

13 provided in section seven hundred four (704) of this chapter, any such officer
 14 is excluded from participation in major policymaking functions, otherwise than in
 15 the capacity of a director of the bank, and he does not actually participate
 16 therein.

Approved April 2, 1976

CHAPTER 1214

SATELLITE BANKING

H. F. 1478

AN ACT regulating the establishment and use of electronic fund transfer systems maintained off the premises of the principal places of business and offices of financial institutions, and establishing the numbers and locations of offices and electronic fund consumer terminals.

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

DIVISION I

1 SECTION 1. Acts of the Sixty-sixth General Assembly, 1975 Session, Chapter
 2 two hundred forty (240), section four (4), amending chapter five hundred twenty-
 3 four (524), Code 1975, is amended to read as follows:

4 Sec. 4. Chapter five hundred twenty-four (524), Code 1975, is amended by
 5 adding to division eight (VIII) the following new section:

6 **NEW SECTION. Electronic transmission of funds—restrictions.**

7 1. A state bank may engage in any transaction incidental to the conduct of the
 8 business of banking and otherwise permitted by applicable law, by means of
 9 either the direct transmission of electronic impulses to or from customers and
 10 banks or the recording of electronic impulses or other indicia of a transaction for
 11 delayed transmission to a bank. Subject to the provisions of ~~sections eight (8)~~
 12 ~~through twelve (12) division II~~ of this Act*, a state bank may utilize, establish or
 13 operate, alone or with one or more other banks, savings and loan associations
 14 incorporated under the provisions of chapter five hundred thirty-four (534) of the
 15 Code or the Home Owners' Loan Act of 1933 (12 U.S.C. sections 1461-1468),
 16 credit unions incorporated under the provisions of chapter five hundred thirty-
 17 three (533) of the Code or the Federal Credit Union Act (12 U.S.C. sections 1751-
 18 1790), or third parties, ~~terminals or other facilities adaptable to shared usage~~ *the*
 19 *satellite terminals permitted under division two (II) of this Act*, by means of which
 20 customers and banks may transmit and receive electronic impulses constituting
 21 transactions pursuant to this section. *However, such utilization, establishment, or*
 22 *operation shall be lawful only when in compliance with division II of this Act. No*
 23 ~~terminal or other facility utilized pursuant to this section shall be designed in such~~
 24 ~~a manner as to be capable of providing a user thereof, other than a bank, with~~
 25 ~~information concerning the account of any person with the bank, unless such~~
 26 ~~information is essential to complete or prevent the completion of the transaction~~
 27 ~~then being engaged in through the use of that terminal or facility.~~ Nothing in this
 28 section shall be construed as authority for any person to engage in transactions
 29 not otherwise permitted by applicable law, nor shall anything in this section be
 30 deemed to repeal, replace or in any other way affect any applicable law or rule
 31 regarding the maintenance of or access to financial information maintained by
 32 any bank.

33 2. A state bank which offers its customers, or any of them, the opportunity to
 34 engage in transactions with or through the bank in the manner authorized by

*This reference to 66 G.A., Ch 240, probably was intended to be to division II hereof

35 subsection one (1) of this section shall not require any customer to deal with or
 36 through the bank in that manner in lieu of writing checks in the usual manner
 37 upon a conventional checking account, ~~nor~~ and shall not impose any
 38 extraordinary charge upon customers who choose to write checks in the usual
 39 manner upon a conventional checking account maintained at that bank.

1 SEC. 2. Section five hundred twenty-four point one thousand two hundred two
 2 (524.1202), subsection one (1), Code 1975, is amended to read as follows:

3 1. Except as otherwise provided in subsection 2 of this section, no state bank
 4 shall establish a bank office *outside the corporate limits of a municipal corporation*
 5 *or in a municipal corporation ~~or unincorporated area~~* in which there is already an
 6 established state or national bank or office, however the subsequent chartering
 7 and establishment of any state or national bank, through the opening of its
 8 principal place of business within the municipal corporation where the bank
 9 office is located, shall not affect the right of the bank office to continue in
 10 operation in that municipal corporation. *The existence and continuing operation of*
 11 *a bank office shall not be affected by the subsequent discontinuance of a municipal*
 12 *corporation pursuant to the provisions of sections three hundred sixty-eight point*
 13 *eleven (368.11) to three hundred sixty-eight point twenty-two (368.22), inclusive, of the*
 14 *Code. A bank office existing and operating on the effective date of this Act, which is*
 15 *not located within the confines of a municipal corporation, shall be allowed to*
 16 *continue its existence and operation without regard to this subsection.*

1 SEC. 3. Section five hundred twenty-four point one thousand two hundred two
 2 (524.1202), subsection two (2), Code 1975, is amended to read as follows:

3 2. A state bank located in a municipal corporation may establish not more than
 4 two bank offices within the boundaries of the municipal corporation, each of
 5 which shall have adequate off-street parking as determined by the superintendent,
 6 and may also have facilities to serve pedestrian customers. A state bank located in
 7 a municipal corporation, or in an urban complex composed of two or more Iowa
 8 municipal corporations each of which is contiguous to or corners upon at least
 9 one of the other municipal corporations within the complex, having a population
 10 of over fifty thousand according to the most recent federal census may establish
 11 two such offices within the boundaries of the municipal corporation or urban
 12 complex; *however, such a municipal corporation or urban complex on boundaries of*
 13 *the state having a contiguous municipal corporation in another state may have one*
 14 *additional such office; if the municipal corporation or urban complex has a*
 15 *population of over one hundred thousand but not over two hundred thousand*
 16 *according to the most recent federal census, the state bank may establish three such*
 17 *offices within the boundaries of the municipal corporation or urban complex; if*
 18 *the municipal corporation or urban complex has a population of over two*
 19 *hundred thousand, the state bank may establish four such offices within the*
 20 *boundaries of the municipal corporation or urban complex. Such a facility*
 21 *located in the proximity of a state bank's principal place of business may be*
 22 *found by the superintendent to be an integral part of the principal place of*
 23 *business, and not a bank office within the meaning of this section.*

1 SEC. 4. Section five hundred twenty-four point one thousand two hundred
 2 four (524.1204), Code 1975, as amended by Acts of the Sixty-sixth General
 3 Assembly, 1975 Session, chapter two hundred forty (240), section six (6), is
 4 amended by striking the section and inserting in lieu thereof the following:

5 **524.1204 Privileges extended to national banks.** The privileges extended to
 6 state banks by sections five hundred twenty-four point one thousand two hundred
 7 one (524.1201) and five hundred twenty-four point one thousand two hundred
 8 two (524.1202) of the Code, section five (5) of this Act and division II of this Act
 9 shall be available on the same conditions to national banks to the extent they are
 10 so authorized by federal law.

1 SEC. 5. Chapter five hundred twenty-four (524), Code 1975, is amended by
2 adding to division twelve (XII) the following new section:

3 NEW SECTION. **Location of satellite terminals.** Any state bank may utilize a
4 satellite terminal, as defined in section eleven (11) of this Act, when that satellite
5 terminal is lawfully being operated, at any location within this state. A satellite
6 terminal authorized by division two (II) of this Act shall not be subject to the
7 restrictions on location or number set forth in section five hundred twenty-four
8 point one thousand two hundred two (524.1202) of the Code. Any transaction
9 engaged in through the use of a satellite facility* terminal* shall be deemed to
10 take place at the principal place of business of a bank whose accounts and
11 records are affected by the transaction.

1 SEC. 6. Acts of the Sixty-sixth General Assembly, 1975 Session, chapter two
2 hundred forty (240), section fifteen (15), amending section five hundred thirty-
3 three point four (533.4), Code 1975, is amended to read as follows:

4 Sec. 15. Section five hundred thirty-three point four (533.4), Code 1975, is
5 amended by adding the following new subsections:

6 NEW SUBSECTION. Subject to the prior approval of the superintendent, acquire
7 and hold shares in a corporation engaged in providing and operating facilities
8 through which a credit union and its members may engage, by means of either
9 the direct transmission of electronic impulses to and from the credit union or the
10 recording of electronic impulses or other indicia of a transaction for delayed
11 transmission to the credit union, in transactions in which such credit union is
12 otherwise permitted to engage pursuant to applicable law.

13 NEW SUBSECTION. Engage in any transaction otherwise permitted by this
14 chapter and applicable law, by means of either the direct transmission of
15 electronic impulses to or from the credit union or the recording of electronic
16 impulses or other indicia of a transaction for delayed transmission to the credit
17 union. Subject to such rules as may be promulgated by the superintendent the
18 provisions of division II of this Act, a credit union may utilize, establish or operate,
19 alone or with one or more other credit unions, banks incorporated under the
20 provisions of chapter five hundred twenty-four (524) of the Code or the national
21 banking acts (12 U.S.C. sections 21-95), savings and loan associations
22 incorporated under the provisions of chapter five hundred thirty-four (534) of the
23 Code or the Home Owners' Loan Act of 1933 (12 U.S.C. sections 1461-1468) or
24 third parties, terminals or other facilities adaptable to shared usage the satellite
25 terminals permitted under division II of this Act, by means of which the credit
26 union may transmit to or receive from any member electronic impulses
27 constituting transactions pursuant to this subsection. *However, such utilization,*
28 *establishment, or operation shall be lawful only when in compliance with division II of*
29 *this Act. No terminal or other facility utilized pursuant to this subsection shall be*
30 *designed in such a manner as to be capable of providing a user thereof, other*
31 *than a savings and loan association, with information concerning the account of*
32 *any person with the savings and loan association, unless such information is*
33 *essential to complete or prevent the completion of the transaction then being*
34 *engaged in through the use of that terminal or facility. Nothing in this subsection*
35 *shall be construed as authority for any person to engage in transactions not*
36 *otherwise permitted by applicable law, nor shall anything in this subsection be*
37 *deemed to repeal, replace or in any other way affect any applicable law or rule*
38 *regarding the maintenance of or access to financial information maintained by*
39 *any savings and loan association credit union.*

40 NEW SUBSECTION. A savings and loan association shall be liable to each of
41 its customers for all losses incurred by such customer as a result of the
42 transmission or recording of electronic impulses as a part of a transaction not
43 authorized by such customer or to which the customer was not a party, provided,
44 however, that liability pursuant to this subsection shall be limited to losses in
45 excess of fifty dollars in the event the savings and loan association has provided

*According to enrolled Act

46 the customer with a physical object or other method of engaging in a transaction
 47 utilizing electronic impulses which is unique to the customer and the physical
 48 object or other method of engagement has been lost, stolen or otherwise
 49 compromised without the customer having notified the savings and loan
 50 association of such loss, theft or compromise prior to the time of the transaction
 51 causing the loss to the customer.

1 SEC. 7. Acts of the Sixty-sixth General Assembly, 1975 Session, chapter two
 2 hundred forty (240), section seventeen (17), amending section five hundred thirty-
 3 four point nineteen (534.19), Code 1975, is amended to read as follows:

4 Sec. 17. Section five hundred thirty-four point nineteen (534.19), Code 1975, is
 5 amended by adding the following new subsections:

6 NEW SUBSECTION. Engage in any transaction otherwise permitted by this
 7 chapter and applicable law, by means of either the direct transmission of
 8 electronic impulses to or from the association or the recording of electronic
 9 impulses or other indicia of a transaction for delayed transmission to the
 10 association. Subject to such rules as may be promulgated by the supervisor *the*
 11 *provisions of division II of this Act*, an association may utilize, establish or operate,
 12 alone or with one or more other associations, banks incorporated under the
 13 provisions of chapter five hundred twenty-four (524) of the Code or the national
 14 banking acts (12 U.S.C. sections 21-95), credit unions incorporated under the
 15 provisions of chapter five hundred thirty-three (533) of the Code or the Federal
 16 Credit Union Act (12 U.S.C. sections 1751-1790) or third parties, ~~terminals or~~
 17 ~~other facilities adaptable to shared usage, by means of which the association may~~
 18 ~~transmit to or receive from any member electronic impulses constituting~~
 19 ~~transactions pursuant to this subsection the satellite terminals permitted under~~
 20 ~~division II of this Act, by means of which the association may transmit to or receive~~
 21 ~~from any member electronic impulses constituting transactions pursuant to this~~
 22 ~~subsection. However, such utilization, establishment or operation shall be lawful only~~
 23 ~~when in compliance with division II of this Act. No terminal or other facility utilized~~
 24 ~~pursuant to this subsection shall be designed in such a manner as to be capable of~~
 25 ~~providing a user thereof, other than a credit union, with information concerning~~
 26 ~~the account of any person with the credit union, unless such information is~~
 27 ~~essential to complete or prevent the completion of the transaction then being~~
 28 ~~engaged in through the use of that terminal or facility. Nothing in this subsection~~
 29 ~~shall be construed as authority for any association or other person to engage in~~
 30 ~~transactions not otherwise permitted by applicable law, nor shall anything in this~~
 31 ~~subsection be deemed to repeal, replace or in any other way affect any applicable~~
 32 ~~law or rule regarding the maintenance of or access to financial information~~
 33 ~~maintained by any credit union association.~~

34 NEW SUBSECTION. A credit union shall be liable to each of its customers
 35 for all losses incurred by such customer as a result of the transmission or
 36 recording of electronic impulses as a part of a transaction not authorized by such
 37 customer or to which the customer was not a party, provided, however, that
 38 liability pursuant to this subsection shall be limited to losses in excess of fifty
 39 dollars in the event the credit union has provided the customer with a physical
 40 object or other method of engaging in a transaction utilizing electronic impulses
 41 which is unique to the customer and the physical object or other method of
 42 engagement has been lost, stolen or otherwise compromised without the customer
 43 having notified the credit union of such loss, theft or compromise prior to the
 44 time of the transaction causing the loss to the customer.

1 SEC. 8. Acts of the Sixty-sixth General Assembly, 1975 Session, chapter two
 2 hundred forty (240), sections seven (7) through fourteen (14) are amended by
 3 striking those sections.

4

DIVISION II

1 SEC. 9. Code 1975, is amended by adding sections ten (10) through twenty-
2 one (21) of this Act as a new chapter.

1 SEC. 10. NEW SECTION. **Statement of intent.** The general assembly
2 declares, as its purpose in adopting sections ten (10) through twenty-one (21) of
3 this Act, to provide:

4 1. That electronic funds transfer systems should provide reliable service to the
5 consumer with full protection of privacy of personal financial information.

6 2. That electronic funds transfer systems should not impair the safety and
7 soundness of a person's funds.

8 3. That electronic funds transfer systems are essential facilities in the channels
9 of commerce.

10 4. That regulation of electronic funds transfer systems should be fair and not
11 unduly impede the development of new technologies which benefit the public.

1 SEC. 11. NEW SECTION. **Definitions.** As used in this chapter, the following
2 definitions shall apply unless the context otherwise requires:

3 1. "Satellite terminal" means and includes any machine or device located off
4 the premises of a financial institution, whether attended or unattended, by means
5 of which the financial institution and its customers may engage through either the
6 immediate transmission of electronic impulses to or from the financial institution
7 or the recording of electronic impulses or other indicia of a transaction for
8 delayed transmission to the financial institution, in transactions which are
9 incidental to the conduct of the business of the financial institution and which
10 otherwise are specifically permitted by applicable law. However, the term
11 "satellite terminal" does not include any such machine or device, wherever
12 located, if that machine or device is not generally accessible to persons other than
13 employees of a financial institution or an affiliate of a financial institution.

14 2. "Data processing center" means a facility, wherever located, at which
15 electronic impulses or other indicia of a transaction originating at a satellite
16 terminal are received and are processed in order to enable the satellite terminal to
17 perform any function for which it is designed.

18 3. "Central routing unit" means any facility where electronic impulses or other
19 indicia of a transaction originating at a satellite terminal are received and are
20 routed and transmitted to a financial institution, or to a data processing center, or
21 to another central routing unit, wherever located.

22 4. "Financial institution" means and includes any bank incorporated under the
23 provisions of chapter five hundred twenty-four (524) of the Code or under the
24 national banking acts, Title 12, United States Code, sections twenty-one (21)
25 through ninety-five (95), any savings and loan association incorporated under the
26 provisions of chapter five hundred thirty-four (534) of the Code or under the
27 Home Owners Loan Act of 1933, Title 12, United States Code, sections one
28 thousand four hundred sixty-one (1461) through one thousand four hundred
29 sixty-eight (1468), and any credit union organized under the provisions of chapter
30 five hundred thirty-three (533) of the Code or under the Federal Credit Union
31 Act, Title 12, United States Code, sections one thousand seven hundred fifty-one
32 (1751) through one thousand seven hundred ninety (1790).

33 5. "Premises" means and includes only those locations where by applicable law
34 financial institutions are authorized to maintain a principal place of business and
35 other offices for the conduct of their respective businesses.

36 6. "Administrator" means and includes both the superintendent of banking and
37 the supervisor of savings and loan associations within the office of the auditor of
38 state. However, the powers of administration and enforcement of this chapter
39 shall be exercised only as provided in section twelve (12) of this chapter.

40 7. "Multiple use terminal" means any machine or device to which all of the
41 following are applicable:

42 a. The machine or device is owned or operated by a person who primarily
43 engages in a service, business or enterprise, including but not limited to the retail
44 sale of goods or services, but who is not organized under the laws of this state or
45 under federal law as a bank, savings and loan association, or credit union;

46 b. The machine or device is used by the person by whom it is owned or
47 operated in some capacity other than as a satellite terminal; and

48 c. A financial institution proposes to contract or has contracted to utilize that
49 machine or device as a satellite terminal.

1 **SEC. 12. NEW SECTION. Enforcement.**

2 1. For purposes of this chapter the superintendent of banking only shall have
3 the power to issue rules applicable to, to accept and approve or disapprove
4 applications or informational statements from, to conduct hearings and revoke
5 any approvals relating to, and to exercise all other supervisory authority created
6 by this chapter with respect to banks and credit unions. The supervisor of savings
7 and loan associations only shall have and exercise such powers and authority with
8 respect to savings and loan associations.

9 2. The administrator shall have the authority to examine any person who
10 operates a multiple use terminal or other satellite terminal, and any other device
11 or facility with which such terminal is interconnected, as to any transaction by,
12 with, or involving a financial institution. Information obtained in the course of
13 such an examination shall not be disclosed, except as provided by law.

14 3. Nothing contained in this chapter shall authorize the administrator to
15 regulate the conduct of business functions or to obtain access to any business
16 records, data, or information of a person who operates a multiple use terminal,
17 except those pertaining to a financial transaction engaged in through a satellite
18 terminal, or as may otherwise be provided by law.

19 4. Nothing contained in this chapter shall be construed to prohibit or to
20 authorize the administrator to prohibit an operator of a multiple use terminal,
21 other than a financial institution, or an operator of any other device or facility
22 with which such terminal is interconnected, other than a central routing unit or
23 data processing center (as defined in section eleven (11) of this Act) from using
24 those facilities to perform internal proprietary functions, including the extension
25 of credit pursuant to an open end credit arrangement.

1 **SEC. 13. NEW SECTION. Establishment of satellite terminals—restrictions.**

2 1. A satellite terminal shall not be established within this state by any financial
3 institution, except one whose principal place of business is located in this state.

4 2. A financial institution whose principal place of business is located in this
5 state shall not establish a satellite terminal at any location outside of this state.

6 3. A financial institution may establish any number of satellite terminals within
7 the boundaries of any municipal corporation, or any urban complex composed of
8 two or more Iowa municipal corporations each of which is contiguous to or
9 corners upon at least one of the other municipal corporations within the complex,
10 if the principal place of business or an office of that financial institution is also
11 located within the boundaries of that municipal corporation or urban complex. A
12 financial institution shall not establish a satellite terminal at any other location
13 except pursuant to an agreement with a financial institution which is authorized
14 by the preceding sentence to establish a satellite terminal at that location and
15 which will utilize the satellite terminal so established.

1 **SEC. 14. NEW SECTION. Satellite terminal requirements.** A satellite terminal
2 may be utilized by a financial institution to the extent permitted in this chapter
3 only if the satellite terminal is utilized and maintained in compliance with the
4 provisions of this chapter and only if all of the following are complied with:

5 1. Each satellite terminal shall be established and controlled by a single
6 financial institution which shall have the duty of maintaining the location, use
7 and operation of the satellite terminal, wherever located, in compliance with this

8 chapter. The use and operation of each satellite terminal shall be governed by a
9 written agreement between the controlling financial institution and the person
10 controlling the physical location at which the satellite terminal is placed. The
11 written agreement shall specify all of the terms and conditions, including any fees
12 and charges, under which a satellite terminal is placed at that location. In the
13 event a satellite terminal is a multiple use terminal, the written agreement shall
14 specify, and may limit, the specific types of transactions incidental to the conduct
15 of the business of a financial institution which may be engaged in through that
16 terminal.

17 2. The satellite terminal shall be available for use on a nondiscriminatory basis
18 by any other financial institution which has its principal place of business within
19 this state, and by all customers who have been designated by a financial
20 institution using the satellite terminal and who have been provided with a
21 physical object or other method, approved by the administrator, by which to
22 engage in electronic transactions by means of the satellite terminal. No financial
23 institution shall be required to join, be a member or shareholder of, or otherwise
24 participate in any corporation, association, partnership, cooperative or other
25 enterprise as a condition of its utilizing any satellite terminal located within this
26 state. However, for purposes of complying with this subsection, a satellite
27 terminal which is established and controlled by a bank is not required to be
28 available for use by any savings and loan association or credit union; and one
29 established and controlled by a savings and loan association is not required to be
30 available for use by a bank or credit union; and one established and controlled
31 by a credit union, is not required to be available for use by a bank or savings and
32 loan association.

33 The administrator shall have the authority until March 1, 1977, to defer from
34 time to time the application of this subsection and to permit the establishment
35 and utilization of a satellite terminal not meeting the mandatory sharing
36 requirements of this subsection until March 1, 1977, if in the opinion of the
37 administrator it is not in the best interests of maintaining safety and security of
38 the financial structures of this state to require shared usage, and if in the opinion
39 of the administrator those financial institutions being permitted to establish
40 satellite terminals are in good faith attempting to perfect the system to the point
41 where shared usage would provide safety and security. This paragraph is repealed
42 effective March 1, 1977.

43 3. An informational statement shall be filed and shall be maintained on a
44 current basis with the administrator by the financial institution controlling the
45 satellite terminal, which sets forth all of the following:

- 46 a. The name and business address of the controlling financial institution;
- 47 b. The location of the satellite terminal;
- 48 c. A schedule of the charges which will be required to be paid by any financial
49 institution utilizing the satellite terminal; and
- 50 d. An agreement with the administrator that the financial institution controlling
51 the satellite terminal will maintain that satellite terminal in compliance with the
52 provisions of this chapter.

53 The informational statement shall be accompanied by a copy of the written
54 agreement required by subsection one (1) of this section. The informational
55 statement also shall be accompanied by a statement or copy of any agreement,
56 whether oral or in writing, between the controlling financial institution and any
57 data processing center or any central routing unit, unless operated by or solely on
58 behalf of the controlling financial institution, by which transactions originating at
59 that terminal will be received.

60 4. The satellite terminal shall not be attended or operated at any time by an
61 employee of any financial institution or an affiliate of a financial institution,
62 except for the purpose of instructing customers, on a temporary basis, in the use
63 of the satellite terminal, for the purpose of testing the terminal, or for the purpose
64 of transacting business on the employee's own behalf.

65 5. The satellite terminal shall bear a sign or label identifying each type of
66 financial institution utilizing the terminal. A satellite terminal location shall not
67 be used to advertise individual financial institutions or any group of financial
68 institutions. The administrator is empowered to authorize such methods of
69 identification as he or she deems necessary to enable the general public to
70 determine the accessibility of the satellite terminal.

71 6. The charges required to be paid by any financial institution which utilizes
72 the satellite terminal shall not exceed a pro rata portion of the costs, determined
73 in accordance with generally accepted accounting principles, of establishing,
74 operating and maintaining the satellite terminal, plus a reasonable return on these
75 costs to the owner of the satellite terminal.

76 7. If the administrator finds grounds, under any applicable law or rule, for
77 denying establishment of a satellite terminal the administrator shall notify the
78 person filing the informational statement or an amendment thereto, within thirty
79 days of the filing thereof, of the existence of such grounds. If such notification is
80 not given by the administrator, he or she shall be considered to have expressly
81 approved the establishment and operation of the satellite terminal as described in
82 the informational statement or amendment and according to the agreements
83 attached thereto, and operation of the satellite terminal in accordance therewith
84 may commence on or after the thirtieth day following such filing. However, this
85 subsection shall not be construed to prohibit the administrator from enforcing the
86 provisions of this chapter, nor shall it be construed to constitute a waiver of any
87 prohibition, limitation or obligation imposed by this chapter.

88 8. A satellite terminal shall not be operated in a manner to permit a person to
89 credit any demand deposit account, savings account, share account, or any other
90 account representing a liability of a financial institution to that person, except
91 transfers between separate accounts of that person with the same financial
92 institution, unless the satellite terminal is located either (a) within the county in
93 which that financial institution maintains its principal place of business or within
94 a county which is contiguous to or corners upon the county in which that
95 financial institution maintains its principal place of business; or (b) within the
96 boundaries of any municipal corporation or any urban complex composed of two
97 or more Iowa municipal corporations each of which is contiguous to or corners
98 upon at least one of the other municipal corporations within the complex, if an
99 office of that financial institution which is not its principal place of business is
100 also located within the boundaries of that municipal corporation or urban
101 complex.

102 9. A satellite terminal shall not be operated in any manner to permit a person
103 to credit any demand deposit account, savings account, share account or any
104 other account representing a liability of a financial institution, if that financial
105 institution is located outside of this state.

1 SEC. 15. NEW SECTION. **Disclosure of terms.** Prior to permitting a customer
2 or member to engage in transactions in such person's account with a financial
3 institution through use of a satellite terminal, the financial institution shall
4 provide such person with a written statement which sets forth the terms under
5 which such transactions will be permitted, including, but not limited to, the
6 following information:

7 1. The specific transactions which, subject to the capabilities of individual
8 satellite terminals, may be performed through a satellite terminal by such person.

9 2. The fixed charges, if any, for permitting such person to engage in
10 transactions through a satellite terminal.

11 The charges, if any, for individual transactions engaged in through a satellite
12 terminal, and the method for determining such charges.

13 3. The minimum balance, if any, which must be maintained by such person in
14 an account with a financial institution as a condition for engaging in transactions
15 in such account through a satellite terminal.

16 4. The limitation on the liability of the customer or member for losses incurred
17 by such person as a result of transactions through a satellite terminal which were
18 not authorized by such person or to which such person was not a party.

19 5. The legal status of receipts issued from a satellite terminal.

20 6. The right of the customer or member to a description of transactions
21 performed through a satellite terminal on any periodic statement of an account of
22 such person affected by such transactions.

23 7. The right of the customer or member to seek correction of any errors
24 believed by such person to have been made as a result of any transaction through
25 a satellite terminal affecting an account of such person with the financial
26 institution.

1 SEC. 16. NEW SECTION. **Records maintained.** All transactions engaged in
2 through a satellite terminal shall be recorded in a form from which it will be
3 possible to produce a humanly readable record of any transaction, and these
4 recordings shall be retained by the utilizing financial institutions for the periods
5 required by law.

6 The machine receipt provided to a satellite account transaction card user by a
7 satellite terminal shall be admissible as evidence in any legal action or proceeding
8 and shall constitute prima facie proof of the transaction evidenced by that receipt.

9 A financial institution shall provide each of its satellite account holders with a
10 periodic account statement that shall contain a brief description of all satellite
11 terminal transactions sufficient to enable the account holder to identify any
12 transaction and to relate it to machine receipts provided by satellite terminals.

13 When a periodic account statement includes both satellite terminal transactions
14 and other nonsatellite terminal transactions, all satellite terminal transactions
15 shall be indicated as such, and shall be accompanied by the description required
16 by this subsection.

17 The administrator may provide by rule for the recording and maintenance, by
18 any financial institution utilizing a satellite terminal, of amounts involved in a
19 transaction engaged in through the satellite terminal which are of a known tax
20 consequence to the customer initiating the transaction. For the purpose of this
21 paragraph "known tax consequences" means and includes but shall not be limited
22 to the following:

23 1. An amount directly or indirectly received from a customer and applied to a
24 loan account of the customer which represents interest paid by the customer to
25 the financial institution.

26 2. In any transaction where the total amount involved is deducted from funds
27 in a customer's account and is simultaneously paid either directly or indirectly by
28 the financial institution to the account of a third party, any portion of the
29 transaction amount which represents a sales or other tax imposed upon or
30 included within the transaction and collected by that third party from the
31 customer, or any portion of the transaction amount which represents interest paid
32 to the third party by the customer.

33 3. Any other transaction which the administrator determines to have direct tax
34 consequences to the customer. The administrator also may provide for the
35 periodic distribution to customers of summaries of transactions having known tax
36 consequences.

1 SEC. 17. NEW SECTION. **Liability and errors.**

2 1. As a condition of exercising the privilege of utilizing a satellite terminal, a
3 financial institution shall be liable to each of its customers for all losses incurred
4 by such customer as a result of the transmission or recording of electronic
5 impulses as a part of a transaction not authorized by such customer or to which
6 the customer was not a party. However, in the event the financial institution has
7 provided the customer with a physical object or other method of engaging in a
8 transaction at a satellite terminal which is unique to the customer, and losses are
9 incurred by the customer as a result of the theft, loss or other compromise of that

10 physical object or other method of engagement, the liability of the financial
11 institution pursuant to this section shall not include the first fifty dollars of any
12 losses incurred prior to the time the customer notifies the financial institution of
13 such theft, loss or compromise.

14 2. If, upon receipt of a periodic statement of account from a financial
15 institution, a customer or member of the financial institution believes that the
16 statement contains an error with respect to a transaction engaged in by such
17 person through a satellite terminal, then such person shall, within sixty (60) days
18 of the date on which such statement was mailed or otherwise delivered by the
19 financial institution, notify the financial institution by means of a writing which
20 (a) sets forth or otherwise enables the financial institution to identify the member
21 or customer and the number of the account in question; (b) indicates the
22 customer's or member's belief that the statement contains an error with respect to
23 a transaction engaged in by such person through a satellite terminal, and states
24 the amount of the alleged error; and (c) sets forth the reasons for the person's
25 belief that the statement contains such an error. Unless the action required in
26 subsection three (3) of this section is taken prior to the end of the thirty (30) day
27 period, the financial institution shall acknowledge in writing its receipt of the
28 notice provided for in this subsection within thirty (30) days of its actual receipt
29 thereof.

30 3. Within ninety (90) days of the financial institution's receipt of the notice
31 described in subsection two (2) of this section, it shall either:

32 a. Correct the account in question and provide the customer or member with
33 written notification of the correction and, if the correction is not in the exact
34 amount of the alleged error, provide such person with a written explanation of
35 any difference between the alleged error and the correction made; or

36 b. Provide the customer or member with a written explanation, after having
37 conducted an investigation of the matter, stating the reason the financial
38 institution believes the statement is correct and, within thirty (30) days of further
39 written request of the customer or member, provide such person with a written
40 copy of the record of the transaction in question, as maintained by the financial
41 institution pursuant to section sixteen (16) of this Act.

42 4. A financial institution which has received a notice specified in subsection
43 two (2) of this section shall not, prior to its compliance with subsection three (3)
44 of this section, close the account concerning which the dispute exists or restrict
45 transactions in such account which affect only the portion thereof which is not in
46 dispute. A financial institution which has complied with the provisions of
47 subsection three (3) of this section with respect to an alleged error concerning a
48 transaction engaged in through a satellite terminal shall have no further
49 responsibility under subsections two (2) through four (4) of this section if the
50 customer or member continues to make substantially the same allegation with
51 respect to such error.

52 5. If the correction of any error relating to a transaction engaged in through a
53 satellite terminal in an account of a customer or member results in a credit to
54 such account, the financial institution shall additionally credit such account with
55 any amount of interest which would have been paid to such customer or member
56 by the financial institution except for the error, or which was paid by such person
57 to the financial institution as a result of the error.

58 6. A financial institution which fails to comply with the provisions of
59 subsections two (2) through five (5) of this section shall be liable to the customer
60 or member who has complied with such provisions for a civil penalty in the
61 amount of fifty dollars.

1 **SEC. 18. NEW SECTION. Central routing units.**

2 1. A central routing unit shall not be operated in this state unless written
3 approval for that operation has been obtained from the administrator.

- 4 2. A person desiring to operate a central routing unit shall submit to the
 5 administrator an application which shall contain all of the following information:
 6 a. The name and business address of the owner of the proposed unit.
 7 b. The name and business address of each data processing center and other
 8 central routing unit with which the proposed central routing unit will have direct
 9 electronic communication.
 10 c. The location of the proposed central routing unit.
 11 d. A schedule of the charges which will be required to be paid to that applicant
 12 by each financial institution which utilizes the proposed central routing unit.
 13 The application shall be accompanied by all agreements between the proposed
 14 central routing unit and all data processing centers and other central routing units
 15 respecting the transmission of transaction data; and a copy of any agreement
 16 between the proposed central routing unit and any financial institution
 17 establishing a satellite terminal unless that agreement theretofor* has been filed
 18 with the administrator pursuant to section fourteen (14) of this Act.
 19 e. An agreement by the applicant that the proposed central routing unit will be
 20 capable of accepting and routing, and will be operated to accept and route,
 21 transmissions of data originating at any satellite terminal located in this state and
 22 controlled by the same type of financial institution as those financial institutions
 23 previously utilizing the services of the applicant central routing unit, whether
 24 received from that terminal or from a data processing center or other central
 25 routing unit. For the purposes of this paragraph the term "type of financial
 26 institution" shall, notwithstanding the issuer of the financial institution's charter,
 27 mean either (a) banks; or (b) savings and loan associations; or (c) credit unions.
 28 3. The administrator shall approve or disapprove an application for operation
 29 of a central routing unit within sixty days after receipt.
 30 4. A central routing unit operating under the approval of the administrator
 31 shall be subject to examination by the administrator for the purpose of
 32 determining compliance with this chapter.

1 SEC. 19. NEW SECTION. **Confidentiality.** A satellite terminal, data
 2 processing center, or central routing unit shall not be operated in any manner to
 3 permit any person to obtain information concerning the account of any person
 4 with a financial institution, unless such information is essential to complete or
 5 prevent the completion of a transaction then being engaged in through the use of
 6 that facility.

1 SEC. 20. NEW SECTION. **Rule-making.** The administrator shall have the
 2 power to adopt and promulgate rules pursuant to chapter seventeen A (17A) of
 3 the Code as in his or her opinion will be necessary to properly and effectively
 4 carry out and enforce the provisions of this chapter.

1 SEC. 21. NEW SECTION. **Revocation of privilege.** Whenever the
 2 administrator determines, upon notice and hearing pursuant to chapter seventeen
 3 A (17A) of the Code, that a satellite facility or data processing center or central
 4 routing unit is being operated in violation of this chapter, the administrator may
 5 revoke the approval to operate that facility. If the administrator does not have
 6 any direct authority over the facility because of the provisions of section twelve
 7 (12) of this Act, the administrator may revoke with respect to any financial
 8 institution over which he or she does have direct authority the privilege to engage
 9 in transactions through or with that facility. A revocation by the administrator
 10 shall be effective when ordered by the administrator, anything in chapter
 11 seventeen A (17A) of the Code to the contrary notwithstanding. The
 12 administrator may bring an action in the district court in the name of the state to
 13 enjoin any financial institution or other person who continues to utilize or to
 14 operate a satellite terminal or data processing center or central routing unit after

*According to enrolled Act

15 the approval has been revoked. The administrator also may bring such an action
16 to enjoin any person who fails to obtain any approval required by this chapter.

Approved June 26, 1976

CHAPTER 1215

STATE BANKS INVESTMENTS

S. F. 357

AN ACT relating to investment by state banks in revenue bonds issued by municipalities in support of industrial projects.

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

1 SECTION 1. Section five hundred twenty-four point nine hundred one
2 (524.901), Code 1975, is amended by striking subsection two (2) and inserting in
3 lieu thereof the following:

4 2. A state bank may invest for its own account in other readily marketable
5 bonds or securities, with investment characteristics as defined by the
6 superintendent by general regulation applicable to all state banks, subject to the
7 following limitations:

8 a. The total amount of such bonds or securities of any one issuer or obligor,
9 other than revenue bonds issued by a municipality pursuant to section four
10 hundred nineteen point two (419.2) of the Code, shall not exceed twenty percent
11 of the capital and surplus of the state bank.

12 b. The total amount of revenue bonds issued by a municipality pursuant to
13 section four hundred nineteen point two (419.2) of the Code which have been
14 issued on behalf of any one lessee, as defined in section four hundred nineteen
15 point one (419.1) of the Code, or which are guaranteed by any one guarantor, or
16 which are issued on behalf of or guaranteed by a corporation, a ten percent or
17 greater ownership interest in which is held by or in common with a lessor or
18 guarantor, or any combination of the foregoing whereby the municipality could
19 receive revenues for payment of such bonds from any one person or any group of
20 persons under common control, shall not exceed twenty percent of the capital and
21 surplus of the state bank. A state bank shall obtain the express consent of the
22 superintendent prior to investment by that bank of an amount in excess of twenty
23 percent of its capital and surplus in bonds or securities issued by any one
24 municipality.

25 c. No bond or security shall be eligible for investment by a state bank within
26 this subsection if the bond or security has been in default either as to principal or
27 interest at any time within five years prior to the date of purchase.

Approved May 20, 1976

CHAPTER 1216

RESIDENTIAL LOANS BY BANKS

S. F. 443

AN ACT relating to loans on residential real property by state banks.

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

1 SECTION 1. Section five hundred twenty-four point nine hundred five
2 (524.905), subsection two (2), Code 1975, is amended to read as follows:

3 2. A state bank may make permanent loans or combined construction and
4 permanent loans, secured by liens on residential real property consisting of single