

agency. However, the treasurer of state and the treasurer of each political subdivision shall invest all funds not needed for current operating expenses in time certificates of deposit in banks listed as approved depositories pursuant to this chapter or in investments permitted by section 452.10. The list of public depositories and the amounts severally deposited in the depositories shall be a matter of public record. The term "bank" means a bank or a private bank, as defined in section 524.103.

Sec. 2. Section 454.2, Code 1983, is amended to read as follows:

454.2 PURPOSE OF FUND. The purpose of the fund is to secure the payment of ~~their~~ the deposits ~~to~~ of state, county, township, municipal, and school corporations, city utilities and combined utility systems established under chapter 388, regional libraries established under chapter 303B, and electric power agencies as defined in section 28F.2, having public funds deposited in demand or time deposits in any bank in this state, when those deposits have been made by authority of and in conformity with the direction of the local governing council or board which is by law charged with the duty of selecting depository banks for the funds.

Sec. 3. This Act, being deemed of immediate importance, takes effect from and after its publication in The Cascade Pioneer-Advertiser, a newspaper published in Cascade, Iowa, and in The Council Bluffs Nonpareil, a newspaper published in Council Bluffs, Iowa.

Approved April 25, 1983

Pursuant to the authority vested in the undersigned, Secretary of State of the State of Iowa, under the provisions of Section 3.9, Code of Iowa, 1983, there being no newspaper by the name of The Council Bluffs Nonpareil, published in Council Bluffs, Iowa, I hereby designate The Daily Nonpareil, published in Council Bluffs, Iowa, to publish the foregoing Act, Senate File 434.

I hereby certify that the foregoing Act, Senate File 434, was published in The Cascade Pioneer-Advertiser, Cascade, Iowa on May 5, 1983 and in The Daily Nonpareil, Council Bluffs, Iowa on May 2, 1983.

MARY JANE ODELL, *Secretary of State*

CHAPTER 98

CREDIT UNION SHARE DRAFTS AND ACCOUNTS

S.F. 90

AN ACT regulating credit union share drafts and share draft accounts.

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

Section 1. Section 533.42, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

533.42 SHARE DRAFTS.

1. A credit union may provide its members with share draft accounts. Share draft means a negotiable draft which is payable upon demand and is used to withdraw funds from a share draft account. A share draft is an item for purposes of chapter 554, article 4. The term does

not include a draft issued by a credit union for the transfer of funds between the issuing credit union and another credit union, a bank, a savings and loan association, or another depository financial institution.

2. A share draft account is an account that is a demand account from which a credit union has agreed that funds may be withdrawn by means of a share draft. A share draft account may bear interest or dividends as determined by the board of directors, provided that a credit union shall not pay interest or dividends on a share draft account at a rate which exceeds the maximum interest rate which a regulated financial institution is able to pay on comparable instruments as allowed by the depository institutions deregulatory committee.

3. A credit union may guarantee payment for a share draft if both the following conditions are met:

a. A specific guarantee authorization is obtained for the share draft from the credit union.
b. The guarantee authorization is immediately noted on the share draft account to prevent the withdrawal of funds needed to pay the guaranteed share draft.

4. A credit union may charge fees and penalties on share drafts and apply fees and penalties to the credit union's income in relation to share draft services.

5. The administrator may adopt rules relating to share draft programs as necessary to administer this chapter.

Sec. 2. Sections 533.44 and 533.45, Code 1983, are repealed.

Sec. 3. This Act, being deemed of immediate importance, takes effect from and after its publication in the Ames Daily Tribune, a newspaper published in Ames, Iowa, and in the Muscatine Journal, a newspaper published in Muscatine, Iowa.

Approved May 2, 1983

I hereby certify that the foregoing Act, Senate File 90 was published in the Ames Daily Tribune, Ames, Iowa on May 4, 1983 and in the Muscatine Journal, Muscatine, Iowa on May 10, 1983.

MARY JANE ODELL, *Secretary of State*