



KIM REYNOLDS  
GOVERNOR

**OFFICE OF THE GOVERNOR**

ADAM GREGG  
LT GOVERNOR

May 1, 2024

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

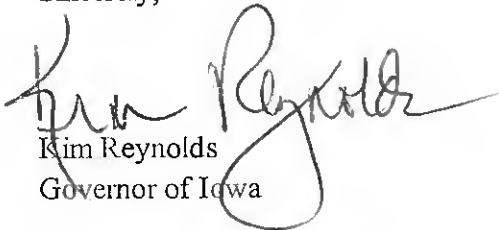
Dear Mr. Secretary,

I hereby transmit:

House File 131, an Act relating to matters under the purview of the credit union division  
of the department of commerce.

The above House File is hereby approved on this date.

Sincerely,

  
Kim Reynolds  
Governor of Iowa

cc: Secretary of the Senate  
Clerk of the House



House File 131

AN ACT

RELATING TO MATTERS UNDER THE PURVIEW OF THE CREDIT UNION  
DIVISION OF THE DEPARTMENT OF COMMERCE.

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

Section 1. Section 12C.16, subsection 1, paragraph b, subparagraph (1), unnumbered paragraph 1, Code 2024, is amended to read as follows:

The credit union may deposit, maintain, pledge and assign for the benefit of the public officer in the manner provided in this chapter, securities approved by the public officer, the market value of which is not less than ~~one hundred ten~~ one hundred percent of the total deposits of public funds placed by that public officer in the credit union, less the amount of deposits that are federally insured. The securities shall consist of any of the following:

Sec. 2. Section 533.205, subsection 8, Code 2024, is amended to read as follows:

8. ~~A credit union director shall not receive compensation for service as a director. However, a~~ A credit union director may be reimbursed for reasonable expenses directly related to such service as a director. Subject to its bylaws, a credit union may provide compensation to members of the credit union's board, elected pursuant to section 533.204, in an amount not to exceed sixteen thousand dollars per year per board member for a credit union with one billion dollars or greater in assets, or not to exceed eight thousand dollars per year per board

member for a credit union with less than one billion dollars in assets.

Sec. 3. Section 533.205, Code 2024, is amended by adding the following new subsections:

NEW SUBSECTION. 10. A director of a state credit union shall not receive terms or be paid a rate of interest on deposits by a state credit union of which the person is a director that are more favorable than that provided to any other member under similar circumstances. Any waiver of ordinary or customary charges related to deposit accounts shall not violate this subsection.

NEW SUBSECTION. 11. A director of a state credit union shall not purchase any assets from, lease any assets from, sell any assets to, or lease any assets to a state credit union of which the person is a director except upon terms not less favorable to the state credit union than those offered to or by other persons. All purchases from, leases from, sales to, and leases to a director shall receive prior approval from the majority of the board of directors voting in the absence of the interested director.

NEW SUBSECTION. 12. A director of a state credit union shall not receive anything of value, other than compensation and expense reimbursement authorized by this section, for procuring, or attempting to procure, any loan or extension of credit to the state credit union or for procuring, or attempting to procure, an investment by the state credit union.

NEW SUBSECTION. 13. a. In addition to any other liability imposed by law upon the directors of a state credit union, the directors of a state credit union shall be liable for all of the following:

(1) The directors of a state credit union who vote for, or assent to, the declaration of any dividend or other distribution of the assets of the state credit union to the state credit union's members in willful or negligent violation of this chapter, any restrictions contained in the articles of incorporation, or any order by the superintendent restricting the payment of dividends or other distribution of assets, shall be jointly and severally liable to the state credit union for the amount of the dividend which is paid, or the value of

such assets which are distributed, in excess of the amount of such dividend or distribution which could have been paid or distributed had the violation not occurred.

(2) The directors of a state credit union who vote for, or assent to, any distribution of the assets of the state credit union to the state credit union's members during the dissolution of the state credit union without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the state credit union shall be jointly and severally liable to the state credit union for the value of the distributed assets to the extent that such debts, obligations, and liabilities of the state credit union are not thereafter paid and discharged.

(3) The directors of a state credit union who willfully or negligently vote for, or assent to, a loan or an extension of credit in violation of this chapter shall be jointly and severally liable to the state credit union for the total amount of any loss sustained by the state credit union.

(4) The directors of a state credit union who willfully or negligently vote for, or assent to, any investment of funds of the state credit union in violation of this chapter shall be jointly and severally liable to the state credit union for the amount of any loss sustained by the state credit union on the investment of funds.

*b.* A director shall not be liable under paragraph "a" if the director relied and acted in good faith on information that was held out to the director to be correct by any officer of the state credit union, or was stated in a written report by a certified public accountant or firm of certified public accounts. A director shall not be deemed to be negligent if the director in good faith exercised the diligence, care, and skill which an ordinarily prudent person would exercise as a director under similar circumstances.

*c.* When deemed necessary by the superintendent, and after affording an opportunity for a hearing upon adequate notice, the superintendent may require that a director whom the superintendent reasonably believes to be liable to a state credit union pursuant to paragraph "a" to place in an escrow account in an insured credit union located in this state,

as directed by the superintendent, an amount sufficient to discharge any liability which may accrue pursuant to paragraph "a". Upon a final determination of the amount of liability owed pursuant to paragraph "a", the superintendent shall pay over the amount due to the state credit union from the escrow account. Any portion of the escrow account in excess of the amount of liability owed shall be refunded on a pro rata basis to the directors required to contribute to the escrow account pursuant to this paragraph.

d. The liability provisions of this subsection shall not apply to a director of a credit union who is not directly compensated for services as a director other than the reimbursement of actual expenses.

NEW SUBSECTION. 14. a. Any director held liable for the payment of a dividend or other distribution of assets of a state credit union under subsection 13 shall be entitled to contribution from any member of the state credit union who accepted or received a dividend or other distribution of assets, knowing that the dividend or distribution of assets was made in violation of this chapter, in proportion to the amount received by each member.

b. Any director held liable under subsection 13 shall be entitled to contribution from any other director found to be similarly liable.

NEW SUBSECTION. 15. a. A director of a state credit union who is present at a meeting of the state credit union's board of directors shall be presumed to have assented to any matter taken up by, or action taken by, the board, unless the director dissents by doing any of the following:

(1) Has the director's dissent entered into the minutes of the board meeting.

(2) Files the director's written dissent with the individual acting as the secretary of the board meeting before the adjournment of the board meeting.

(3) Forwards the director's written dissent by registered or certified mail to the board secretary of the state credit union promptly after the adjournment of the board meeting.

b. The right to dissent pursuant to paragraph "a" shall not apply to a director who votes in favor of the action of the

board.

NEW SUBSECTION. 16. Any action seeking to impose liability under this section, other than liability for contribution, shall be commenced within five years of the event giving rise to the liability.

Sec. 4. Section 533.206, Code 2024, is amended to read as follows:

**533.206 Meetings of the board.**

1. The board of directors shall hold at least six regular board meetings each calendar year. No more than one regular meeting shall be held in any one calendar month, nor shall a credit union go longer than two consecutive months without holding a board meeting. If a credit union has an individual rating of a four or five, or a composite rating of three, four, or five under the Iowa regulatory risk rating system, the board shall meet monthly.

2. With respect to a newly chartered credit union, the board of directors shall meet not less frequently than monthly during each of the first five years of the credit union's existence.

3. Unless the bylaws provide otherwise, the board of directors may permit any and all directors to participate in all except one meeting per year of the board of directors through the use of any means of communication by which all directors participating in the meeting may simultaneously hear each other and communicate during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

Sec. 5. Section 533.210, subsections 1 and 2, Code 2024, are amended to read as follows:

1. The board of directors may expel any a member of a state credit union who has ~~failed to do either~~ engaged in any of the following:

a. ~~Carry~~ Failing to carry out the member's obligations to the state credit union.

b. ~~Comply~~ Failing to comply with the state credit union's bylaws or policies.

c. Being physically or verbally abusive to credit union members or staff.


d. Committing fraud, attempted fraud, or other illegal

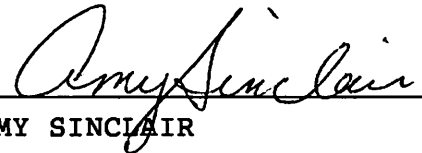
conduct that a member has been convicted of in relation to the credit union.

2. A member of a state credit union may be expelled by a majority vote of the board of directors at a regular or special meeting of the board.

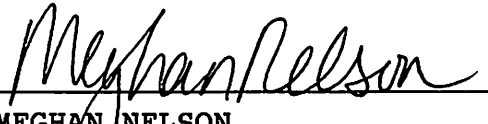
a. An expelled member may request a hearing before the ~~membership of the state credit union~~ superintendent, which shall be held within ~~sixty~~ ninety days of an expelled member's request.

b. At the hearing, the ~~membership~~ superintendent may reinstate the expelled member by ~~majority vote, upon terms and conditions prescribed at the hearing~~ if the credit union fails to prove the member was noncompliant with the obligations in this section.

  
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PAT GRASSLEY  
Speaker of the House

  
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AMY SINCLAIR  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 131, Ninetieth General Assembly.

  
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MEGHAN NELSON  
Chief Clerk of the House

Approved May 1<sup>st</sup>, 2024

  
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KIM REYNOLDS  
Governor