
State of Iowa
Executive Department

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF IOWA

EXECUTIVE ORDER #20

- WHEREAS, high interest rates, embargoes, an overvalued dollar and declining farm receipts have created an economic crisis in agriculture; and
- WHEREAS, farm asset value have dropped by over 50% since 1981, draining over \$35 billion in wealth from Iowa; and
- WHEREAS, this level of asset liquidation is three to four times the amount that can be handled by the market; and
- WHEREAS, farmers, through no fault of their own, are having loans called because the value of their collateral is declining below the amount required to secure outstanding loans; and prices received at liquidation sales are so low as to further reduce the value of collateral securing outstanding farm loans; and
- WHEREAS, agriculture affects 65% of all jobs in the State of Iowa and Iowans in small towns to large cities are threatened by the farm crisis.

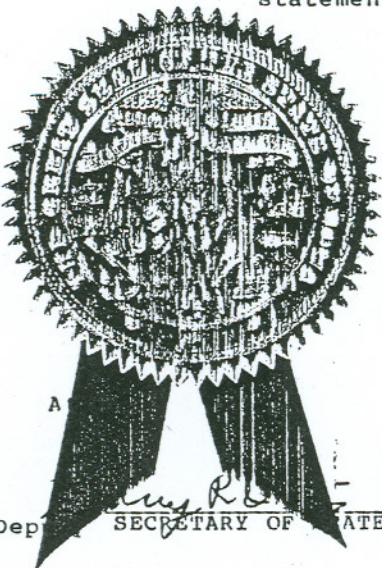
NOW, THEREFORE, I, Terry E. Branstad, Governor of the State of Iowa, on this 1st day of October, 1985, by virtue of the authority granted to me by the Constitution of the State of Iowa, and in light of the current condition of the economy of the State of Iowa, I hereby declare that a state of economic emergency now exists.

The purpose behind this declaration is to stabilize the economy of this state, by permitting the implementation of the Moratorium Continuance provision in Chapter 654.15 of the Code of Iowa. The continuance should give mortgagor additional time to stabilize their indebtedness.

This declaration of a state of economic emergency is limited to farm real estate loans. The state of economic emergency will formally exist upon the signing of this statement.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused the Great Seal of Iowa to be affixed. Done at Des Moines this 1st day of October in the year of our Lord one-thousand nine hundred n eighty-five.


GOVERNOR



FARM MORATORIUM FACT SHEET

1. Who can apply?

Owners of real estate used for farming which is subject to a mortgage, deed of trust or contract for the purchase entered into before October 1, 1985, who are involved in a foreclosure action. Only holders of installment land contracts with foreclosure provisions are eligible.

2. What is the procedure involved?

The moratorium can be sought only after a foreclosure action has been commenced on a mortgage, deed of trust or a contract for the purchase of real estate used for farming. To invoke the moratorium continuance, the owner must first appear and file an answer admitting some indebtedness and breach. These admissions cannot be withdrawn or denied after a continuance is granted.

The owner then files for a continuance. The court will set a hearing and if the court finds the application is made in good faith and the owner is unable to pay or perform, the court may continue the foreclosure proceedings.

The court shall appoint a receiver to take charge of the property and to rent that property. The owner or person in possession of the property is given preference in occupying the property. The receiver may be the owner or possessor of the property. The receiver shall collect the rents and income, and distribute the proceeds.

3. How long is the continuance?

The continuance and declaration can last for up to one year unless revoked. Only one continuance is granted the applicant for each written instrument or contract.

4. Can the court terminate the continuance?

The court may terminate the continuance if it finds all of the following: 1) The party seeking foreclosure has made a good faith, reasonable effort to work with the applicant to restructure the debt obligations of the applicant and 2) the party seeking foreclosure has made a good faith, reasonable effort to work with the applicant to utilize state and federal programs designed and implemented to provide debtor relief options and 3) the applicant has failed to pay interest due on the written instrument.

5. What loans apply?

The Iowa moratorium statute appears to cover all farm real estate loans except those made by the Farmers Home Administration. However, Fm.H.A. is currently prevented by federal court action from foreclosing on loans.