

CHAPTER 1115

INSTALLMENT LOANS BY BANKS

H. F. 1143

AN ACT relating to installment loans by state banks.

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

1 SECTION 1. Section five hundred twenty-four point nine hundred
2 six (524.906), subsection one (1), paragraphs "a" and "b", Code 1971,
3 are amended to read as follows:

4 a. At a rate not to exceed six dollars per annum upon each one
5 hundred dollars actually loaned to the customer. In addition to the
6 amount actually loaned, the charge may be included in the total
7 amount of the loan. The terms of any loan for which a charge is
8 made pursuant to this paragraph shall require substantially equal
9 installments at successive intervals of not more than one year in
10 amounts sufficient to amortize the entire loan, including charges, with-
11 in a period of not more than five *fifteen* years provided, however, that
12 the first installment may be deferred to not more than fifteen months
13 from the date of the loan.

14 b. At a rate not to exceed one percent per month computed on
15 unpaid principal balances. A state bank may receive such charge by
16 crediting each installment whenever received, first to the charge at
17 the monthly rate contracted for and the remainder to principal until
18 the loan is fully paid, or the state bank may compute the total charge
19 which would be earned at the monthly rate contracted for if the loan
20 were repaid according to its terms and each installment were applied
21 first to the charge and then to principal, and include such total charge
22 in the total amount of the loan. The terms of any loan for which a
23 charge is made pursuant to this paragraph shall require substantially
24 equal installments at successive intervals of not more than one month
25 in amounts sufficient to amortize the entire loan, including charges,
26 within the period ending on the date of its maturity which shall not
27 exceed five *fifteen* years provided, however, that installments may be
28 deferred or omitted on a seasonal basis. If the total charge is included
29 in the total amount of the loan as provided for in this paragraph, a
30 first interval of not less than fifteen nor more than forty-five days
31 may be treated as a monthly interval.

1 SEC. 2. Section five hundred twenty-four point nine hundred six
2 (524.906), subsection six (6), Code 1971, is amended to read as fol-
3 lows:

4 ~~6. The total amount loaned to any one customer for which a charge~~
5 ~~is made pursuant to this section shall not, at any one time, exceed ten~~
6 ~~thousand dollars excluding charges permitted by this section. For~~
7 ~~any portion of one or more loans to one customer in excess of ten~~
8 ~~thousand dollars, the charge which the state bank may make shall be~~
9 ~~governed by law other than this section. No state bank shall have~~
10 ~~outstanding loans subject to this section in an aggregate amount ex-~~
11 ~~ceeding twenty-five percent of its total assets.~~

Approved April 21, 1972.