

Submitted By
2475

HSB 589

EDUCATION

*Boal, Chr.
Delecheck
Mascher*

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON GRUNDBERG)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing for the establishment and perfection of a
2 security interest in certain education loans.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 261.43A SECURITY INTEREST IN
2 EDUCATION LOANS.

3 A nonprofit organization qualifying for tax-exempt status
4 under the Internal Revenue Code, as defined in section 422.3,
5 that provides or acquires education loans in the
6 organization's normal course of business shall,
7 notwithstanding any contrary provision of chapter 554 or other
8 state law, establish and perfect a security interest and
9 establish priority over other security interests in such
10 education loans by filing in the same manner as provided for
11 perfecting a security interest in a student loan pursuant to
12 20 U.S.C. § 1087-2(d)(3). This section applies to education
13 loans provided under this chapter by such nonprofit
14 organizations and other education loans provided by such
15 nonprofit organizations.

16 EXPLANATION

17 This bill authorizes a tax-exempt nonprofit organization
18 that provides or acquires education loans to establish and
19 perfect a security interest and priority over other security
20 interests in the loans, notwithstanding any contrary provision
21 of the uniform commercial code contained in Code chapter 554
22 or other state law, in the same manner as provided for
23 perfecting a security interest in a student loan pursuant to
24 20 U.S.C. § 1087-2(d)(3). That federal provision provides,
25 among other methods, for perfection of a security interest by
26 the filing of notice of the security interest. The bill
27 provides that the security interest may be established and
28 perfected for any education loan provided by the organization,
29 including such loans provided under Code chapter 261.

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Substitutes for SF 2189

3-11-02

p. 564

FEB 21 2002

Place On Calendar

HOUSE FILE 2475

BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 589)

Passed House, ^(P655) Date 3-6-02 Passed Senate, ^{P 565} Date 3-11-02
 Vote: Ayes 93 Nays 0 Vote: Ayes 48 Nays 1
 Approved March 18, 2002

A BILL FOR

1 An Act providing for the establishment and perfection of a
 2 security interest in certain education loans.
 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2475

1 Section 1. NEW SECTION. 261.43A SECURITY INTEREST IN
2 EDUCATION LOANS.

3 A nonprofit organization qualifying for tax-exempt status
4 under the Internal Revenue Code, as defined in section 422.3,
5 that provides or acquires education loans in the
6 organization's normal course of business shall,
7 notwithstanding any contrary provision of chapter 554 or other
8 state law, establish and perfect a security interest and
9 establish priority over other security interests in such
10 education loans by filing in the same manner as provided for
11 perfecting a security interest in a student loan pursuant to
12 20 U.S.C. § 1082(m)(1)(E). This section applies to education
13 loans provided under this chapter by such nonprofit
14 organizations and other education loans provided by such
15 nonprofit organizations.

16 EXPLANATION

17 This bill authorizes a tax-exempt nonprofit organization
18 that provides or acquires education loans to establish and
19 perfect a security interest and priority over other security
20 interests in the loans, notwithstanding any contrary provision
21 of the uniform commercial code contained in Code chapter 554
22 or other state law, in the same manner as provided for
23 perfecting a security interest in a student loan pursuant to
24 20 U.S.C. § 1082(m)(1)(E). That federal provision provides,
25 among other methods, for perfection of a security interest by
26 the filing of notice of the security interest. The bill
27 provides that the security interest may be established and
28 perfected for any education loan provided by the organization,
29 including such loans provided under Code chapter 261.

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organizations and other education loans provided by such nonprofit organizations.

HOUSE FILE 2475

AN ACT

PROVIDING FOR THE ESTABLISHMENT AND PERFECTION OF A SECURITY INTEREST IN CERTAIN EDUCATION LOANS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 261.43A SECURITY INTEREST IN EDUCATION LOANS.

A nonprofit organization qualifying for tax-exempt status under the Internal Revenue Code, as defined in section 422.3, that provides or acquires education loans in the organization's normal course of business shall, notwithstanding any contrary provision of chapter 554 or other state law, establish and perfect a security interest and establish priority over other security interests in such education loans by filing in the same manner as provided for perfecting a security interest in a student loan pursuant to 20 U.S.C. § 1082(m)(1)(E). This section applies to education loans provided under this chapter by such nonprofit

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2475, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved March 18, 2002

THOMAS J. VILSACK
Governor