agent of the
86 United States and, when designated for the purpose by the secretary
87 of the treasury, it shall perform under such regulations as he may
88 prescribe all such reasonable duties as fiscal agent of the United
89 States as he may require, and shall have power to act as agent for
90 any United States government instrumentality. An association may
91 also handle travelers checks and money orders.

92 **11. *Purchase of contracts.*** Any such association may buy and sell
93 vendors' real estate contracts; provided, however, that all such con-
94 tracts shall contain forfeiture provisions as provided for in chapter
95 six hundred fifty-six (656), and provided further that the require-
96 ments for loans as set forth in section 21 shall be applicable to making
97 and buying of such contracts, except that at the time of purchase of
98 such vendors' contracts the association shall not purchase any such
99 contract for more than ninety per cent of the value of the real estate
100 therein described appraised as required by section 21. No associa-

*Section 21 probably intended.

101 tion shall hereafter invest more than fifteen per cent of its assets in
102 such vendors' contracts authorized by this subsection. Said fifteen
103 per cent shall be considered as included within the thirty per cent of
104 assets lending power set out hereinafter.

105 12. *Lock boxes.* Any association may own, rent to its members,
106 lock boxes for storage or safekeeping of securities and valuables.

107 13. *Power to borrow.* If and when an association is not a member
108 of a federal home loan bank, it shall have power to borrow not more
109 than an aggregate amount equal to one-fourth of its savings liability
110 on the date of borrowing. If and when an association is a member
111 of a federal home loan bank, it shall have power to secure advances
112 of not more than an aggregate amount equal to one-half of its savings
113 liability. Within such amount equal to one-half of its savings lia-
114 bility, the association may borrow from sources other than such fed-
115 eral home loan bank an aggregate amount not in excess of ten per
116 cent of its savings liability. A subsequent reduction of savings lia-
117 bility shall not affect in any way outstanding obligations for bor-
118 rowed money. All such loans and advances may be secured by prop-
119 erty of the association.

120 14. *Automatic authorization.* Any association may have the right
121 to participate in any new or additional powers or activities hereafter
122 granted to such association under this chapter immediately upon the
123 effective date of such additional authority, if authorized by the ar-
124 ticles of incorporation of such association.

1 SEC. 20. *Emergency operations.* In the event an association's
2 offices are destroyed by enemy attack or by natural disaster, such
3 association may operate from such temporary headquarters as may
4 be necessary until such time as it is again able to resume operations
5 in its normal location.

6 Such association may, with the approval of the supervisor, make
7 loans beyond its regular lending area within this state in the event
8 of an emergency resulting in the destruction of home financing facil-
9 ities in any community in this state.

1 SEC. 21. *Loan requirements.*

2 1. *Loan plans.* Real estate loans may be made as authorized by
3 this chapter, or upon any other loan plan approved by the supervisor.
4 No real estate loan shall be made until two qualified persons selected
5 by the board of directors shall have submitted a signed appraisal of
6 the real estate securing such loan. If it is an uninsured mortgage
7 no such loan shall be made to exceed ninety per cent of said appraised
8 value. Any loans insured by the federal housing administration or
9 which are guaranteed by the servicemen's readjustment Act of 1944,
10 as amended, or which are guaranteed or insured, in whole or in part,
11 by any other duly constituted federal instrumentality or private cor-
12 poration approved by the federal home loan bank or the supervisor
13 which qualify for such insurance or guarantee, may be made regard-
14 less of the requirements for other loans otherwise contained in this
15 section.

16 Payments on real estate loans shall be applied first to the payment
17 of interest of the unpaid balance of the loan and the remainder to
18 the reduction of principal; provided that if the loan is in default in
19 any manner, payments may be applied by the mortgagee in any man-

ner approved by the association and provided by the contract between the parties.

2. *Terms of loans.* All installment loans shall be repayable within twenty-five years or, if an insured or guaranteed loan, within the period acceptable to the insuring or guaranteeing agency. Loans of any type that such an association may make on a monthly installment basis may also be made without full amortization of principal; Provided, That except for insured or guaranteed loans, interest shall be payable at least semiannually and any such loan may be made for an amount not in excess of fifty per cent of the value and for a term of not more than five years: And provided further, That if the members have authorized loans to be made without full amortization up to such higher percentage such loans may be made for an amount not in excess of sixty per cent of the value and for a term of not more than three years: And provided further, That, if the members have authorized loans to be made without full amortization up to such higher percentage, such loans, if made, for the purpose of construction, may be made for an amount not in excess of eighty per cent of the value and for a term of not more than one year.

3. *Home loans.* Every such association may originate and make first mortgage amortized real estate loans for not to exceed thirty-five thousand dollars secured by home property situated within the regular lending area of the association. Such loans may also be made without the regular lending area but within the state of Iowa when the loans are insured wholly or partially by any instrumentality of the United States government. Home loans may be made in excess of the thirty-five thousand dollar limitation when made under the thirty per cent of assets lending power hereinafter set out.

4. *Other loans.* Every such association may use an aggregate amount not exceeding thirty per cent of the assets at the time of such use, or a larger amount with the approval of the supervisor, to make loans as follows:

a. Home loans, which are either direct-reduction home loans or not, but which exceed thirty-five thousand dollars each, regardless of where the home property securing the loan is situated so long as within this state.

b. Home loans of any amount, which are direct-reduction home loans, but which are secured by home property situated beyond the regular lending area.

c. Home loans of any amount which are not direct-reduction home loans, regardless of where the home property securing the loan is situated so long as within this state.

d. Other real estate loans, whether amortized or unamortized, regardless of amount thereof or location of real estate securing the loan so long as within this state.

This power is herein referred to as the "thirty per cent of assets lending power." A subsequent reduction of savings liability shall not affect in any way outstanding loans made under the thirty per cent of assets lending power.

5. Every loan shall be evidenced by a note for the amount of the loan. The note shall specify the amount, rate of interest, terms of repayment and may contain all other terms of the loan contract. The notes evidencing loans may be in negotiable form.

73 6. Every real estate loan shall be secured by an instrument con-
74 stituting a first lien upon the real estate securing the loan. Such
75 instrument shall be considered a mortgage and shall provide specifi-
76 cally for full protection to the association with respect to such loan
77 and additional advances and the usual insurance risks, taxes, assess-
78 ments, other governmental levies, maintenance, and repairs. It may
79 provide for an assignment of rents, which assignment shall be abso-
80 lute upon the borrower's default, becoming operative upon written
81 demand made by the association. All such mortgages shall be re-
82 corded in accordance with the law of this state.

83 7. Any mortgage made by an association under the provisions of
84 this chapter may be made to secure existing debts or obligations, to
85 secure debts or obligations created simultaneously with the execution
86 of the mortgage, to secure future advances necessary to protect the
87 security, and to secure future advances to be made at the option of
88 the parties up to a total amount stated in the mortgage, and all such
89 debts obligations and future advances shall, from and as of the time
90 the mortgage is filed for record as provided by the laws of this state,
91 be secured by such mortgage equally with, and have the same prior-
92 ity over the rights of all persons who subsequent to the recording
93 of such mortgage acquire any rights in or liens upon the mortgaged
94 real estate, as the debts and obligations secured thereby at the time
95 of the filing of the mortgage for record.

96 8. An association may pay taxes, assessments, insurance premi-
97 ums, and other similar charges for the protection of its real estate
98 loans. All such payments shall be added to the unpaid balance of the
99 loan and shall be equally secured by the first lien on the property as
100 provided above. An association may require life insurance to be
101 assigned as additional collateral upon any real estate loan. In such
102 event the association shall obtain a first lien upon such policy and
103 may advance premiums thereon, and such premium advances shall
104 be added to the unpaid balance of the loan and shall be equally se-
105 cured by the first lien on the property as provided above. No associa-
106 tion may require that any such insurance must be purchased from or
107 through the association as a condition to any loan.

108 9. An association may require the borrower to pay monthly in
109 advance, in addition to interest or interest and principal payments,
110 the equivalent of one-twelfth of the estimated annual taxes, assess-
111 ments, insurance premiums, and other charges upon the real estate
112 securing a loan, or any of such charges, so as to enable the associa-
113 tion to pay such charges as they become due from the funds so re-
114 ceived. The amount of such monthly charges may be increased or
115 decreased so as to provide reasonably for the payment of the esti-
116 mated annual taxes, assessments, insurance premiums, and other
117 charges. The association may carry such funds in trust in an ac-
118 count or may credit the same to the indebtedness and advance money
119 for taxes, insurance or other charges. Every association shall keep a
120 record of the status of taxes, assessment, insurance premiums, and
121 other charges on all real estate securing its loans and on all real and
122 other property owned by it.

123 10. All real estate loans may be prepaid in part or in full, at any
124 time, and the association shall not charge for such privilege of

125 anticipatory payment an amount greater than one and one-half per
126 cent of the amount of such anticipatory payment.

127 11. Every association may require borrowing members to pay all
128 reasonable expenses incurred in connection with the making, closing,
129 disbursing, extending, readjusting, or renewing of real estate loans.
130 Every association also may require borrowing members to pay the
131 cost of all other necessary and incidental services rendered by the
132 association or by others for the association in connection with real
133 estate loans in such reasonable amounts as may be fixed by the board
134 of directors. No director, officer, or employee of an association shall
135 receive any fee or other compensation of any kind in connection with
136 procuring any loan for an association, except for services actually
137 rendered as above provided. The association shall furnish a loan
138 settlement statement to each borrower upon the closing of the loan,
139 indicating the charges and fees such borrower has paid or obligated
140 himself to pay the association or to any other person in connection
141 with such loan. A copy of such statement shall be retained in the
142 records of the association.

1 SEC. 22. **Interest rates variable.** The rate or rates of interest,
2 premium commission and other fees to be charged on loans made by
3 such associations and the basis on which different interest rates and
4 charges shall be determined shall from time to time be fixed by the
5 bylaws of the association but interest charged shall not exceed the
6 maximum interest rate authorized by law.

1 SEC. 23. **Contracts for savings programs.**

2 1. *School savings.* An association shall have power to contract
3 with the proper authorities of any public or nonpublic elementary
4 or secondary school or other institution of higher learning, or any
5 public or charitable institution caring for minors, for the participa-
6 tion and implementation by the association in any school or institu-
7 tional thrift or savings plan, and it may accept share accounts at
8 such a school or institution, either by its own collector or by any
9 representative of the school or institution which becomes the agent
10 of the association for such purpose.

11 2. *Payroll savings plans.* An association shall have power to con-
12 tract with any corporation of any type for investment in such asso-
13 ciation by employees under a payroll savings plan.

1 SEC. 24. **Conversion.**

2 1. *Conversion into federal savings and loan association.* Any as-
3 sociation of this state doing a home-financing business may convert
4 itself into a federal savings and loan association in accordance with
5 the provisions of section 5 of the home owners' loan Act of 1933, as
6 now or hereafter amended, upon a vote of fifty-one per cent or more
7 of the votes of the members cast at an annual meeting or at any
8 special meeting called to consider such action. A copy of the minutes
9 of the proceedings of such meetings of the members, verified by the
10 affidavit of the secretary or an assistant secretary, shall be filed in
11 the office of the supervisor within ten days after the date of such
12 meeting. A sworn copy of the proceedings of such meeting when so
13 filed, shall be presumptive evidence of the holding and action of such
14 meeting. Within three months after the date of such meeting, the

15 association shall take such action in the manner prescribed and au-
16 thorized by the laws of the United States as shall make it a federal
17 savings and loan association. There shall be filed with the supervisor
18 a copy of the charter issued to such federal savings and loan associa-
19 tion by the federal home loan bank board or a certificate showing the
20 organization of such association as a federal savings and loan asso-
21 ciation, certified by the secretary or assistant secretary of the federal
22 home loan bank board. A similar copy of the charter, or of such cer-
23 tificate, shall be filed by the association with the secretary of state.
24 No failure to file any such instruments either with the supervisor of*
25 the secretary of state shall affect the validity of such conversion.
26 Upon the grant to any association of a charter by the federal home
27 loan bank board, the association receiving such charter shall cease
28 to be an association incorporated under this chapter and shall no
29 longer be subject to the supervision and control of the supervisor.
30 Upon the conversion of any association into a federal savings and
31 loan association, the corporate existence of such association shall not
32 terminate, but such federal association shall be deemed to be a con-
33 tinuation of the entity of the association so converted and all prop-
34 erty of the converted association, including its rights, titles, and
35 interests in and to all property of whatever kind, whether real, per-
36 sonal, or mixed, and things in action, and every right, privilege,
37 interest and asset of any conceivable value or benefit then existing,
38 or pertaining to it, or which would inure to it, shall immediately by
39 act of law and without any conveyance or transfer and without any
40 further act or deed remain and be vested in and continue and be the
41 property of such federal association into which the state association
42 has converted itself, and such federal association shall have, hold,
43 and enjoy the same in its own right as fully and to the same extent
44 as the same was possessed, held, and enjoyed by the converting as-
45 sociation, and such federal association as of the time of the taking
46 effect of such conversion shall continue to have and succeed to all
47 the rights, obligations, and relations of the converting association.
48 All pending actions and other judicial proceedings to which the con-
49 verting state association is a party shall not be deemed to have
50 abated or to have discontinued by reason of such conversion, but may
51 be prosecuted to final judgment, order or decree in the same manner
52 as if such conversion into such federal association had not been made
53 and such federal association resulting from such conversion may
54 continue such action in its corporate name as a federal association,
55 and any judgment, order, or decree may be rendered for or against
56 it which might have been rendered for or against the converting
57 state association theretofore involved in such judicial proceedings.
58 Any association or corporation, which has heretofore converted itself
59 into a federal savings and loan association under the provisions of
60 the home owners' loan Act of 1933 and has received a charter from
61 the federal home loan bank board, shall hereafter be recognized as a
62 federal savings and loan association, and its federal charter shall be
63 given full credence by the courts of this state to the same extent as
64 if such conversion had taken place under the provisions of this sec-
65 tion; provided, however, that there shall have been compliance with

*According to enrolled Act.

66 the foregoing requirements with respect to the filing with the super-
67 visor of a copy of the federal charter or a certificate showing the
68 organization of such association as a federal savings and loan asso-
69 ciation. All such conversions are hereby ratified and confirmed, and
70 all obligations of such an association which has so converted shall
71 continue as valid and subsisting obligations of such federal savings
72 and loan association, and the title to all of the property of such an
73 association shall be deemed to have continued and vested, as of the
74 date of issuance of such federal charter, in such federal savings and
75 loan association as fully and completely as if such conversion had
76 taken place since the enactment of this chapter pursuant to this sec-
77 tion.

78 2. *Conversion into state-chartered association.* Any federal sav-
79 ings and loan association may convert itself into an association under
80 this chapter upon a vote of fifty-one per cent or more of the votes of
81 members of such federal savings and loan association cast at an an-
82 nual meeting or at any special meeting called to consider such action.
83 Copies of the minutes of the proceedings of such meetings of mem-
84 bers, verified by the affidavit of the secretary or an assistant secre-
85 tary, shall be filed in the office of the supervisor and mailed to the
86 federal home loan bank board, Washington, D. C., within ten days
87 after such meeting. Such verified copies of the proceedings of the
88 meetings when so filed shall be presumptive evidence of the holding
89 and action of such meeting. At the meeting at which conversion is
90 voted upon, the members shall also vote upon the directors who shall
91 be the directors of the state-chartered association after conversion
92 takes effect. Such directors then shall execute two copies of the
93 petition for certificate of incorporation provided for in this chapter
94 and two copies of the bylaws, as provided in this chapter. The super-
95 visor may insert in the certificate of incorporation, at the end of the
96 paragraph preceding the testimonium clause, the following:

97 "This association is incorporated by conversion from a federal
98 savings and loan association."

99 Each of the directors chosen for the association shall sign and
100 acknowledge the petition for certificate of incorporation as sub-
101 scribed thereto and the proposed bylaws as incorporators of the asso-
102 ciation. The provisions of this section shall, so far as applicable,
103 apply to such conversion under this section. The supervisor may
104 provide, by regulation, for the procedure to be followed by any such
105 federal savings and loan association converting into an association
106 under this section. All the provisions regarding property and other
107 rights contained in the preceding subsection shall apply, in reverse
108 order, to the conversion of a federal savings and loan association into
109 an association incorporated under this section, so that the state-
110 chartered association shall be a continuation of the corporate entity
111 of the converting federal association and continue to have all of its
112 property and rights.

1 SEC. 25. **Members rights on conversion.** When such conversion
2 and transfer of assets are made to a federal savings and loan associ-
3 ation all members, including borrowing members, in the state associ-
4 ation shall become members in the federal savings and loan associ-
5 ation and shall be entitled to receive evidence of their investment

6 and membership in the federal association in lieu of membership in
7 the state association, in such amounts and upon such terms and con-
8 ditions as shall be approved by the boards of directors of such state
9 and federal association.

1 **SEC. 26. Liquidation.** If only a portion of the assets and business
2 of a state association is transferred to a federal savings and loan
3 association such state association may continue in business for the
4 purpose of liquidating its remaining assets and if authorized by a
5 three-fourths vote of the savings liability represented at any mem-
6 bers meeting it may from time to time make additional transfers of
7 assets to such federal savings and loan association or may transfer
8 such remaining assets to trustees who shall liquidate the same in the
9 manner authorized, but after any such partial or complete transfer
10 of assets no such state association shall accept any further savings.

1 **SEC. 27. Rights of creditors.** The rights of creditors of a state
2 association shall not be impaired by such transfer of assets to a fed-
3 eral savings and loan association and they shall have the same rights
4 to follow and satisfy their claims out of all transferred assets as if no
5 transfer had been made, or they may elect to accept the obligations
6 of such federal savings and loan association in satisfaction of their
7 claims against such state association.

1 **SEC. 28. Association under receivership.** A state association in
2 receivership may convert and transfer all or part of its assets to a
3 federal savings and loan association if in such case the court having
4 jurisdiction of the receivership shall after due notice and hearing
5 approve such conversion and transfer.

1 **SEC. 29. Approval by state auditor.** Before any conversion and
2 transfer of assets are made to a federal savings and loan association
3 the proposed plan of conversion and transfer shall either before or
4 after it is authorized by the members be submitted in writing to the
5 auditor of state who shall issue to the state association his written
6 approval thereof if he finds that the proposed plan is legal and that
7 the requirements of law have been complied with.

1 **SEC. 30. Report of conversion filed.** When such conversion and
2 transfer are made the president and secretary of the state associa-
3 tion shall file with the recorder of the county in which the principal
4 place of business of such association is located and with the auditor
5 of state a written report showing in general terms the nature of such
6 conversion and transfer together with true copies of the agreements
7 entered into and transfers made and the resolutions of members and
8 directors authorizing the same.

1 **SEC. 31. Federal associations having same rights.** Every federal
2 savings and loan association incorporated under the provisions of
3 home owners' loan Act of 1933, as now or hereafter amended, and
4 the holders of share accounts issued by any such association shall
5 have all the rights, powers, and privileges and shall be entitled to
6 the same exemptions and immunities, as savings and loan associa-
7 tions organized under the laws of this state and members thereof are
8 entitled to.

1 **SEC. 32. Reorganization—liquidation.** Any savings and loan as-
2 sociation, including one in receivership, may reorganize under any
3 plan approved by its board of directors and by the supervisor. Such
4 reorganization may include reduction of savings credits of its mem-
5 ber, not pledged as security for real estate loans, and may also in-
6 clude segregation of assets of uncertain or doubtful value by transfer
7 thereof to trustees for management and liquidation or by transfer to
8 a separate fund within the association, to be managed and liquidated
9 by the association for the benefit of the members whose savings
10 credits have been reduced in connection with such segregation.

1 **SEC. 33. Voluntary liquidation.** Building and loan or savings and
2 loan associations, by a vote of three-fourths of the members of such
3 association represented in person or by proxy, may go into voluntary
4 liquidation upon such plan as shall be determined upon by the mem-
5 bers at their meeting.

1 **SEC. 34. Supervision during liquidation.** During the period of
2 voluntary liquidation of any such association, the supervisor shall
3 have substantially the same powers and duties as to supervision as
4 before such liquidation, and the persons in charge of such voluntary
5 liquidation shall furnish and deposit with the supervisor such bonds
6 as he shall require and approve, and shall semiannually, or oftener
7 if required by the supervisor report to him fully as to their doings
8 and progress, and as to the financial condition of the association.
9 Upon completion of such liquidation they shall file with the super-
10 visor a verified final report of such liquidation and disbursement of
11 proceeds and upon approval of such report the supervisor shall issue
12 a written order discharging the liquidators, and their duties shall
13 thereupon cease.

1 **SEC. 35. Transfer of mortgages—maturity.** In case any such as-
2 sociation resolves to go into voluntary liquidation, it shall have power
3 after crediting the mortgages given by the borrowing member with
4 the full book value of the stock, to sell and assign such mortgages to
5 a similar building and loan association, or to any other parties who
6 will hold the same upon the terms under which such mortgage was
7 given to the association. In that event the said mortgage shall be
8 held to become due, if no other time can be agreed upon between the
9 mortgagor and the association, within three years after the assign-
10 ment thereof.

1 **SEC. 36. Consolidation with other companies.** Any building and
2 loan or savings and loan association organized under the laws of this
3 state shall have authority to consolidate its business and membership
4 with one or more building and loan or savings and loan associations
5 of the same class organized under the laws of this state and to trans-
6 fer to such association or associations its entire assets subject to its
7 existing liabilities.

1 **SEC. 37. Approval by executive council.** The plan of such con-
2 solidation, when approved by the board of directors of each of the
3 associations, shall be reduced to writing and submitted to the state
4 executive council, and if they find that the plan is in conformity with

5 the law, and equitable in all respects to the members of both associa-
6 tions, they shall attach thereto their certificate of approval.

1 **SEC. 38. Approval by members.** Such plan shall be submitted to
2 the members of both associations, either at the regular meeting or
3 at special meetings called for that purpose, and if approved by a vote
4 of three-fourths of the members of each association, voted in person
5 or by proxy at said meeting, the same shall then be filed in the office
6 of the auditor of state, who shall issue a certificate authorizing the
7 consolidation.

1 **SEC. 39. Manner of voting.** At such meetings the members may
2 vote in person, or by proxy, or by written ballot mailed or otherwise
3 delivered to the secretary at or before the time of meeting.

1 **SEC. 40. Consolidation under receivership.** In any case where a
2 receiver has been appointed for any such association, its membership
3 and business may in like manner be consolidated with, and its assets
4 transferred to, another such association of the same class, but in such
5 case the receiver shall act in place of the board of directors, and the
6 plan must also be approved by the court by which the receiver was
7 appointed.

1 **SEC. 41. Examinations—supervisor.**

2 1. *Supervisor.* The auditor of state shall appoint as a deputy, to
3 be known as "supervisor of savings and loan associations", a person
4 who shall be required to have at least five years practical experience
5 in savings and loan association management, examination or super-
6 vision. Commencing with the effective date of this chapter said
7 supervisor or his successors shall be appointed for a term of four
8 years, subject to removal by the executive council for good cause,
9 after due hearing. Such supervisor's salary shall be fixed by the
10 auditor of state, subject to the approval of the comptroller and gov-
11 ernor. In addition thereto he shall receive his necessary traveling
12 expenses.

13 2. *Authority—general.* The supervisor of savings and loan associa-
14 tions shall have general supervision of all savings and loan associa-
15 tions doing business in this state.

16 He may, with the approval of the auditor of state, appoint exam-
17 iners and assistants necessary to properly execute the duties of his
18 office. Any examiner so appointed shall have had at least one year of
19 actual experience as examiner, officer, or employee, of a savings and
20 loan association.

21 Before entering upon their duties, the supervisor of savings and
22 loan associations and each examiner appointed by him shall take an
23 oath of office and shall each give bond to the state, signed by a re-
24 sponsible surety company, in the penal sum of two thousand dollars,
25 conditioned upon faithful and impartial discharge of his duty and
26 on proper accounting for all funds and other valuables which may
27 come into his hands. Such bonds shall be approved by and filed with
28 the auditor of state, together with oaths of office of such officer.

29 The supervisor shall have the right to pass further regulations
30 deemed necessary to enable savings and loan associations to properly
31 carry on the activities authorized under this chapter and which are
32 not inconsistent with the provisions of this chapter.

33 3. *Duties.* The supervisor shall, at least once each year without
34 previous notice, examine or cause examination and audit to be made
35 into the affairs of every association subject to this chapter. If an
36 association is insured under the provisions of title IV of the national
37 housing Act, as now or hereafter amended, the supervisor may, in
38 lieu of such examination and audit accept any examination or audit
39 made by the federal savings and loan insurance corporation. Any
40 such association may, in lieu of such examination and audit by the
41 supervisor, at the option of the supervisor be audited by a certified
42 public accountant, or by a public accountant qualified and licensed
43 to practice accountancy under the provisions of the Code of Iowa. At
44 least two copies of each examination or audit report, signed and veri-
45 fied by the accountant making it, shall promptly be filed with the
46 supervisor. Whenever, in the judgment of the supervisor, the con-
47 dition of any association renders it necessary or expedient to make
48 an extra examination or audit or to devote any extraordinary atten-
49 tion to its affairs, the supervisor shall cause such work to be done.
50 A copy of every examination or audit report shall be furnished to
51 the association examined, exclusive of confidential comments made
52 by the examiner, and a copy of every report and comments and any
53 other information pertaining to an association may be furnished to
54 the federal home loan bank board, federal home loan bank, and fed-
55 eral savings and loan insurance corporation. A copy of such exam-
56 ination or audit report shall be presented to the board of directors
57 at its next regular or special meeting and their action thereon shall
58 be recorded in the minutes, and two certified copies of such minutes
59 shall be transmitted to the supervisor.

60 4. *Supervisor's authority—examinations.* The supervisor and ex-
61 aminers shall have full access to all books and papers of an associa-
62 tion which relate to its business, and to books, records, and papers
63 kept by an officer, director, agent, or employee relating to, or upon
64 which any record of its business is kept, and may summon witnesses
65 and administer oaths or affirmations, in the examination of the di-
66 rectors, officers, agents, or employees of any such association, or any
67 other person, in relation to its affairs, transactions and condition,
68 and may require and compel the production of records, books, papers,
69 contracts, or other documents by court order, if not voluntarily pro-
70 duced.

71 5. *Expenses and per diem.* If the examination is made by the
72 auditor in person, he shall receive his actual expenses. If by another,
73 his actual expenses plus \$25.00 per diem which shall be paid by the
74 association examined in either case.

75 6. *Record required.* A record of such examination shall be kept in
76 the auditor's office, showing in detail as to each association all mat-
77 ters connected with the conduct of the business, its financial stand-
78 ing and everything touching its solvency, plan of business and in-
79 tegrity.

80 Such examinations and reports, and other information connected
81 therewith, shall be kept confidential in the office of the auditor of
82 state and the supervisor of savings and loan associations, and shall
83 not be subject to publication or disclosure to others except as in this
84 chapter provided. Members of such associations, other than their

85 officers and directors, shall not be entitled to inspection of any such
86 records or information, and shall not be entitled to any information
87 relative to the names of the members of any association, or the
88 amounts invested by them, as disclosed in the auditor's office, or in
89 the records of any such association.

90 7. *Revocation of authority.* If any such association refuse to sub-
91 mit to such examination, the auditor shall revoke its certificate of
92 authority.

93 8. *Supervisor's annual report.* The supervisor of savings and loan
94 associations shall, as of December 31 of each year, prepare and pub-
95 lish a report showing in general terms the condition of all savings
96 and loan associations doing business in this state, and containing
97 such other general information as in his judgment shall seem de-
98 sirable. Such reports shall also list the names of all examiners and
99 other assistants employed by him, together with the respective sal-
100 aries and expenses, and shall list all receipts from savings and loan
101 associations, and shall show all expenditures made on account of the
102 supervision and examination of such associations.

1 SEC. 42. **Dividends.** After making such provision as it deems ad-
2 visable for absorbing immediate and possible future losses, the board
3 of directors of such association shall annually, semiannually, or
4 quarterly declare and apportion as a dividend to members, accord-
5 ing to its articles of incorporation, such portion of the association's
6 net profits as it may deem available and as may be otherwise author-
7 ized under this chapter. Members shall participate in dividends in
8 proportion to their respective investments therein. Dividends for a
9 particular month shall be paid only on sums invested by a member
10 prior to the tenth day of that month.

1 SEC. 43. **Reserve for contingencies.** As of June 30 and December
2 31 of each year, before declaring any dividends, the board of direc-
3 tors shall transfer and credit to a general reserve account an amount
4 equivalent to not less than two per cent of the net earnings of the
5 association for the preceding six months, called the "accounting
6 period", such transfers to be made at the end of each six months
7 accounting period, until such general reserve account is equal to at
8 least five per cent of the total amount paid in by members and cred-
9 ited on share accounts. The above action shall be taken March 31,
10 June 30, September 30 and December 31 of each year and the divi-
11 dends and reserve periods correspondingly adjusted if dividends
12 are paid quarterly. If at any time thereafter such general reserve
13 account shall on account of losses be reduced to less than five per
14 cent of the amount paid in and credited on share accounts, such
15 transfers and credits thereto shall be resumed and continued until
16 such reserve is again equal to at least five per cent of the total amount
17 paid in and credited on share accounts of members. The reserve ac-
18 count so established shall at all times be maintained and used for the
19 sole purpose of absorbing losses incurred by the association and for
20 no other purposes. An association may establish such other and addi-
21 tional special reserves as may be ordered by its board of directors.

1 **SEC. 44. Expenditures and expenses.** All expenditures and ex-
2 penses for management and conducting the affairs of such associa-
3 tions, not including membership fees and charges for closing loans,
4 shall be paid upon the receipts of interest, premiums, and other
5 sources of profit. Said associations may thus use for expenses in any
6 one year a sum not in excess of the following percentages of their
7 assets, as shown by the last annual report, to wit:

8 1. Associations with assets not in excess of one hundred thousand
9 dollars, three per cent per annum.

10 2. Associations with assets in excess of one hundred thousand dol-
11 lars and less than three hundred thousand dollars, two and one-half
12 per cent.

13 3. Associations with assets in excess of three hundred thousand
14 dollars and less than five hundred thousand dollars, two and one-
15 quarter per cent.

16 4. Associations with assets in excess of five hundred thousand dol-
17 lars and less than eight hundred thousand dollars one and three-
18 quarters per cent.

19 5. Associations with assets in excess of eight hundred thousand
20 dollars, one and one-half per cent.

1 **SEC. 45. Compensation of officers and agents.** No officers, em-
2 ployee, or agent of any association shall receive directly or indirectly
3 any salary or other compensation, except for services actually ren-
4 dered. Any compensation paid in violation of this section may be
5 recovered by the association or by any shareholder or borrower, in
6 the name and for the use of such association, within three years from
7 the receipt of such illegal compensation, from the person accepting
8 the same, or from any officer knowingly consenting to the allowance
9 thereof.

1 **SEC. 46. Conservatorship—operation—termination.** If the super-
2 visor, as a result of any examination or from any report made to
3 him shall find that any savings and loan association is violating the
4 provisions of its certificate of incorporation, or bylaws, or the laws
5 of this state, or of the United States, or any lawful order of the
6 supervisor, or is conducting its business in an unsafe manner, he
7 may by an order, direct discontinuance of such violation or unsafe
8 practice, and conformance with all requirements of law. No con-
9 servator shall be appointed for a solvent association where such vio-
10 lation or unsafe practice can be corrected otherwise. If any such
11 association shall refuse or neglect to comply with such order within
12 the time specified therein, or if it shall appear to the supervisor that
13 any such association is in an unsafe condition or is conducting its
14 business in an unsafe manner, or if he shall find that an impairment
15 of capital exists to such extent that it threatens loss to the members,
16 or if any association refuses to submit its books, papers, and ac-
17 counts to the inspection of the supervisor or his representative, he,
18 by written order signed by himself and the auditor of state, may
19 appoint a conservator to take charge of the association and manage
20 its business until the supervisor shall permit the board of directors
21 to resume management of the business or shall reorganize the asso-
22 ciation, or until a receiver shall be appointed to liquidate its affairs.
23 Any conservator so appointed shall, subject to approval of the super-

24 visor and auditor of state, have all the rights, powers, and privileges
25 possessed by the officers, board of directors, and members of the
26 association. The conservator shall not retain special council or other
27 experts, or incur any expenses other than normal operating expenses,
28 or liquidate assets, except in the ordinary course of operations. The
29 directors and officers shall remain in office and the employees shall
30 remain in their respective positions, but the supervisor may remove
31 any director, officer, or employee. While the association is in charge
32 of a conservator, members of such association shall continue to make
33 payments to the association in accordance with the terms and con-
34 ditions of their contracts and the conservator, in his discretion, may
35 permit members to withdraw as such in the ordinary course of busi-
36 ness, or under, and subject to such rules and regulations as the super-
37 visor may prescribe and the conservator shall have power to accept
38 savings but any such savings thereon received by the conservator
39 may be segregated if the supervisor shall so order in writing and if
40 so ordered such savings shall not be subject to offset and shall not
41 be used to liquidate any indebtedness of such association existing at
42 the time the conservator was appointed for it, or any subsequent
43 indebtedness incurred for the purpose of liquidating the indebtedness
44 of such association existing at the time such conservator was ap-
45 pointed. All expenses of the association during such conservatorship
46 shall be paid by the association. The appointment of a conservator
47 shall be evidenced by the supervisor issuing a certificate, signed by
48 himself and by the auditor of state, delivered to the president, or the
49 vice-president, or to at least three members of the board of directors
50 of the association, certifying that a conservator has been appointed
51 pursuant to this section. Within six months from the date upon
52 which the conservator shall take charge of an association, the super-
53 visor shall determine whether or not he shall restore the manage-
54 ment of the association to the board of directors. Such determina-
55 tion shall be evidenced by the supervisor's certificate under the seal
56 of his office, delivered to the president, or vice-president, or to the
57 board of directors of the association, that the conservator forthwith
58 is redelivering the management of the association to the board of
59 directors of the association then in office. After the management of
60 the association shall have been redelivered to the board of directors
61 of an association, the association shall thenceforth be managed and
62 operated as though no conservator had been appointed. At any time
63 prior to the redelivery of the management to the board of directors,
64 the supervisor shall determine whether such association shall be re-
65 quired to reorganize. Such determination shall be evidenced by a
66 certificate, signed by the supervisor, and by the auditor of state,
67 under the seal of his office, delivered to an executive officer of the
68 association stating that unless the association reorganize under the
69 laws of this state within a period of sixty days from the date of such
70 certificate, or within such further time as the supervisor shall ap-
71 prove, the supervisor shall proceed to liquidate the association. If
72 the association has the insurance protection provided by title IV of
73 the national housing Act, as now or hereafter amended, a signed and
74 sealed copy of each order and certificate mentioned in this section
75 shall be promptly sent by the supervisor by registered mail to the
76 federal savings and loan insurance corporation, Washington, D. C.

77 If the association is insured by the federal savings and loan insur-
78 ance corporation, that corporation shall be named receiver if the
79 supervisor and auditor have determined the need for a receivership.

1 **SEC. 47. Quo warranto—receiver.** When any building and loan or
2 savings and loan association is conducting its business illegally, or
3 in violation of its articles of incorporation or bylaws, or is practic-
4 ing deception upon its members or the public, or is pursuing a plan
5 of business that is injurious to the interests of its members, or its
6 affairs are in an unsafe condition, the auditor of state shall notify
7 the directors thereof, and, if they shall fail to put its affairs upon a
8 safe basis, he shall advise the attorney general thereof, who shall
9 take the necessary steps to wind up its affairs in the manner pro-
10 vided by law. In such proceedings a receiver may be appointed by
11 the court and such proceedings shall be the exclusive liquidation or
12 insolvency proceeding and a receiver shall not be appointed in any
13 other proceedings. The provisions for notice, hearing, findings and
14 review set out under the above section shall also apply to this section.

1 **SEC. 48. Foreign associations.** If any foreign building and loan
2 or savings and loan association, as in this chapter defined, desires to
3 transact business within this state, it shall furnish to the state execu-
4 tive council a certified copy of its articles of incorporation, or charter
5 and bylaws, and a certified copy of the state laws under which it is
6 organized, together with a report for the year next preceding, ver-
7 fied by its president, vice-president, secretary, and at least three
8 directors, which report shall show:

- 9 1. The amount of its authorized savings liability and the par value
10 of its shares, if any.
- 11 2. The increase in savings liability.
- 12 3. The withdrawal from savings liability during the year.
- 13 4. The amount of savings liability in force at the end of the year.
- 14 5. A detailed statement of all funds received during the year and
15 all disbursements.
- 16 6. The salaries paid each of its officers.
- 17 7. A detailed statement of its assets and liabilities at the end of
18 such year and the nature thereof.
- 19 8. Any other matters of fact which the council may require.

1 **SEC. 49. Approval by council—certificate of authority.** Upon re-
2 ceipt of such report the council, if it finds therefrom that the associ-
3 ation is properly managed, that its financial condition is satisfactory,
4 and that its business is conducted upon a safe and reliable plan and
5 one equitable to its members, shall so certify upon such copy and
6 statement, and, the same being filed with the auditor, he shall issue a
7 like certificate as in the case of domestic associations.

1 **SEC. 50. Conditions attending approval.** No building and loan or
2 savings and loan association, incorporated under the laws of any
3 other state or country, shall be authorized to do business in this
4 state, whose articles of incorporation are not found by the executive
5 council to be in substantial compliance with the laws of this state,
6 and affording equal security and protection to the members thereof.

1 **SEC. 51. Deposit by foreign association.** Every such foreign
2 building and loan or savings and loan association, before the state

3 auditor shall issue to it a certificate, shall comply with the follow-
4 ing provisions:

5 1. It shall deposit with the auditor of state one hundred thousand
6 dollars, either in cash, or bonds of the United States or of the state
7 of Iowa, or of any county or municipal corporation of the state, or
8 notes secured by first mortgage, on real estate, or a like amount in
9 such other security as shall be satisfactory to said auditor.

10 2. Such foreign association may collect and use the interest on any
11 securities so deposited as long as it fulfills its obligations and com-
12 plies with the provisions of this chapter. It may also exchange them
13 for other securities of equal value and satisfactory to said auditor.

1 SEC. 52. **Liability of deposit.** The deposit made with the auditor
2 of state shall be held as security for all claims of resident members
3 of the state against said association, and shall be liable for all judg-
4 ments or decrees thereon, and subject to the payment of the same.

1 SEC. 53. **Auditor of state as process agent.** Such foreign associa-
2 tions shall also file with the auditor of this state a duly authorized
3 copy of a resolution adopted by the board of directors of such asso-
4 ciation, stipulating and agreeing that, if any legal process or notice
5 affecting such association be served on the said state auditor, and a
6 copy thereof be mailed, postage prepaid, by the party procuring and
7 issuing the same, or his attorney, to said association, addressed to
8 its home office, then such service and mailing of such process or
9 notice shall have the same effect as personal service on said associa-
10 tion within this state.

1 SEC. 54. **Manner of service.** When proceedings have been com-
2 menced against, or affecting any foreign building and loan or sav-
3 ings and loan association, as contemplated in section 56, and notice
4 has been served upon the auditor of the state, the same shall be by
5 duplicate copies, one of which shall be filed in his office, and the other
6 mailed by him, postage prepaid, to the home office of such associa-
7 tion.

1 SEC. 55. **Amendment to articles.** All foreign building and loan or
2 savings and loan associations shall file with the auditor of state,
3 within ten days after their adoption, a duly certified copy of any
4 amendment or amendments to their articles of incorporation or by-
5 laws that may have been adopted.

1 SEC. 56. **Fees—foreign associations.** Foreign building and loan
2 or savings and loan associations shall pay to the auditor of state the
3 following fees, which shall be paid by him into the state treasury:
4 For each application to do business in this state, two hundred dol-
5 lars; for each certificate of authority and each annual renewal there-
6 of, one hundred dollars; for filing each annual statement of the
7 assets of the association as shown by the statement filed, amounts to
8 fifty thousand dollars or less, six dollars; if more than fifty thousand
9 dollars and less than one hundred thousand dollars, ten dollars; if
10 more than one hundred thousand dollars and less than two hundred
11 and fifty thousand dollars, twenty dollars; if more than two hundred
12 and fifty thousand dollars, and less than five hundred thousand dol-
13 lars, forty dollars; if more than five hundred thousand dollars and

14 less than one million dollars, sixty dollars; and if more than one mil-
15 lion dollars, one hundred dollars.

1 **SEC. 57. Sale of stock if unauthorized foreign company.** It shall
2 be unlawful for an agent, solicitor or other person to sell stock or
3 solicit share accounts or solicit persons to subscribe for same in any
4 association named in section 51 which has not been authorized to do
5 business in this state, and any person convicted of so doing shall be
6 punished by a fine of not less than fifty nor more than two hundred
7 dollars and shall be committed to the county jail until the fine and
8 costs are paid.

1 **SEC. 58. Annual statement.** All associations doing business in
2 this state shall, on or before the first day of February of each year;
3 file with the auditor of state a detailed report and financial statement
4 of their business for the year ending the thirty-first day of Decem-
5 ber next preceding, and such report shall be verified by the president
6 and secretary or by three directors of the association, and such re-
7 port shall show:

- 8 1. The date when the association was incorporated.
- 9 2. The increase in savings liability.
- 10 3. The amount of withdrawals during the year.
- 11 4. The total savings liability at the end of the year.
- 12 5. A statement of the assets and liabilities at the end of the year.
- 13 6. The salary paid to each of its officers during the year.

1 **SEC. 59. Additional report by foreign company.** All foreign build-
2 ing and loan or savings and loan associations shall, in addition to the
3 above, report the name of each shareholder or member of such asso-
4 ciation residing within the state, together with the post office ad-
5 dress of each and the number of shares or investment owned by
6 each of said persons on the first day of January preceding.

1 **SEC. 60. Violations.** If an association shall fail or refuse to fur-
2 nish the auditor of state the report required in sections 59 and 60 it
3 shall forfeit the sum of twenty-five dollars for every day such report
4 shall be withheld and the auditor of state may maintain an action in
5 the name of the state to recover such penalty and the same shall be
6 paid into the treasury of the state.

1 **SEC. 61. Fees.**

2 1. *Payable to state auditor.* Associations shall pay fees by deliver-
3 ing to the supervisor a check payable to the state auditor.

4 2. *Incorporation fee.* Simultaneously with the filing with the su-
5 pervisor of a certificate of incorporation, the corporation shall pay
6 an incorporation fee of one hundred dollars.

7 3. *Change of location or change of name.* There shall accompany
8 each application to the supervisor for leave to change the location of
9 the home office or to change the name of the association a fee of fifty
10 dollars.

11 4. *Supervision and examination fee.* At the time of filing its an-
12 nual report each association shall pay to the auditor of state, an
13 annual filing fee of fifty dollars. The supervisor may assess against
14 any association the actual and necessary expenses incidental to any
15 examinations, or to supervision, or to any special audit made pur-

16 suant to an order of the supervisor acting under authority of this
17 chapter.

18 5. *Merger fee.* At the time of filing with the supervisor any merger
19 agreement, the association proposing to so merge shall submit there-
20 with a fee of one hundred fifty dollars, which fee shall be paid in
21 equal parts by the associations parties to the proposed merger.

22 6. *For reorganization, transfer of assets, and dissolution.* There
23 shall accompany every proposed plan of reorganization, every pro-
24 posal for the transfer of assets in bulk, and every certificate of dis-
25 solution, filed with the supervisor for approval, a fee of fifty dollars.

26 7. *For approval of supervisor.*

27 The supervisor is authorized, in his discretion, to charge a fee of
28 not exceeding ten dollars upon each application for his approval, as
29 provided by this chapter.

1 SEC. 62. **Discrimination in foreign states.** When by the laws of
2 any other state, territory, country or nation, or by the decision or
3 rulings of the appropriate and proper officers thereof, any greater
4 taxes, fines, penalties, licenses, fees, deposits of money or other secu-
5 rities, or other obligations or prohibitions, are demanded of building
6 and loan or savings and loan associations of this state, as a condition
7 to be complied with before doing business in this state, so long as
8 such laws continue in force, the same requirements, obligations, and
9 prohibitions of whatever kind shall be imposed on all building and
10 loan or savings and loan associations of such other state, territory,
11 country or nation doing business in this state, and upon their agents.
12 It is hereby made the duty of the auditor of state to enforce the pro-
13 visions of this section.

1 SEC. 63. **Revocation of certificate.** If a certificate of authority to
2 do business shall have been issued to any association, and it shall
3 violate any of the provisions of this chapter, the auditor of state may
4 revoke the same.

1 SEC. 64. **Criminal offenses.** If any officer, director, or agent of
2 any building and loan or savings and loan association shall knowingly
3 and willfully swear falsely to any statement in regard to any matter
4 in this chapter required to be made under oath, he shall be guilty of
5 perjury. If any director of any such association shall vote to declare
6 a dividend greater than has been earned; or if any officer or director
7 or any agent or employee of any such association shall issue, utter, or
8 offer to utter, any warrant, check, order, or promise to pay of such
9 association, or shall sign, transfer, cancel, or surrender any note,
10 bond, draft, mortgage, or other evidence of indebtedness belonging to
11 such association, or shall demand, collect, or receive any money from
12 any member or other person in the name of such association without
13 being authorized to do so by the board of directors in pursuance of
14 its lawful power; or if any such officer, director, agent, or employee
15 shall embezzle or convert to his own use, or shall use or pledge for
16 his own benefit or purpose, any moneys, securities, credits, or other
17 property belonging to the association, or shall knowingly do or at-
18 tempt to do business for such association that has not procured and
19 does not hold the certificate of authority therefor as in this chapter
20 provided, or shall knowingly make or cause to be made any false

21 entries in the books of the association, or shall, with the intent to
22 deceive any person making an examination in this chapter required
23 to be made, exhibit to the person making the examination any false
24 entry, paper, or statement, or shall knowingly do or solicit business
25 for any building and loan or savings and loan association which has
26 not procured the required certificate therefor, he shall be fined in
27 any sum not exceeding ten thousand dollars, or imprisoned in the
28 penitentiary not exceeding ten years, or punished by both such fine
29 and imprisonment.

1 **SEC. 65. Acknowledgments by employees.** No public officer quali-
2 fied to take acknowledgments or proofs of execution of written in-
3 struments shall by reason of his membership in or being an officer
4 of or employment by a savings and loan association interested in
5 such instrument be disqualified from taking and certifying to the
6 acknowledgment or proof of execution of any written instrument in
7 which such association is interested, and any such acknowledgment
8 or proof heretofore taken or certified is hereby legalized and declared
9 valid.

1 **SEC. 66. Unincorporated associations.**

2 1. *Statutes applicable.* All unincorporated organizations, associa-
3 tions, societies, partnerships, or individuals conducting and carrying
4 on a business, the purpose of which is to create a fund derived from
5 periodical payments by members of such organizations, associations,
6 societies, or other persons, upon contracts or otherwise, as well as
7 from fines, forfeitures, incidental fees, and payment of premiums
8 and interest; which fund is to be loaned or advanced to members of
9 the organization, associations, society, or to the persons making such
10 periodical payments, for the purpose of enabling them to acquire the
11 ownership or free possession of real estate, or personal property, or
12 to construct buildings, or any or all of such purposes, shall be deemed
13 building and loan associations; and the provisions of this chapter
14 shall apply to all such building and loan associations as far as the
15 same can be made applicable to unincorporated organizations, asso-
16 ciations, societies, partnerships, or individuals.

17 2. *Statement of resources, liabilities, and plan.* Every such unin-
18 corporated organization, association, society, partnership, or indi-
19 vidual conducting and carrying on the business defined in this sec-
20 tion shall, before transacting any business in this state, submit to
21 the executive council a full and complete sworn statement of the re-
22 sources and liabilities of such organization, association, society, part-
23 nership, or individual, and of the proposed plan or method of doing
24 business.

25 3. *Deposit of securities.* No such unincorporated building and
26 loan association shall be permitted to carry on its business within
27 this state unless it shall first deposit with the auditor of state at
28 least fifty thousand dollars of first mortgages and negotiable notes
29 in the same amount secured thereby upon real estate in the state,
30 bearing interest at a rate not less than five per cent per annum,
31 which said mortgages shall in no case exceed one-half the actual
32 value of the real estate upon which they are taken.

33 4. *Additional deposits.* The auditor of state shall have power and
34 authority to require that such further amount of such securities shall

35 be deposited with him as in his judgment may thereafter be neces-
36 sary to protect the members of such building and loan association,
37 or the persons making periodical payments thereto.

38 5. *Securities held in trust.* The notes, mortgages, and securities
39 so deposited with the auditor of state shall, with all interest and
40 accumulations thereon, be held in trust by him for the purpose of
41 fulfilling and carrying out all contracts made by such building and
42 loan associations with the members thereof, and with the persons
43 making periodical payments thereto.

44 6. *Approval—certificate of authority.* If the executive council ap-
45 proves the plan or method of business of any such building and loan
46 association, it shall indorse its approval upon the statement of the
47 resources and liabilities and plan of business presented to it, and
48 such statement shall thereupon be filed in the office of the auditor of
49 state, who shall issue a certificate to such building and loan associa-
50 tion to transact business within the state, if such association has
51 deposited with him the mortgages and securities required by the
52 other provisions of this chapter.

53 7. *Officers to give bonds—approval.* Every officer of such build-
54 ing and loan association who signs or indorses checks, or handles
55 any of the funds or securities thereof, shall give such bond or fidelity
56 insurance for the faithful performance of his duty in such sum as
57 the auditor of state may require, and no such officer shall be deemed
58 qualified to enter upon the duties of his office until his bond is ap-
59 proved by, and deposited with, the auditor of state. And any such
60 bond may be increased or additional sureties required by the audi-
61 tor of state whenever in his judgment it becomes necessary to pro-
62 tect the interest of the association or its members, or persons making
63 periodical payments of money thereto.

64 8. *Examination.* The auditor of state may at any time he may see
65 proper make, or cause to be made, an examination of any such build-
66 ing and loan association, or he may call upon it for a report of its
67 condition upon any given day which has passed, as often as four
68 times each year, which report shall contain the information herein-
69 after required.

70 9. *Expense of examination.* The expense of making such examina-
71 tion shall be paid by the building and loan association, and if made
72 by the auditor in person he shall be paid his necessary expenses only;
73 if made by an examiner designated by the auditor, he shall receive
74 not to exceed twenty-five dollars a day for the time employed by him,
75 and his necessary expenses.

76 10. *Annual reports.* On or before the first day of February of each
77 year, every such building and loan association shall file with the audi-
78 tor of state its annual report in writing for the year ending on the
79 thirty-first day of December preceding, giving a complete statement
80 in detail of all of its receipts from all sources, and all disbursements
81 made during such year, arranged and itemized as may be required
82 by the auditor of state. Such report shall also show the number of
83 members or persons making periodical payments to such association,
84 the number and amount of loans made to such persons, the interest
85 received therefrom, the number and amounts of mortgages, con-
86 tracts or other securities held by the association, the actual cash
87 value of the real estate securing such mortgages or contracts, the

88 salary paid to each of its officers during the preceding year, the
89 assets and liability of the association at the end of the year, and any
90 other matters which in the judgment of the auditor of state may be
91 required to give him full information as to the business transacted
92 by such building and loan association.

93 11. *Failure to furnish reports.* If any such building and loan as-
94 sociation shall fail or refuse to furnish the auditor of state the report
95 required in subsection 10, the officers or persons conducting the busi-
96 ness of such building and loan association shall forfeit the sum of
97 twenty-five dollars for each day that such report is withheld, and the
98 auditor of state may maintain an action, jointly or severally, against
99 them in the name of the state to recover such penalty, and the same
100 shall be paid into the state treasury when recovered by him.

101 12. *Criminal offenses.* If any officer or agent of any such building
102 and loan association, or any person conducting the business thereof,
103 shall knowingly and wilfully swear falsely to any statement in re-
104 gard to any matter in this chapter required to be made under oath,
105 he shall be guilty of perjury and punished accordingly. And if any
106 officer, agent or employee of any such association, or any person
107 transacting the business thereof, shall issue, utter, or offer to utter,
108 any warrant, check, order, or promise to pay of such association, or
109 shall sign, transfer, cancel, or surrender any note, bond, draft, mort-
110 gage, or other evidence of indebtedness belonging to such associa-
111 tion, or shall demand, collect, or receive any money from any member
112 or other person in the name of such association without being au-
113 thorized so to do; or if any such officer, agent, or employee of such
114 association, or any person transacting the business thereof, shall
115 embezzle, convert to his own use, or shall use or pledge for his own
116 benefit or purpose, any moneys, securities, credits, or other property
117 belonging to the association, or shall knowingly solicit, transact, or
118 attempt to transact any business for any such association which has
119 not procured and does not hold the certificate of authority from the
120 auditor of state to transact business in this state as provided herein;
121 or shall knowingly make, or cause to be made, any false entries in the
122 books of the association, or shall, with intent to deceive any person
123 making an examination of such association, as herein provided,
124 exhibit to the person making the examination any false entry, paper,
125 or statement, he shall be fined in a sum not exceeding ten thousand
126 dollars or imprisoned in the penitentiary not exceeding ten years or
127 punished by both such fine and imprisonment.

128 13. *Revocation of certificate—receiver.* If any such building and
129 loan association holding a certificate of authority to transact busi-
130 ness within this state issued by the auditor as herein provided, shall
131 violate any of the provisions of this chapter, or shall fail to deposit
132 with the auditor of state such further amount of mortgages or secu-
133 rities as he may require under this chapter, the auditor of state shall
134 at once revoke such certificate and notify the executive council of the
135 revocation thereof; and under the direction of the executive council,
136 application shall be made by the attorney general to the proper court
137 for the appointment of a receiver to wind up the affairs of the asso-
138 ciation; and in such proceedings the amount due from the borrowing
139 members or persons making periodical payments upon contracts or
140 mortgages given by them, shall be ascertained in the manner pro-

141 vided in section 47; and the amount owing upon such mortgages or
142 contracts from members of the association or persons making peri-
143 odical payments thereto, shall be treated and considered as due and
144 payable within a reasonable time, to be fixed by the court after the
145 appointment of a receiver.

1 **SEC. 67. Directors.**

2 1. *Association managed by board of directors.* The business of the
3 association shall be managed by a board of directors of not less than
4 five or more than fifteen as determined and elected by ballot from
5 among the members by a plurality of the votes of the members pres-
6 ent in person or by proxy. If authorized by vote of the members the
7 directors may elect all directors. At all times at least two-thirds of
8 the directors shall be bona fide residents of this state.

9 2. *Qualifications required of directors.* In order to qualify as a
10 director, a member of an association must hold a share account, the
11 withdrawal value of which is at least two hundred dollars; provided
12 that, if the assets of the association exceed five hundred thousand
13 dollars, such member must hold a share account the withdrawal value
14 of which is at least five hundred dollars; and provided further, if
15 the assets exceed two and one-half million dollars, the withdrawal
16 value of such account must be at least one thousand dollars. A direc-
17 tor shall automatically cease to be a director when he ceases to be a
18 member, or when the net equity above share loans of all share ac-
19 counts in the association held by him aggregates less than the mini-
20 mum required to be eligible for election as a director, provided no
21 action of the board of directors shall be invalidated through the par-
22 ticipation of such director in such action.

23 3. *Classification of directors.* At the first annual meeting, the
24 directors shall by majority vote be divided into three classes of as
25 nearly equal numbers as possible. The term of office of directors of
26 the first class shall expire at the annual meeting next after the first
27 election; of the second class, one year thereafter; and of the third
28 class, two years thereafter; and at each annual election thereafter
29 directors shall be chosen for a full term of three years to succeed
30 those whose terms expire.

31 4. *Number of directors increased only by members.* The number
32 of directors within the limits hereinabove specified may be subse-
33 quently increased only by vote of the members.

34 5. *Vacancy caused by increase filled.* If the members fail to elect
35 a director to fill each vacancy created by any such increase, the direc-
36 tors may fill such vacancy by electing a director to serve until the
37 next annual meeting of the members, at which time a director shall
38 be elected to fill the vacancy for the unexpired term for the class of
39 director in which such vacancy exists.

40 6. *Classifications of new directors.* Whenever under the provisions
41 hereof the number of directors is changed and vacancies caused by
42 such change are filled, the directors so elected shall be classified in
43 accordance with the provisions hereof, so that each of the three
44 classes shall always contain numbers as nearly equal as possible.

45 7. *Vacancy on board filled by directors.* Any vacancy among di-
46 rectors, not so filled by the members, may be filled by a majority vote
47 of the remaining directors, though less than a quorum, by electing
48 a director to serve until the next annual meeting of the members, at

49 which time a director shall be elected to fill the vacancy for the unex-
50 pired term for the class of director in which such vacancy exists. In
51 event of a vacancy on the board of directors from any cause, the re-
52 maining directors shall have full power and authority to continue
53 direction of the association until such vacancy is filled.

1 **SEC. 68. Right to declaratory judgment.** At any time after any
2 controversy has arisen between the supervisor and an association
3 with respect to any question of law or regulation or with respect to
4 any question involving immeasurable or irreparable damage to the
5 association, and prior to an administrative or judicial hearing, the
6 association or the supervisor may apply to any court of competent
7 jurisdiction in the county in which the home office of the association
8 is located for a declaratory judgment as to such question, and such
9 court shall have and shall take jurisdiction and decide the contro-
10 versy on its merits in accordance with the weight of the evidence,
11 and such court shall have full power to enforce its orders.

1 **SEC. 69. Corporations heretofore incorporated.**

2 1. The name, rights, powers, privileges, and immunities of every
3 such corporation heretofore incorporated under the laws of this state
4 repealed and revised by this Act shall be governed, controlled, con-
5 strued, extended, limited, and determined by the provisions of this
6 chapter to the same extent and effect as if such corporation had been
7 incorporated pursuant hereto, and the articles of association, cer-
8 tificate of incorporation, or charter, however entitled, bylaws and
9 constitution, or other rules of every such corporation heretofore
10 made or existing are hereby modified, altered, and amended to con-
11 form to the provisions of this chapter, as the same are inconsistent
12 with the provisions of this chapter; except that the obligations of
13 any such existing corporation, whether between such corporation
14 and its members, or any of them, or any other person or persons, or
15 any valid contract between the members of any such corporation, or
16 between such corporation and any other person or persons, existing
17 at the time this chapter takes effect, shall not be in any way impaired
18 by the provisions of this chapter, and, with such exceptions, every
19 such corporation shall possess the rights, powers, privileges and im-
20 munities and shall be subject to the duties, liabilities, disabilities,
21 and restrictions conferred and imposed by this chapter notwithstand-
22 ing anything to the contrary in its certificate of incorporation, by-
23 laws, constitution or rules.

24 2. All obligations heretofore contracted may be enforced. All obli-
25 gations to any such corporation heretofore contracted shall be en-
26 forceable by it and in its name, and demands, claims, and rights of
27 action against any such corporation may be enforced against it as
28 fully and completely as they might have been enforced heretofore.

29 3. *Chapter controlling.* Insofar as the provisions of this chapter
30 are inconsistent with the provisions of any other law affecting sav-
31 ings association the provisions of this chapter shall control.

32 4. *Separability.* If any provisions, clause, or phrase of this chap-
33 ter or the application thereof to any person or circumstance is held
34 invalid such invalidity shall not affect other provisions or applica-

35 tions of this chapter which can be given effect without the invalid
 36 provisions or application, and to this end the provisions of this chap-
 37 ter are declared to be separable.

Approved April 9, 1959.

CHAPTER 339

CHATTEL LOANS

H. F. 235

AN ACT to amend chapter five hundred thirty-six (536), Code 1958, relating to the making of small loans so as to increase the maximum amount of loan under said chapter, to regulate the rate of interest on such loans, and to amend section five hundred thirty-five point six (535.6), Code 1958, relating to penalties for excessive interest.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred thirty-five point six (535.6), Code
 2 1958, is amended by striking from line eight (8) thereof the word
 3 "three" and inserting in lieu thereof the word "five (5)".

1 SEC. 2. Section five hundred thirty-six point one (536.1), Code
 2 1958, is amended by striking from line five (5) the word "three" and
 3 inserting in lieu thereof the word "five (5)".

1 SEC. 3. Section five hundred thirty-six point twelve (536.12), Code
 2 1958, is amended by striking from line nine (9) the word "three" and
 3 inserting in lieu thereof the word "five (5)".

1 SEC. 4. Section five hundred thirty-six point thirteen (536.13),
 2 Code 1958, is hereby amended as follows:

3 1. By striking from line two (2) of subsection five (5) the word
 4 "three" and inserting in lieu thereof the word "five (5)".

5 2. By striking from line three (3) of subsection six (6) the word
 6 "three" and inserting in lieu thereof the word "five (5)".

1 SEC. 5. Section five hundred thirty-six point fifteen (536.15),
 2 Code 1958, is hereby amended by striking from lines eight (8) and
 3 fourteen (14) the word "three" and inserting in each instance the
 4 word "five (5)".

1 SEC. 6. Section five hundred thirty-six point sixteen (536.16),
 2 Code 1958, is hereby amended by striking from line two (2) the word
 3 "three" and inserting in lieu thereof the word "five (5)".

1 SEC. 7. Section five hundred thirty-six point eighteen (536.18),
 2 Code 1958, is hereby amended by striking from lines nine (9) and
 3 eighteen (18) the word "three" and inserting in each instance the
 4 word "five (5)".

1 SEC. 8. Section five hundred thirty-six point thirteen (536.13),
 2 Code 1958, is amended by striking all of line one (1) of subsection four
 3 (4) thereof and by inserting in lieu thereof the following: "Begin-
 4 ning July 4, 1959, and until such"; and by striking from line eight