

February 8, 1951.
Banks, Building and Loan.

House File 376
By PENDLETON and SCHWENGEL

Passed House, Date
Vote: Ayes..... Nays.....
Passed Senate, Date
Vote: Ayes..... Nays.....
Approved

A BILL FOR

An Act to amend chapter six hundred eighty-two (682), Code 1950, relating to securities and investments of trust funds, to authorize agreements between the principal or principals and surety or sureties for the deposit and joint control of funds and property.

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

1 Section 1. Chapter six hundred eighty-two (682), Code
2 1950, is hereby amended by adding the following new section
3 thereto:
4 "It shall be lawful for any party of whom a bond,
5 undertaking or other obligation is required, to agree with his
6 surety or sureties for the deposit of any or all moneys and
7 assets for which he and his surety or sureties are or may be
8 held responsible, with a bank, savings bank, safe-deposit or
9 trust company, authorized by law to do business as such, or
10 with other depository approved by the court or a judge thereof,
11 if such deposit is otherwise proper, for the safekeeping thereof,
12 and in such manner as to prevent the withdrawal of such money
13 or assets or any part thereof, without the written consent of
14 such surety or sureties, or an order of court, or a judge

15 thereof, made on such notice to such surety or sureties as
16 such court or judge may direct; provided, however, that such
17 agreement shall not in any manner release from or change the
18 liability of the principal or sureties as established by the
19 terms of the said bond.

EXPLANATION OF H. F. 376

This measure is designed to conserve trust estates by declaring that it is within the public policy of Iowa to permit agreements between a principal and surety for the deposit and joint control of funds or other property. The authorization of agreements for joint control will avoid the necessity of depositing collateral security with the surety and will enable many persons of high character but without financial strength to procure substantial surety bonds which would be unavailable to them without the exercise of joint control.