

2. A city council, by ordinance specifically referring to authority of this subsection, may vacate a street, alley, or other public land dedicated by plat if the street, alley, or other public land has been dedicated for at least ten years and has not been open to vehicular traffic or has not been used for placement of city or franchise utility equipment. The recording of a vacation ordinance is equivalent to a deed of conveyance of the vacated land proportionately to the proprietors of the adjoining land in proportion to their interests as determined by the city council in the ordinance. The county recorder shall correct the plat or part of the plat which is vacated as provided in section 409.21.

Approved May 14, 1984

---

**CHAPTER 1272**  
**HOME EQUITY MORTGAGES**  
*H.F. 2415*

**AN ACT** providing for the creation of a home equity line of credit and priority of advances under mortgages securing the home equity line of credit.

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

Section 1. **NEW SECTION. 535.10 HOME EQUITY LINE OF CREDIT.**

1. As used in this chapter, the term "home equity line of credit" means an arrangement pursuant to which all of the following are applicable:

- a. The amounts borrowed and the interest and other charges are debited to an account.
- b. The interest is computed on the account periodically.
- c. The borrower has the right to pay in full at any time without penalty or to pay in the installments which are established by the loan agreement.
- d. The lender agrees to permit the borrower to borrow money from time to time with the maximum amount of each borrowing established by the loan agreement, provided that the minimum amount of each borrowing shall not be less than five hundred dollars.
- e. The account is secured by an interest in real estate. The priority of the secured interest in the real estate shall be determined by section 654.12A.

2. Except as provided in this section, a home equity line of credit is subject to chapter 537. However, sections 537.2307, 537.2402, and 537.2510 do not apply.

3. A lender may collect in connection with establishing or renewing a home equity line of credit the costs listed in section 535.8, subsection 2, paragraph "b", charges for insurance as described in section 537.2501, subsection 2, and a loan processing fee as agreed between the borrower and the lender, and annually may collect an account maintenance fee of not more than fifteen dollars. Fees collected under this subsection shall be disregarded for purposes of determining the maximum charge permitted by subsection 4.

4. The interest rate on a home equity line of credit shall not exceed one and three-quarters percent per month.

5. Real estate which is the consumer's principal dwelling shall not be subject to foreclosure when the balance secured is \$2000 or less.

Sec. 2. NEW SECTION. 654.12A PRIORITY OF ADVANCES UNDER MORTGAGES. Subject to section 572.18, if a prior recorded mortgage contains the notice prescribed in this section and identifies the maximum credit available to the borrower, then loans and advances made under the mortgage, up to the maximum amount of credit together with interest thereon, are senior to indebtedness to other creditors under subsequently recorded mortgages and other subsequently recorded or filed liens even though the holder of the prior recorded mortgage has actual notice of indebtedness under a subsequently recorded mortgage or other subsequently recorded or filed lien. The notice prescribed by this section for the prior recorded mortgage is as follows:

NOTICE: This mortgage secures credit in the amount of \$\_\_\_\_\_. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

However, the priority of a prior recorded mortgage under this section does not apply to loans or advances made after receipt of notice of foreclosure or action to enforce a subsequently recorded mortgage or other subsequently recorded or filed lien.

Approved May 14, 1984

---

## CHAPTER 1273

### MORATORIUM ON UTILITY DISCONNECTIONS

*H.F. 2062*

**AN ACT** providing for a moratorium on certain disconnections of gas and electricity by regulated public utilities from November 1 to April 1 for certain residents and making civil penalties applicable.

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

Section 1. Section 476.20, subsections 2 and 3, Code Supplement 1983, are amended to read as follows:

2. The commerce commission shall establish rules requiring a regulated public utility furnishing gas or electricity to include in the utility's notice of pending disconnection of service a written statement advising the customer that the customer may be eligible to participate in the low income home energy assistance program or weatherization assistance program administered by the energy policy council. The written statement shall list the address and telephone number of the local agency which is administering the customer's low income home