

*Amend per 3105  
Do Pass 2/17 (p. 483)*

*Reprinted 2/25*

Commerce  
Holden, Chair  
Bruner  
Priebe

SENATE FILE 90

BY BRUNER

**RECEIVED** JAN 14 1983

Passed Senate, Date 2-22-83 (p. 509) Passed House, Date 4-11-83 (p. 1175)  
Vote: Ayes 44 Nays 0 Vote: Ayes 95 Nays 0  
Approved May 2, 1983

### A BILL FOR

- 1 An Act regulating credit union share drafts and share
- 2 draft accounts.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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#### SENATE FILE 90

S-3105

- 1 Amend Senate File 90 as follows:
- 2 1. Page 1, by striking line 18 and inserting in
- 3 lieu thereof the following: "of directors, provided
- 4 that a credit union shall not pay interest or dividends
- 5 on a share-draft account at a rate which exceeds the
- 6 maximum interest rate which a regulated financial
- 7 institution is able to pay on comparable instruments
- 8 as allowed by the depository institutions deregulatory
- 9 committee."

S-3105 FILED  
FEBRUARY 17, 1983

BY COMMITTEE ON COMMERCE  
GEORGE R. KINLEY, CHAIR

*Adopted 2/22 (p. 508)*

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

4 533.42 SHARE DRAFTS.

5 1. A credit union may provide its members with share draft  
6 accounts. Share draft means a negotiable draft which is pay-  
7 able upon demand and is used to withdraw funds from a share  
8 draft account. A share draft is an item for purposes of  
9 chapter 554, article 4. The term does not include a draft  
10 issued by a credit union for the transfer of funds between  
11 the issuing credit union and another credit union, a bank,  
12 a savings and loan association, or another depository financial  
13 institution.

14 2. A share draft account is an account that is a demand  
15 account from which a credit union has agreed that funds may  
16 be withdrawn by means of a share draft. A share draft account  
17 may bear interest or dividends as determined by the board  
18 of directors.

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

21 a. A specific guarantee authorization is obtained for  
22 the share draft from the credit union.

23 b. The guarantee authorization is immediately noted on  
24 the share draft account to prevent the withdrawal of funds  
25 needed to pay the guaranteed share draft.

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

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

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

34 EXPLANATION

35 This bill amends three existing sections dealing with share

1 draft accounts. Many current restrictions on credit union  
2 share drafts are eliminated.

3 Section 1 retains the current definition of share draft  
4 but drops the limitation that the interest rate paid on share  
5 draft accounts cannot exceed the rate that state banks are  
6 permitted to pay on insured passbook savings accounts. Section  
7 1 also repeals several current provisions that require credit  
8 unions to obtain written permission from the state credit  
9 union administrator to offer, to stop offering, or to modify  
10 share drafts.

11 Section 2 repeals sections 533.44 and 533.45. Repeal of  
12 section 533.44 would eliminate the state credit union  
13 administrator's authority to revoke a credit union's authority  
14 to operate a share draft program if there is a pattern of  
15 violations in administering the program. Similar authority  
16 is in section 533.6, subsection 4. Repeal of section 533.45  
17 would eliminate the state requirement of liquid reserves for  
18 share draft accounts. Federal reserve requirements would  
19 remain in effect.

20 The bill would take effect upon publication.

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*Amended from 3351 3/23/83 (p. 873)*

BY BRUNER

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 22, 1983)

As Passed Senate, Date 4-18-83 (p. 1278) Passed House, Date 4-11-83 (p. 1175)

Vote: Ayes 44 Nays 0 Vote: Ayes 95 Nays 0

Approved May 2, 1983 (p. 1515)

# A BILL FOR

1 An Act regulating credit union share drafts and share  
2 draft accounts.

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

## SENATE FILE 90

H-3351

1 Amend Senate File 90 as amended, passed and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 29 the  
4 following:

5 "\_\_\_\_. A credit union may charge fees and penalties  
6 on share drafts and apply fees and penalties to the  
7 credit union's income in relation to share draft  
8 services."

9 2. Renumber as necessary.

H-3351 FILED MARCH 23, 1983

BY COMMITTEE ON SMALL  
BUSINESS AND COMMERCE

*Adopted 4/11/83 (p. 1174)*

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

4 533.42 SHARE DRAFTS.

5 1. A credit union may provide its members with share draft  
6 accounts. Share draft means a negotiable draft which is pay-  
7 able upon demand and is used to withdraw funds from a share  
8 draft account. A share draft is an item for purposes of  
9 chapter 554, article 4. The term does not include a draft  
10 issued by a credit union for the transfer of funds between  
11 the issuing credit union and another credit union, a bank,  
12 a savings and loan association, or another depository financial  
13 institution.

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

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

25 a. A specific guarantee authorization is obtained for  
26 the share draft from the credit union.

27 b. The guarantee authorization is immediately noted on  
28 the share draft account to prevent the withdrawal of funds  
29 needed to pay the guaranteed share draft.

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

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

34 Sec. 3. This Act, being deemed of immediate importance,  
35 takes effect from and after its publication in the Ames Daily

1 Tribune, a newspaper published in Ames, Iowa, and in the  
2 Muscatine Journal, a newspaper published in Muscatine, Iowa.

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SF 90  
rr/slc/26c

HOUSE AMENDMENT TO SENATE FILE 90

S-3486

1 Amend Senate File 90 as amended, passed and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 29 the  
4 following:

5 "\_\_\_\_. A credit union may charge fees and penalties  
6 on share drafts and apply fees and penalties to the  
7 credit union's income in relation to share draft  
8 services."

9 2. Renumber as necessary.

S-3486 FILED  
APRIL 11, 1983

RECEIVED FROM THE HOUSE

*Senate concurred 4/18/83 (p. 1277)*

SENATE FILE 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.

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ROBERT T. ANDERSON  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 90, Seventieth General Assembly.

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K. MARIE THAYER  
Secretary of the Senate

Approved May 2, 1983

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TERRY B. BRANSTAD  
Governor

S.F. 90