

CHAPTER 275

CREDIT UNIONS

S. F. 412

AN ACT relating to credit unions.

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

1 SECTION 1. Section five hundred thirty-three point eighteen (533.18),
 2 Code 1966, is hereby amended by striking from lines one (1) through three
 3 (3), inclusive, the words "Annually or semiannually, the board of directors
 4 may declare a dividend from net earnings" and inserting in lieu thereof the
 5 words "After transfers to required reserves, a credit union may declare a
 6 dividend from undivided earnings at the discretion of its board of directors
 7 and as its bylaws shall provide".

Approved June 5, 1969.

CHAPTER 276

SAVINGS AND LOAN ASSOCIATIONS

S. F. 140

AN ACT relating to savings and loan associations.

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

1 SECTION 1. Section five hundred thirty-four point nineteen (534.19),
 2 Code 1966, is hereby amended by adding the following new subsection:
 3 "A savings and loan association operating under this chapter may make
 4 the determination to operate in a manner similar to federally chartered
 5 savings and loan associations insofar as the use of the 'deposit' and 'inter-
 6 est' terminology is concerned and such other powers as have been author-
 7 ized for such federally chartered association under the Home Owners Loan
 8 Act of 1933 as amended to March 1, 1969 and specifically as amended by
 9 Public Law 90-448S-3496 and as permitted under Rules and Regulations
 10 of the Federal Home Loan Bank System and the Federal Savings and Loan
 11 Insurance Corporation, issued under such Act as amended to March 1, 1969
 12 and under such law to the extent that similar rules and regulations have
 13 been adopted by the supervisor of savings and loan associations and have
 14 been filed with the secretary of state. Any such additional powers shall
 15 not become effective until July 1, 1969. This paragraph is not intended to
 16 diminish nor restrict the powers otherwise granted to such associations by
 17 the laws of Iowa prior to the effective date of this Act, nor shall the adoption
 18 and filing of such rules or regulations by the supervisor in any way dimin-
 19 ish or restrict the rights of associations which do not make the above deter-
 20 mination and which do not desire to change their operation under the pro-
 21 visions above contained in this paragraph."

1 SEC. 2. Section five hundred thirty-four point eight (534.8), Code 1966,
 2 is hereby amended by adding the following new subsection:
 3 "Any association operating under this chapter shall have the power to
 4 indemnify any present or former director, officer or employee in the manner

5 and in the instances authorized in subsections one (1), two (2), three (3)
6 and four (4) of section two (2), chapter three hundred sixty-three (363),
7 Acts of the Sixty-second General Assembly.”

1 SEC. 3. Section five hundred thirty-four point nineteen (534.19), Code
2 1966, as amended by chapter three hundred eighty-two (382), section four
3 (4), Acts of the Sixty-second General Assembly is further amended as fol-
4 lows:

5 1. By adding to subsection seven (7) the following:

6 “Under ‘a’ and ‘c’ above, the association may purchase an interest in
7 loans which are insured as above set out from the United States or any
8 agency or instrumentality thereof which has any function of examining
9 or supervising of savings and loan associations; or the association may sell
10 any of its loans to the United States or any such agency or instrumentality
11 or to any broker or dealer registered with the securities and exchange com-
12 mission.”

13 2. By adding to subsection nine (9) the following:

14 “To service contracts for sale of real estate, provided that one of the
15 parties to said contract is a member of the servicing association and that
16 such association shall not undertake in connection with such servicing to
17 be responsible for more than bookkeeping or other perfunctory services in
18 connection herewith.”

19 3. By striking subsection sixteen (16) and inserting in lieu thereof the
20 following:

21 “*Urban renewal and public housing investments.* Any association shall
22 have the power to organize or purchase stock in a corporation for the pur-
23 pose of lending, owning or constructing property in urban renewal areas
24 or constructing property or making loans therein itself, so long as the total
25 investment of such association does not exceed five percent of the assets of
26 said association.”

27 4. By adding the following new subsection:

28 “*Business development credit corporation.* Any association whose general
29 reserve, surplus and undivided profits aggregate a sum in excess of five per-
30 centum of its withdrawable accounts is authorized to invest in, to lend to, or
31 to commit itself to lend to any business development credit corporation in-
32 corporated in the state in which the head office of such association is situat-
33 ed, but the aggregate amount of such investments, loans, and commitments,
34 of any such association outstanding at any time shall not exceed one-half
35 of one percentum of the total outstanding loans made by such association,
36 or two hundred fifty thousand dollars, whichever is the lesser.”

1 SEC. 4. Section five hundred thirty-four point twenty-one (534.21), Code
2 1966, is hereby amended by adding the following new subsection:

3 “*Loans on leasehold.* An association may also make loans on lease-
4 hold interests, under the same terms as above provided for other loans, if
5 said leasehold interest extends or is automatically renewable at the option
6 of the holder, or at the option of the association, for a period of at least
7 fifty years from the date the loan is executed but at least ten years beyond
8 the maturity date of the loan and provided further that, in event of de-
9 fault, the real estate described in such leasehold interest could be sub-
10 jected to the satisfaction of the debt with the same priority.”

1 SEC. 5. Section five hundred thirty-four point twenty-four (534.24),
2 subsection one (1), Code 1966, as amended by chapter three hundred eighty-

3 two (382), section six (6), Acts of the Sixty-second General Assembly, is
4 further amended as follows:

5 1. By striking from lines three (3) through six (6), inclusive, the words
6 and figures "in accordance with the provisions of section 5 of the Home
7 Owners' Loan Act of 1933 (12 U.S.C. §§1461-1468)," and inserting in lieu
8 thereof the words "or a federal savings association or other mutual savings
9 association authorized under the laws of the United States,".

10 2. By striking from lines eighty-seven (87) through eighty-nine (89), in-
11 clusive, the words and figures "under the provisions of the Home Owners'
12 Loan Act of 1933 (12 U.S.C. §§1461-1468)" and inserting in lieu thereof the
13 words "or a federal savings association or other mutual savings association
14 authorized under the laws of the United States".

15 3. By adding the following:

16 "For the purposes of this entire section, wherever reference is made to
17 'federal savings and loan association' it shall include any mutual or savings
18 association authorized and chartered under the laws of the United States."

1 SEC. 6. Section five hundred thirty-four point nineteen (534.19), sub-
2 section thirteen (13), Code 1966, is hereby amended by adding the following
3 thereto:

4 "In addition to the above unsecured or secured borrowing, an associa-
5 tion may issue such notes, bonds, debentures and other obligations or se-
6 curities, except capital stock, as are approved by the supervisor of savings
7 and loan associations, and if authorized by the regulations of the Federal
8 Home Loan Bank, as long as the total amount of funds borrowed under
9 this sentence shall not exceed five per cent of the withdrawable accounts
10 of the association and provided that such obligations and securities shall
11 be subject to the priority of the rights of the owners of the savings and
12 deposits of said association."

Approved April 14, 1969.

CHAPTER 277

INTEREST RATE ON MONEY

S. F. 279

AN ACT to amend section five hundred thirty-five point two (535.2), Code 1966, relating to the rate of interest to which parties may agree in writing.

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

1 SECTION 1. Section five hundred thirty-five point two (535.2), Code
2 1966, is hereby amended by striking the word "seven" in line five (5)
3 thereof and inserting in lieu thereof the word "nine".

4 Section five hundred thirty-five point two (535.2), Code 1966, is hereby
5 further amended by adding at the end of subsection one (1) the following:

6 "Excessive charges or premiums for credit life, accident or health insur-
7 ance written in connection with money loaned shall be included in the rate
8 of interest unless

9 (1) the coverage of the debtor by the insurance is not a factor in the ap-
10 proval by the creditor of the extension of credit, and this fact is clearly
11 disclosed in writing to the person applying for or obtaining the extension
12 of credit; and