

60 be prosecuted to judgment as if the conversion had not taken place,
61 or the resulting state credit union may be substituted in its place.”

Approved April 26, 1971.

CHAPTER 250†

SAVINGS AND LOAN ASSOCIATIONS

S. F. 118

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 two (534.2),
2 subsection five (5), Code 1971, is amended by striking the subsection
3 and inserting in lieu thereof the following:

4 5. “Regular lending area” shall mean an area within one hundred
5 miles from any approved office, whether within or without the state.

1 SEC. 2. Section five hundred thirty-four point seventeen (534.17),
2 subsection one (1), Code 1971, is amended by adding the following
3 new paragraph:

4 “Any of said investments which are securities or obligations which
5 are evidence of first mortgage liens on real estate are exempt from the
6 above five percent limitation.”

1 SEC. 3. Section five hundred thirty-four point nineteen (534.19),
2 subsection six (6), Code 1971, is amended as follows:

3 6. Property improvement loans. To make property improvement
4 loans to home owners and other property owners for maintenance,
5 repair, landscaping, modernization, furniture and fixtures, improve-
6 ment and equipment for their properties, and loans on mobile homes,
7 with or without security provided that no such loan without security
8 shall exceed five thousand dollars, and provided further that not in
9 excess of fifteen percent of the assets of the association shall be so
10 invested, said fifteen percent to be exclusive of the forty percent of
11 assets power set out in section 534.21 hereof. Such loans shall be
12 amortized to mature in not to exceed eight years. Such loans may also
13 be based on a discount or add on charge of not to exceed six dollars
14 per one hundred dollars face amount per year in lieu of straight
15 interest otherwise provided by law.

1 SEC. 4. Section five hundred thirty-four point nineteen (534.19),
2 subsection fifteen (15), Code 1971, is amended as follows:

3 15. Service corporations. Any association shall have the power to
4 organize and own, alone or with any other similar corporation, a
5 service corporation for the mutual good of said corporations. An
6 association may invest in capital stock, obligations, or other securi-
7 ties of service corporations in an amount not to exceed five percent
8 of the association’s assets.

†See Editor’s note, page iii.

1 SEC. 5. Section five hundred thirty-four point nineteen (534.19),
2 subsection sixteen (16), Code 1971, is amended by adding the follow-
3 ing new paragraph:

4 "Any association shall have the power to invest, organize, purchase
5 stock or obligations in any corporation for the purpose of lending,
6 owning, improving, or constructing property in any subsidized pro-
7 gram of any government or agency that is insured by said government
8 or agency or that is insured by private mortgage insurance. The total
9 investment in said program shall not exceed five percent of the assets
10 of the association."

1 SEC. 6. Section five hundred thirty-four point twenty-one
2 (534.21), subsection three (3), Code 1971, is amended as follows:

3 3. Home loans. Every such association may originate and make
4 first mortgage amortized real estate loans for not to exceed fifty
5 thousand dollars secured by home property situated within the state.
6 Such loans may also be made within the state of Iowa when the loans
7 are insured wholly or partially by any instrumentality of the United
8 States government or by private mortgage insurance when such com-
9 pany is approved to conduct business in the state of Iowa. Home loans
10 may be made in excess of the fifty thousand dollar limitation when
11 made under the forty percent of assets lending power hereinafter set
12 out.

1 SEC. 7. Section five hundred thirty-four point twenty-one
2 (534.21), subsection four (4), Code 1971, is amended by adding the
3 following new paragraph:

4 e. First mortgage loans insured by an instrumentality of the United
5 States government or first mortgage loans insured by an approved
6 mortgage insurance company doing business in the state of Iowa shall
7 be exempt from the provisions of the forty percent of assets lending
8 power.

1 SEC. 8. Section five hundred thirty-four point forty-one (534.41),
2 subsection three (3), Code 1971, is amended as follows:

3 3. Duties. The supervisor shall, at least once each year, examine or
4 cause examination and audit to be made into the affairs of every
5 association subject to this chapter. If an association is insured under
6 the provisions of title IV of the National Housing Act (48 Stat. L.
7 1246; 12 U. S. C., ch 13), as now or hereafter amended, the super-
8 visor may, in lieu of such examination and audit accept any examina-
9 tion or audit made by the federal savings and loan insurance corpora-
10 tion. Any such association may, in lieu of such examination and audit
11 by the supervisor, at the option of the supervisor be audited by a certi-
12 fied public accountant, or by a public accountant qualified and licensed
13 to practice accountancy under the provisions of the Code of Iowa. At
14 least two copies of each examination or audit report, signed and
15 verified by the accountant making it, shall promptly be filed with the
16 supervisor. Whenever, in the judgment of the supervisor, the con-
17 dition of any association renders it necessary or expedient to make
18 an extra examination or audit or to devote any extraordinary atten-
19 tion to its affairs, the supervisor shall cause such work to be done. A
20 copy of every examination or audit report shall be furnished to the
21 association examined, exclusive of confidential comments made by the

22 examiner, and a copy of every report and comments and any other
23 information pertaining to an association may be furnished to the
24 federal home loan bank board, federal home loan bank, and federal
25 savings and loan insurance corporation. A copy of such examination
26 or audit report shall be presented to the board of directors at its next
27 regular or special meeting and their action thereon shall be recorded
28 in the minutes, and two certified copies of such minutes shall be trans-
29 mitted to the supervisor.

1 SEC. 9. Section five hundred thirty-four point forty-two (534.42),
2 Code 1971, is amended as follows:

3 534.42 **Dividends.** After making such provisions for absorbing
4 immediate and possible future losses, the board of directors of such
5 association shall annually, or at such other intervals as the board of
6 directors may determine, declare and apportion as a dividend to mem-
7 bers, according to its articles of incorporation, such portion of the
8 association's net profits as it may deem available, and as authorized
9 under this chapter. Members shall participate in dividends in propor-
10 tion to their respective investments therein. Dividends for a particu-
11 lar month may be paid on sums invested by a member by the tenth
12 day of that month or by such later date of that month as is authorized
13 by the supervisor of savings and loan associations, which shall in no
14 event be later than the twentieth day of a particular month. If the
15 tenth day of said month or other authorized date falls on a Sunday,
16 holiday or another business day on which the particular associa-
17 tion is normally closed, then money received by the next business day
18 may earn dividends from the first of that month. The board of direc-
19 tors may also devise other methods of paying dividends, including pay-
20 ment of dividends from date of investment to date of withdrawal,
21 subject to the approval of the supervisor of savings and loan associa-
22 tions. Additionally a service fee not to exceed one dollar per dividend
23 period may be charged to a member's account when no activity has
24 taken place in said account for the eight preceding quarterly periods
25 and the principal of such account is less than fifty dollars.

1 SEC. 10. Chapter five hundred thirty-four (534), Code 1971, is
2 amended by adding the following new section:

3 "**Limited trust powers.** Associations incorporated under this chap-
4 ter may act as trustee for trusts which are created or organized in the
5 United States, and which form part of a stock bonus, pension, or profit
6 sharing plan which qualifies for special tax treatment under section
7 401 (d) of the Internal Revenue Code of 1954, as amended, if the
8 funds of such trust are invested only in savings accounts or deposits
9 in such association or in obligations or securities issued by such asso-
10 ciation. All funds held in such fiduciary capacity by any such associa-
11 tion may be commingled for appropriate purposes of investment, but
12 individual records shall be kept by the fiduciary for each participant
13 and shall show in proper detail all transactions engaged in under the
14 authority of this section."

Approved March 16, 1971.