

COMMERCE: Hoiden, Chair: Deluhery and Gronstal

SENATE FILE 2155  
BY DELUHERY

Passed Senate, Date 3-4-86 (p. 531) Passed House, Date 4-1-86 (p. 1096)  
Vote: Ayes 49 Nays 0 Vote: Ayes 98 Nays 0  
Approved April 9, 1986

A BILL FOR

1 An Act relating to the powers of the administrator of the  
2 department of credit unions in taking over the management of  
3 credit unions.

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

5

SENATE FILE 2155

S-5216

- 1 Amend Senate File 2155 as follows:
- 2 1. Page 2, line 22, by striking the word
- 3 "administrator" and inserting the following:
- 4 "department".

S-5216 Filed February 26, 1986 BY COMM. ON COMMERCE  
*Adopted 3/4 (p. 531)* KINLEY, CHAIR

S.F. 2155

- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section 533.6, subsection 4, Code 1985, is  
2 amended to read as follows:

3 4. If after notice and opportunity for hearing the  
4 administrator determines that a credit union has violated any  
5 of the provisions of this chapter, the administrator shall,  
6 except when the credit union is insolvent, order the credit  
7 union to correct the condition. The administrator may grant  
8 the credit union not more than sixty days within which to  
9 comply with the order. Failure to comply gives the  
10 administrator grounds to revoke the certificate of approval  
11 and ~~gives the administrator the authority to~~ may apply to the  
12 district court of the county in which this credit union is  
13 located for the appointment of a receiver for the credit  
14 union. Notwithstanding any other provision of this chapter,  
15 upon a determination by the administrator that a credit  
16 union's assets, if made immediately available, would not be  
17 sufficient to discharge the credit union's liabilities, the  
18 administrator shall take control of the credit union, ~~and if~~  
19 ~~the administrator determines that the condition cannot be~~  
20 ~~corrected, the.~~ Upon taking over management of the property  
21 and business of a credit union, the administrator may operate  
22 and direct the affairs of the credit union in its regular  
23 course of business. The administrator may also collect  
24 amounts due to the credit union and do other acts as are  
25 necessary or expedient to conduct the affairs of the credit  
26 union and conserve or protect its assets, property, and  
27 business. If upon taking over the management of the business  
28 and property of the credit union, the administrator concludes  
29 that the credit union is insolvent or should be dissolved for  
30 any other reason enumerated in this section, the administrator  
31 may immediately, or at any time within three years from taking  
32 over management of the credit union, order that the credit  
33 union cease to carry on its business. The administrator shall  
34 revoke the certificate of approval and shall apply to the  
35 district court in the county in which the main office of the

1 credit union is located for the appointment of a receiver for  
2 the credit union. The district court shall appoint the  
3 administrator of the credit union department as receiver  
4 unless the administrator of the credit union department has  
5 tendered the appointment to the administrator of the plan by  
6 which the accounts of the credit union are insured. Either  
7 administrator as receiver ~~shall possess~~ possesses the rights,  
8 powers, and privileges granted by state law to a receiver of a  
9 state credit union. Neither administrator shall be required  
10 to furnish bond as receiver of a state credit union.

11 The administrator may appoint one or more special deputies  
12 as agent or agents with powers specified in the certificate of  
13 appointment to assist the administrator in the duty of  
14 management, conservation, or dissolution and distribution of  
15 the business and property of a credit union whose management  
16 is taken over under this section.

17 During the period of the administrator's management of the  
18 business of the credit union and prior to the time that the  
19 administrator applies to the district court for appointment as  
20 receiver, the administrator may require reimbursement by the  
21 credit union to the extent of the expenses incurred by the  
22 administrator in connection with the management.

23 The administrator may adopt rules which define insolvency  
24 or which establish factors to be considered in determining  
25 insolvency. The administrator may adopt separate solvency  
26 standards for credit unions which are within their first year  
27 of operation.

28 EXPLANATION

29 This bill provides that under certain conditions the  
30 administrator of the department of credit unions may take over  
31 the management of a credit union and operate and direct its  
32 affairs. The administrator may take action to, or require  
33 action be taken to, conserve the assets of the credit union.  
34 The administrator may ultimately determine that the credit  
35 union is insolvent or for other reasons should be dissolved.

1 The administrator may appoint one or more special deputies to  
2 assist the administrator in the management, conservation, or  
3 dissolution and distribution of the business and property of a  
4 credit union under the administrator's management. The  
5 administrator may under certain conditions require the credit  
6 union to reimburse the department for expenses incurred in  
7 managing the credit union.

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35



1 Section 1. Section 533.6, subsection 4, Code 1985, is  
2 amended to read as follows:

3 4. If after notice and opportunity for hearing the  
4 administrator determines that a credit union has violated any  
5 of the provisions of this chapter, the administrator shall,  
6 except when the credit union is insolvent, order the credit  
7 union to correct the condition. The administrator may grant  
8 the credit union not more than sixty days within which to  
9 comply with the order. Failure to comply gives the  
10 administrator grounds to revoke the certificate of approval  
11 and ~~gives the administrator the authority to~~ may apply to the  
12 district court of the county in which this credit union is  
13 located for the appointment of a receiver for the credit  
14 union. Notwithstanding any other provision of this chapter,  
15 upon a determination by the administrator that a credit  
16 union's assets, if made immediately available, would not be  
17 sufficient to discharge the credit union's liabilities, the  
18 administrator shall take control of the credit union, ~~and if~~  
19 ~~the administrator determines that the condition cannot be~~  
20 ~~corrected, the.~~ Upon taking over management of the property  
21 and business of a credit union, the administrator may operate  
22 and direct the affairs of the credit union in its regular  
23 course of business. The administrator may also collect  
24 amounts due to the credit union and do other acts as are  
25 necessary or expedient to conduct the affairs of the credit  
26 union and conserve or protect its assets, property, and  
27 business. If upon taking over the management of the business  
28 and property of the credit union, the administrator concludes  
29 that the credit union is insolvent or should be dissolved for  
30 any other reason enumerated in this section, the administrator  
31 may immediately, or at any time within three years from taking  
32 over management of the credit union, order that the credit  
33 union cease to carry on its business. The administrator shall  
34 revoke the certificate of approval and shall apply to the  
35 district court in the county in which the main office of the

1 credit union is located for the appointment of a receiver for  
2 the credit union. The district court shall appoint the  
3 administrator of the credit union department as receiver  
4 unless the administrator of the credit union department has  
5 tendered the appointment to the administrator of the plan by  
6 which the accounts of the credit union are insured. Either  
7 administrator as receiver ~~shall possess~~ possesses the rights,  
8 powers, and privileges granted by state law to a receiver of a  
9 state credit union. Neither administrator shall be required  
10 to furnish bond as receiver of a state credit union.

11 The administrator may appoint one or more special deputies  
12 as agent or agents with powers specified in the certificate of  
13 appointment to assist the administrator in the duty of  
14 management, conservation, or dissolution and distribution of  
15 the business and property of a credit union whose management  
16 is taken over under this section.

17 During the period of the administrator's management of the  
18 business of the credit union and prior to the time that the  
19 administrator applies to the district court for appointment as  
20 receiver, the administrator may require reimbursement by the  
21 credit union to the extent of the expenses incurred by the  
22 department in connection with the management.

23 The administrator may adopt rules which define insolvency  
24 or which establish factors to be considered in determining  
25 insolvency. The administrator may adopt separate solvency  
26 standards for credit unions which are within their first year  
27 of operation.

28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 2155

AN ACT

RELATING TO THE POWERS OF THE ADMINISTRATOR OF THE DEPARTMENT  
OF CREDIT UNIONS IN TAKING OVER THE MANAGEMENT OF CREDIT  
UNIONS.

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

Section 1. Section 533.6, subsection 4, Code 1985, is amended to read as follows:

4. If after notice and opportunity for hearing the administrator determines that a credit union has violated any of the provisions of this chapter, the administrator shall, except when the credit union is insolvent, order the credit union to correct the condition. The administrator may grant the credit union not more than sixty days within which to comply with the order. Failure to comply gives the administrator grounds to revoke the certificate of approval and gives the administrator the authority to may apply to the district court of the county in which this credit union is located for the appointment of a receiver for the credit union. Notwithstanding any other provision of this chapter, upon a determination by the administrator that a credit union's assets, if made immediately available, would not be sufficient to discharge the credit union's liabilities, the administrator shall take control of the credit union; ~~and if the administrator determines that the condition cannot be corrected; the~~ Upon taking over management of the property and business of a credit union, the administrator may operate and direct the affairs of the credit union in its regular course of business. The administrator may also collect amounts due to the credit union and do other acts as are

necessary or expedient to conduct the affairs of the credit union and conserve or protect its assets, property, and business. If upon taking over the management of the business and property of the credit union, the administrator concludes that the credit union is insolvent or should be dissolved for any other reason enumerated in this section, the administrator may immediately, or at any time within three years from taking over management of the credit union, order that the credit union cease to carry on its business. The administrator shall revoke the certificate of approval and shall apply to the district court in the county in which the main office of the credit union is located for the appointment of a receiver for the credit union. The district court shall appoint the administrator of the credit union department as receiver unless the administrator of the credit union department has tendered the appointment to the administrator of the plan by which the accounts of the credit union are insured. Either administrator as receiver shall possess the rights, powers, and privileges granted by state law to a receiver of a state credit union. Neither administrator shall be required to furnish bond as receiver of a state credit union.

The administrator may appoint one or more special deputies as agent or agents with powers specified in the certificate of appointment to assist the administrator in the duty of management, conservation, or dissolution and distribution of the business and property of a credit union whose management is taken over under this section.

During the period of the administrator's management of the business of the credit union and prior to the time that the administrator applies to the district court for appointment as receiver, the administrator may require reimbursement by the credit union to the extent of the expenses incurred by the department in connection with the management.

The administrator may adopt rules which define insolvency or which establish factors to be considered in determining

insolvency. The administrator may adopt separate solvency standards for credit unions which are within their first year of operation.

---

ROBERT T. ANDERSON  
President of the Senate

---

DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2155, Seventy-first General Assembly.

---

K. MARIE THAYER  
Secretary of the Senate

Approved April 9, 1986

---

TERRY E. BRANSTAD  
Governor