

# CHAPTER 533

## CREDIT UNIONS

Referred to in §12.61, 12C.1, 216.10, 331.602, 423.2, 445.5, 490.1701, 501A.601, 524.821, 533C.102, 535.2, 535.8, 535C.2, 536A.24, 536C.3, 537.1301, 537.2301, 537.6105, 537.6201, 546.4, 602.8103, 669.14

[P]

Former ch 533 repealed by 2007 Acts, ch 174, §98

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## SUBCHAPTER I

## ADMINISTRATION OF ACT

**533.101 Title.**

This chapter shall be known as the “Iowa Credit Union Act”.  
2007 Acts, ch 174, §1

**533.102 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. “*Account insurance plan*” means an arrangement providing account and share insurance which is of a type authorized under section 533.307.

2. “*Common bond*” means the shared characteristic of members of a credit union.

3. *a.* “*Credit union*” means a cooperative, nonprofit association, organized or incorporated in accordance with the provisions of this chapter or under the laws of another state or the Federal Credit Union Act, 12 U.S.C. § 1751 et seq., for the purposes of creating a source of credit at a fair and reasonable rate of interest, of encouraging habits of thrift among its members, and of providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.

*b.* A “*credit union*” is also a “supervised financial organization” as that term is defined and used in chapter 537, the Iowa consumer credit code.

4. “*Credit union service organization*” means a corporation or limited partnership organized under state law to provide financial and financial-related services for one or more credit unions, each of which owns part of the capital stock of the credit union service organization, as authorized under section 533.301, subsection 5, paragraph “*f*”, and which corporation or limited partnership is subject to examination by the credit union division of the Iowa department of commerce or a federal supervisory agency.

5. “*Ownership share*” means a share of a credit union acquired by a member at the time membership is initiated.

6. “*Review board*” means the credit union review board.

7. “*State credit union*” means a credit union organized pursuant to section 533.201.

8. “*Superintendent*” means the superintendent of credit unions appointed pursuant to section 533.104.

2007 Acts, ch 174, §2; 2012 Acts, ch 1023, §138

Referred to in §12C.13, 252L.1, 421.17A

[T] Subsection 3 amended

**533.103 Credit union division created.**

A credit union division of the department of commerce is created to administer this chapter.

2007 Acts, ch 174, §3

Referred to in §546.4

**533.104 Superintendent.**

1. A superintendent of credit unions shall be appointed by the governor, subject to confirmation by the senate, to regulate credit unions.

*a.* The appointee shall be selected solely with regard to qualification and fitness to discharge the duties of office.

*b.* The individual appointed shall have at least five years’ experience as a director

or executive officer of a credit union, or comparable experience in the regulation or examination of credit unions. For purposes of this paragraph, credit union membership does not qualify as credit union experience.

2. The superintendent shall have an office at the seat of government. The superintendent's term of office shall be four years beginning and ending as provided by section 69.19. The governor may remove the superintendent for malfeasance in office, or for any cause that renders the superintendent ineligible, incapable, or unfit to discharge the duties of the office.

3. The superintendent shall receive a salary set by the governor within a range established by the general assembly.

4. A vacancy in the office of superintendent shall be filled for the unexpired portion of the regular term.

5. The superintendent may adopt rules as necessary or appropriate to administer this chapter, subject to the prior approval of the rules by the review board.

2007 Acts, ch 174, §4

Referred to in §533.102, 546.4

[P] Confirmation, see §2.32

#### **533.105 Deputy superintendent.**

1. The superintendent may appoint an employee of the credit union division as deputy superintendent to perform the duties of the superintendent during the superintendent's absence or inability to act.

2. The deputy superintendent shall serve at the pleasure of the superintendent. If the office of the superintendent becomes vacant, the deputy superintendent shall have all powers and duties of the superintendent until a new superintendent is appointed by the governor in accordance with this chapter.

3. The deputy superintendent shall receive a salary to be fixed by the superintendent.

2007 Acts, ch 174, §5

#### **533.106 Employees.**

1. a. The superintendent may appoint assistants, examiners, and other employees as the superintendent considers necessary to the proper discharge of duties imposed upon the superintendent by the laws of this state.

b. Pay plans shall be established for the credit union division employees, other than clerical employees, who supervise and examine the accounts and affairs of credit unions and other persons, subject to supervision and regulation by the superintendent, that are substantially equivalent to those paid by the national credit union administration and other federal supervisory agencies in this area of the United States.

2. a. A state credit union, or its officers, directors, or employees, shall not directly or indirectly make a loan of money or property to the superintendent.

b. The superintendent shall not directly or indirectly accept a loan of money or property from a state credit union, or its officers, directors, or employees.

3. a. An employee of the credit union division, other than the superintendent, may borrow money from a state credit union only on comparable terms and conditions to those ordinarily extended to all members of the credit union. The employee shall notify the superintendent of the acceptance of a loan from a state credit union.

b. The superintendent may restrict borrowing by employees from state credit unions if the superintendent determines such borrowing will interfere with the functions of the credit union division.

c. An employee shall not participate in the examination of a credit union where the employee has a loan.

4. The superintendent or an employee of the credit union division, other than a member of the review board, shall not perform any services for or be an officer, director, or employee of a state credit union or any other entity supervised or regulated by the credit union division.

5. A person who violates this section shall be permanently disqualified from acting as an officer, director, or employee of a state credit union and permanently disqualified from acting as superintendent or an employee of the credit union division.

6. The superintendent or an employee of the credit union division who is convicted of theft, burglary, robbery, larceny, embezzlement, or other crime involving breach of trust shall be forever disqualified from holding any position in the credit union division.

2007 Acts, ch 174, §6

**533.107 Credit union review board.**

1. A credit union review board is created. The review board shall consist of seven members, five of whom shall have been members in good standing for at least the previous five years of either an Iowa state chartered credit union, or a credit union chartered under the Federal Credit Union Act\* and having its principal place of business in Iowa. Two of the members may be public members; however, at no time shall more than five of the members be directors or employees of a credit union. The members shall serve for three-year staggered terms beginning and ending as provided by section 69.19.

2. The members of the review board shall be appointed by the governor subject to confirmation by the senate. The governor may appoint the members of the review board from a list of nominees submitted to the governor by the credit unions located in this state.

3. The review board shall meet at least four times each year and shall hold special meetings at the call of the chairperson. Four members constitute a quorum.

4. Each member of the review board shall receive actual and necessary expenses incurred in the discharge of official duties. Each member of the review board may also be eligible to receive compensation as provided in section 7E.6.

5. A member of the review board shall not take part in any action or participate in any decision when the matter under consideration specifically relates to a credit union of which the review board member is a member.

6. The review board may adopt rules pursuant to chapter 17A or take other action as it deems necessary or suitable, to administer this chapter.

2007 Acts, ch 174, §7

[P] \*12 U.S.C. §1751 et seq.

[P] Confirmation, see §2.32

**533.108 Records of credit union division.**

1. a. Records of the credit union division are public records subject to the provisions of chapter 22, except as otherwise provided in this chapter.

b. Papers, documents, writings, reports, reports of examinations and other information relating specifically to the supervision and regulation of a specific state credit union or of other persons by the superintendent pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

c. The superintendent or an employee of the credit union division shall not disclose information relating specifically to the supervision and regulation of a specific state credit union or of other persons in any manner to any person other than the person examined, except as otherwise authorized by this section or section 533.113 or 533.308.

d. Notwithstanding the prohibition on disclosure pursuant to paragraph “c”, the superintendent or an employee of the credit union division may disclose information relating specifically to the supervision and regulation of a specific state credit union or of other persons if the credit union or other person consents in writing to the disclosure and the persons to whom the disclosures are made are subject to, or agree to comply with, standards of confidentiality comparable to those contained in this chapter.

2. a. The superintendent or an employee of the credit union division shall not be subpoenaed in any cause or proceeding to give testimony concerning papers, documents, writings, reports, reports of examinations, or other information relating to the supervision and regulation of a specific state credit union or persons by the superintendent pursuant to the laws of this state.

b. The papers, documents, writings, reports, reports of examinations, and other information of the credit union division that relate to the supervision and regulation of a

specific state credit union or persons shall not be offered in evidence in a court or be subject to subpoena by a party, except when relevant in the following matters:

- (1) In actions or proceedings brought by the superintendent.
- (2) In matters in which an interested and proper party seeks review of a decision of the superintendent.
- (3) In actions or proceedings that arise out of the criminal provisions of the laws of this state or of the United States.
- (4) In actions brought as shareholder derivative suits against a credit union by a member who has acquired an ownership share.
- (5) In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation, or misuse of credit union funds.

3. *a.* Information, records, and documents utilized for the purpose of, or in the course of, investigation, regulation, or examination of a specific credit union, received by the credit union division from some other governmental entity that treats such information, records, and documents as confidential, are confidential and shall not be disclosed by the division and are not subject to subpoena.

*b.* Information, records, and documents under paragraph “*a*” do not constitute a public record subject to examination and copying under chapter 22.

*c.* The superintendent may exchange with governmental regulatory officials confidential information, records, and documents that are not a public record subject to examination and copying under chapter 22 provided that the other officials are subject to, or agree to comply with, standards of confidentiality comparable to those contained in this section.

2007 Acts, ch 174, §8; 2012 Acts, ch 1020, §1

Referred to in §533.325

[T] Subsection 1 amended

#### **533.109 Insurance and surety bond.**

1. The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state in order to ensure both of the following:

*a.* The faithful performance of the deputy superintendent, assistants, examiners, and all other employees of the credit union division.

*b.* Protection from any liability that may accrue in case of the loss of property of a state credit union, or of a member of a state credit union or of any other person, in the course of an examination, investigation, or other function required or allowed by the laws of this state.

2. The superintendent shall be bonded in accordance with chapter 64, provided that such bond shall be in the amount of one hundred thousand dollars.

2007 Acts, ch 174, §9

#### **533.110 Reimbursement of expenses.**

1. The superintendent, deputy superintendent, assistants, examiners, and other employees of the credit union division are entitled to receive reimbursement for expenses incurred in the performance of their duties.

2. The superintendent, and when specifically authorized by the superintendent, the deputy superintendent, assistants, examiners, and other employees of the division, are entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties.

2007 Acts, ch 174, §10

#### **533.111 Expenses of the credit union division.**

1. *a.* All expenses required in the discharge of the duties and responsibilities imposed upon the credit union division, the superintendent, and the review board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the department of commerce revolving fund created in section 546.12.

*b.* All fees imposed under this chapter are payable to the superintendent, who shall pay all fees and other moneys received to the treasurer of state within the time required by section 12.10. The treasurer of state shall deposit such funds in the department of commerce revolving fund created in section 546.12.

2. The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state, and each separate duty shall be fiscally self-sustaining.

3. The credit union division may expend additional funds, including funds for additional personnel, if the additional expenditures are actual expenses that exceed the funds budgeted for credit union examinations and directly result from examinations of state credit unions.

a. The amounts necessary to fund the excess examination expenses shall be collected from state credit unions being regulated, and the collections shall be treated as repayment receipts as defined in section 8.2.

b. The division shall notify in writing the legislative services agency and the department of management when hiring additional personnel. The written notification shall include documentation that any additional expenditure related to such hiring will be totally reimbursed as provided in section 546.12, subsection 2, and shall also include the division's justification for hiring such personnel. The division must obtain the approval of the department of management only if the number of additional personnel to be hired exceeds the number of full-time equivalent positions authorized by the general assembly.

4. a. All fees and other moneys collected shall be deposited into the department of commerce revolving fund created in section 546.12 and expenses required to be paid under this section shall be paid from moneys in the department of commerce revolving fund and appropriated for those purposes.

b. Funds appropriated to the credit union division shall be subject at all times to the warrant of the director of the department of administrative services, drawn upon written requisition of the superintendent or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the credit union division.

5. The credit union division may accept reimbursement of expenses related to the examination of a state credit union from the national credit union administration or any other guarantor or insurance plan authorized by this chapter. These reimbursements shall be deposited into the department of commerce revolving fund created in section 546.12.

2007 Acts, ch 174, §11; 2009 Acts, ch 181, §104; 2011 Acts, ch 34, §122

### **533.112 Annual and individual fees — examination fees — delinquencies.**

1. Each state credit union shall pay an annual fee for examination and supervision as determined by the superintendent based on the actual cost of operating the credit union division.

a. The cost of operating the credit union division shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the discharge of the duties imposed on the superintendent under this chapter.

b. (1) The cost of operating the credit union division shall also include but not be limited to the costs incurred due to additional time and other division resources required for any of the following:

(a) Performing services for the credit union that are customarily performed by the credit union.

(b) Performing services related to a particular examination that exceed estimates for an individual credit union's examination based on factors including but not limited to the asset size of the credit union, the complexity of transactions to be examined, and the examination history of the credit union.

(2) An individual fee assessment for such costs incurred under this paragraph "b" may be made in addition to a credit union's annual fee.

c. In establishing the structure of the fee schedule, the superintendent shall consider recommendations from the review board and from state credit unions.

d. The annual fee may be paid in one or more installments, as provided by rule by the superintendent.

2. Each corporation, credit union service organization, or other person subject to an examination pursuant to section 533.113 shall pay an examination fee as determined by

the superintendent, which shall reflect but not be limited to the time required for the examination and the costs of the examination.

a. The costs of the examination shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the discharge of duties imposed upon the superintendent under this chapter.

b. The examination fee shall be due within thirty days of presentation of the fee statement to the corporation, credit union service organization, or other person examined by the division.

3. In addition to the annual fee and examination fee assessed pursuant to this section, the division may also assess a credit union, credit union service organization, corporation, or other person subject to an examination pursuant to section 533.113 for the expense of accountants, investigators, and other experts reasonably necessary to assist in the conduct of the examination, pursuant to section 533.113, subsection 1.

4. a. Failure of a state credit union, corporation, credit union service organization, or other person to pay a fee pursuant to subsection 1, 2, or 3 shall result in the fee being considered delinquent and a penalty equal to five percent of the original fee may be assessed for each day or part of a day the payment remains delinquent.

b. A fee delinquency under this subsection by a corporation, credit union service organization, or other person may result in the superintendent collecting the delinquent fee and penalty from the state credit union owning shares or investments or having business transactions or a relationship with such corporation, credit union service organization, or other person.

c. A fee delinquency under this subsection may also constitute grounds for revocation of the certificate of approval of the credit union to operate in this state.

2007 Acts, ch 174, §12; 2012 Acts, ch 1020, §2

Referred to in §533.330

[T] Section amended

### **533.113 Examinations.**

1. The superintendent may do any or all of the following:

a. Make or cause to be made an examination of a credit union whenever the superintendent believes such examination is necessary or advisable, but in no event less frequently than once during each twenty-four-month period.

b. Make or cause to be made such limited examinations at such times and with such frequency as the superintendent deems necessary and advisable to determine the condition of any state credit union and whether any person has violated the provisions of this chapter.

c. Make or cause to be made an examination of any corporation or credit union service organization in which a state credit union owns shares or has made an investment.

d. Make or cause to be made an examination of any person having business transactions or a relationship with any state credit union, upon application to and order of the district court of Polk county, when such examination is deemed necessary and advisable in order to determine whether the capital of the state credit union is impaired or whether the safety of its deposits is imperiled.

e. Accept, in lieu of the examination of a state credit union, or any corporation or credit union service organization in which a state credit union owns shares or has made an investment, or of any person having business transactions or a relationship with any state credit union, an examination report prepared by a federal regulatory authority.

f. Accept, in lieu of the examination of a state credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the superintendent. The cost of the audit shall be paid by the state credit union.

g. Accept, in lieu of the examination of an out-of-state credit union which also conducts business in this state, an examination report prepared by a state or federal regulatory authority.

h. Retain, at the examinee's expense, accountants, investigators, and other experts as

reasonably necessary to assist in the conduct of the examination. Any person so retained shall serve in a purely advisory capacity at the direction of the superintendent.

2. A state credit union and all of its officers and agents shall give to the representatives of the superintendent free and unimpeded access to all books, papers, securities, records, and other sources of information under their control.

3. *a.* A report of examination shall be forwarded to the chairperson of a state credit union within thirty days after the completion of the examination. Within thirty days of the receipt of this report, a meeting of the directors shall be called by the state credit union to consider matters contained in the report and the action taken shall be set forth in the minutes of the board.

*b.* The report of examination of any affiliate or of any person examined as provided in this subsection shall not be transmitted by the superintendent to any such affiliate or person or to the board of directors of any state credit union unless authorized or requested by such affiliate or person.

4. *a.* Whenever the superintendent deems it necessary and advisable, the superintendent may notify the board of directors of a state credit union that a meeting will be held at a place and time and manner as the superintendent directs. The superintendent's notice may disclose the purpose of the meeting.

*b.* The superintendent may present to the board at the meeting any item the superintendent desires to bring to the attention of the board, including but not limited to any report of an examination required or allowed by this chapter, any conclusions or projections drawn by the superintendent, any recommendations made relative to a report of an examination, and any other matters concerning the operation and condition of the state credit union.

*c.* The state credit union shall cause the matters presented at the meeting to be recorded in the minutes of the meeting.

*d.* Each member of the board of directors shall furnish the superintendent a statement on forms supplied by the superintendent that the member is familiar with the matters presented by the superintendent.

5. The superintendent may require any of the following state credit unions to submit to an additional examination or to an independent audit performed by a certified public accounting firm as provided in subsection 1, paragraph "f", at the expense of the state credit union:

*a.* A state credit union where the records are inadequate.

*b.* A state credit union in which the books have not been balanced as of the end of the month not less than thirty days previously.

*c.* A state credit union whose affairs are in an unfavorable condition.

6. The superintendent may furnish a copy of the examination report and materials relating to any or all examinations made of any state credit union and any affiliate of a state credit union to any or all of the following, including any official or supervising examiner of any office or regulatory authority:

*a.* The national credit union administration.

*b.* The federal deposit insurance corporation.

*c.* The federal reserve system.

*d.* The office of the comptroller of the currency.

*e.* The federal home loan bank.

*f.* Financial institution regulatory authorities of other states.

*g.* The financial crimes enforcement network of the United States department of the treasury.

7. If the superintendent concludes that a state credit union's affairs are in an unfavorable condition, the superintendent may direct the state credit union to consider consolidation, dissolution, or any other form of reorganization.

2007 Acts, ch 174, §13; 2012 Acts, ch 1020, §3

Referred to in §533.108, 533.112, 537.2305

[T] Subsection 6, paragraph e stricken and former paragraphs f - h redesignated as e - g



**533.114 Annual report of superintendent.**

1. The superintendent shall report annually to the governor in the manner and within the time required by chapter 7A. A copy of the report shall be furnished by the superintendent to each state credit union and to the Iowa credit union league and its affiliates.

2. In addition to the matters required by chapter 7A, the annual report of the superintendent shall contain all of the following:

a. A summary of applications approved or denied by the superintendent pursuant to this chapter since the last previous report.

b. A summary of the assets, liabilities, and capital structures of all state credit unions, and a summary of the volume of consumer installment credit outstanding per state credit union, as of December 31 of the year for which the report is made.

c. A statement of the receipts and disbursements of funds of the superintendent during the calendar year ending on the preceding December 31 and of the funds on hand on that December 31, including an estimate of the disbursements of credit union division funds for consumer credit protection during the year for which the report is made.

d. Information that the administrator of the Iowa consumer credit code may require to be included.

e. A list of state credit unions that have been designated as serving predominantly low-income members pursuant to section 533.301, subsection 1.

f. Other information the superintendent deems appropriate and advisable to disclose in the discharge of the duties imposed upon the superintendent by this chapter.

2007 Acts, ch 174, §14

**533.115 Reciprocity.**

1. Subject to rules of the superintendent, a credit union organized in another state may do business in Iowa if state credit unions organized in Iowa may do business in the state in which the out-of-state credit union is organized.

2. Notwithstanding subsection 1, an out-of-state credit union shall meet the same deposit insurance requirements established by this chapter for a state credit union prior to doing business in Iowa.

2007 Acts, ch 174, §15

**533.116 Enforcement of Iowa consumer credit code.**

1. The superintendent shall enforce the Iowa consumer credit code with respect to state credit unions, as provided in sections 537.2303, 537.2305, and 537.6105.

2. The superintendent shall cooperate with the administrator of the Iowa consumer credit code as designated in section 537.6103, and shall assist that administrator whenever necessary to provide for the discharge of the duties of that administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall furnish to the administrator of the Iowa consumer credit code, access to or copies of records in the custody of the credit union division that relate to a state credit union when necessary to enable the administrator of the Iowa consumer credit code to enforce chapter 537.

2007 Acts, ch 174, §16

**533.117 Small loans legislation.**

This chapter does not apply to any person engaged in the business of loaning money under chapter 536.

2007 Acts, ch 174, §17

SUBCHAPTER II  
ORGANIZATION OF CREDIT UNIONS

**533.201 Organization.**

1. In order to simplify the organization of state credit unions, the superintendent shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter, which shall be used by state credit union incorporators.

2. *a.* A group comprised of at least seven residents of the state of Iowa may apply to the superintendent for permission to organize a state credit union.

*b.* A state credit union shall be organized by delivering to the superintendent articles of incorporation that state all of the following:

(1) The name and location of the proposed state credit union.

(2) The names and addresses of the subscribers to the articles and the number of shares subscribed to by each.

(3) The share structure of the state credit union. A state credit union may have more than one class of shares. The par value of the shares of the state credit union shall be established by the board of directors.

3. The applicants shall prepare and adopt bylaws for the general governance of the state credit union consistent with the provisions of this chapter.

4. The articles and the bylaws, both executed in duplicate, shall be forwarded with a fee of ten dollars to the superintendent.

5. *a.* The superintendent shall determine whether the articles and bylaws conform to the provisions of this chapter within thirty days of receipt.

*b.* The superintendent shall notify the applicants of the determination after review of the articles and bylaws.

*c.* If the decision is favorable, the superintendent shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and returned, together with the duplicate bylaws, to the applicants.

*d.* Articles and bylaws approved by the superintendent shall be binding upon the applicants and the board of directors of a state credit union. If the board of directors does not follow the articles of incorporation and bylaws, the members of the state credit union may pursue a derivative action in Iowa district court.

6. *a.* The applicants shall file the duplicate of the articles of incorporation and the attached certificate of approval with the county recorder of the county within which the state credit union is to have its principal place of business.

*b.* The county recorder shall record and index the duplicate of the articles of incorporation and the attached certificate of approval and return the articles of incorporation and the certificate of approval, with the recorder's certificate of record attached, to the superintendent for permanent record.

7. Articles of incorporation or bylaws may be amended by any of the following methods, upon a favorable vote of a majority of the board of directors selecting the method of voting:

*a.* The favorable vote of a majority of the members present at a meeting, if that number constitutes a quorum and if the proposed amendment was contained in the notice of the meeting.

*b.* The favorable vote of a majority of the members of the board.

*c.* By a majority vote of members voting by mailed or electronic ballot, ensuring votes remain confidential and secret from all interested parties, and that each member is only allowed to vote once, according to procedures specified by rule of the superintendent or as specified in the bylaws.

*d.* A combination of procedures as specified in paragraphs "a" and "c", according to procedures specified by rule of the superintendent or as specified in the bylaws.

8. If the proposed amendment receives a favorable majority of the total votes cast under the method of voting selected under subsection 7, the articles of incorporation or bylaws are amended as proposed. Notice shall be given to members of the results of the vote. Ballots

of members shall be preserved for at least sixty days after the results are tallied and notice given to members, and until any challenge is resolved.

9. An amendment to the articles of incorporation or bylaws must be approved by the superintendent before the amendment becomes effective.

10. The original articles or amended articles may contain a provision eliminating or limiting the personal liability of a director, officer, or employee of the state credit union or its shareholders for monetary damages for breach of fiduciary duty as a director, officer, or employee, provided that the provision does not eliminate or limit the liability of a director, officer, or employee for any breach of the director's, officer's, or employee's duty of loyalty to the state credit union or its shareholders, for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, or for any transaction from which the director, officer, or employee derives an improper personal benefit. However, a provision shall not eliminate or limit the liability of a director, officer, employee, or shareholder for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

2007 Acts, ch 174, §18; 2012 Acts, ch 1020, §4

Referred to in §533.102

[T] Subsections 7 and 8 amended

### **533.202 Common bond — membership — ownership share.**

1. *a.* State credit union organization shall be available to groups of individuals who have a common bond of association such as, but not limited to, occupation, common employer, or residence within specified geographic boundaries.

*b.* Changes in the common bond may be made by the board of directors.

2. *a.* The membership of a state credit union consists of those persons in the common bond who have subscribed to one ownership share and have complied with the other requirements specified by the articles of incorporation and bylaws.

*b.* Organizations, incorporated or otherwise, may be members.

*c.* Unless the state credit union's bylaws state otherwise, once a person or organization becomes a member of a state credit union in accordance with this chapter, the person or organization may remain a member of that state credit union, and retain all membership privileges, until the person or organization chooses to withdraw from the membership of the state credit union, or is expelled pursuant to section 533.210.

2007 Acts, ch 174, §19

### **533.203 Fiscal year — membership meetings — voting by membership — notice.**

1. The fiscal year of all state credit unions shall end December 31.

2. Annual meetings shall be held, and special meetings may be held, in the manner indicated in the bylaws.

*a.* A member shall have one vote regardless of the number of or class of shares held by the member.

*b.* There shall be no voting by proxy.

*c.* A member other than a natural person may cast a single vote through a delegated agent.

3. *a.* When a vote of the membership is required under the provisions of this chapter, the board of directors, by a favorable vote of the majority of the board, shall select one of the following methods for conducting that vote, unless a procedure for that vote is otherwise specified:

(1) The favorable vote of a majority of the members present at a meeting, if that number constitutes a quorum and if the proposed vote was contained in the notice of the meeting.

(2) By a majority vote of members voting by mailed or electronic ballot according to procedures specified by rule of the superintendent or as specified in the bylaws.

(3) A combination of procedures as specified in subparagraphs (1) and (2), according to procedures specified by rule of the superintendent or as specified in the bylaws.

*b.* Notice shall be given to members of the results of the vote. Ballots of members shall be preserved for at least sixty days after the results are tallied and notice given to members, and until any challenge is resolved.

4. Votes of the membership conducted in accordance with this chapter shall ensure that votes remain confidential and secret from all interested parties, and that each member is only allowed to vote once.

5. When notice to members is required under the provisions of this chapter, the board of directors may satisfy the notice requirement by sending the notice electronically to those members who have exercised an option to receive notices electronically.

6. Credit unions may send account statements and other communications electronically to those members who have exercised an option to receive communications electronically.

2007 Acts, ch 174, §20; 2012 Acts, ch 1020, §5

Referred to in §533.203A, 533.204, 533.208, 533.213, 533.401, 533.403, 533.405

[T] Section amended

**533.203A Vote to modify, amend, or reverse act of board of directors — instruction to take action.**

1. The majority of members present at any meeting may vote to modify, amend, or reverse any act of the board of directors or instruct the board to take action not inconsistent with the articles, bylaws, or this chapter.

2. In order to be binding upon the board of directors, any action taken by the membership to modify, amend, or reverse an act of the board, or to instruct the board to take action, requires an affirmative vote of a majority of all eligible members obtained by submitting the modification, amendment, reversal, or instruction to the members for a vote, pursuant to the provisions of section 533.203.

2012 Acts, ch 1020, §6

[T] NEW section

**533.204 Election of board.**

1. At the organizational meeting, and at each annual meeting after initial organization, a board of directors shall be elected to hold office. The board shall consist of at least seven members, but in every instance shall be composed of an odd number of directors. The directors shall serve staggered terms of three years, as the bylaws provide, so that an approximately equal number of terms expire at each annual meeting. A director shall serve until a successor is elected and qualified.

2. At each annual meeting, one member shall be elected to fill each position vacated by reason of an expiring term or other cause.

3. The board of directors shall allow members to vote on the election of directors according to the provisions of section 533.203.

4. A record of the names and addresses of the directors, officers, and committee persons shall be filed with the superintendent within ten days following each election or any other change in the directors, officers, or committee persons.

2007 Acts, ch 174, §21; 2011 Acts, ch 34, §123; 2012 Acts, ch 1020, §7

[T] Section amended

**533.205 Board of directors — duties.**

1. Within five days following the organizational meeting and each annual meeting, the directors shall elect the following officers from the membership of the board of directors:

- a. A chairperson of the board.
- b. A vice chairperson.
- c. A secretary.
- d. A chief financial officer whose title shall be designated by the board.

2. a. The board of directors shall appoint the following committees:

- (1) A credit committee of not less than three members.
- (2) An auditing committee of not less than three members.

b. The board may also appoint alternate members of the credit committee or the auditing committee.

c. Only a member of the board or a member of the state credit union may be appointed to the credit committee or to the auditing committee.

d. The board may appoint an executive committee to act on the board's behalf.

3. The duties and responsibilities of a director and of the board of directors shall include, but are not limited to, all of the following:

- a. General management of the affairs of the state credit union.
- b. Setting the amount of the surety bond that shall be required of all officers and employees handling money.
- c. Attendance at no less than seventy-five percent of the regular board meetings held during the calendar year.
- d. Periodic review of the original records of the state credit union, or comprehensive summaries prepared by the officers of the state credit union, pertaining to loans, security interests, and investments.
- e. Review of the adequacy of the state credit union's internal controls.
- f. Periodic review of utilization of security measures.
- g. Establishing education and training programs to ensure that the director possesses adequate knowledge to manage the affairs of the state credit union.

4. a. Directors of a state credit union shall discharge the duties of their position in good faith and with that diligence, care, and skill which ordinarily prudent persons would exercise under similar circumstances in like positions.

b. The directors have a continuing responsibility to assure themselves that the state credit union is being managed according to law and that the practices and policies adopted by the board are being implemented.

5. a. The board of directors shall name or employ an individual who performs active executive or official duties for the state credit union as its chief executive officer.

b. The board shall fix the tenure and provide for the reasonable compensation of the chief executive officer.

c. The chief executive officer may be a member of the board of directors.

6. a. The chief executive officer or the chief executive officer's designee shall determine the compensation and tenure of employees of the state credit union.

b. An employee of the state credit union shall not be a member of the board of directors.

c. For purposes of this section, an "*employee of the state credit union*" means an individual employed by the state credit union other than the chief executive officer.

7. A state credit union shall not pay an overdraft of a director, officer, or employee of the state credit union on an account at the state credit union, unless the payment of funds is made in accordance with either of the following:

a. A written, preauthorized, interest-bearing extension of credit plan that specifies a method of repayment.

b. A written, preauthorized transfer of collected funds from another account of the account holder at the state credit union.

8. A credit union director shall not receive compensation for service as a director. However, a director may be reimbursed for reasonable expenses directly related to such service.

2007 Acts, ch 174, §22; 2011 Acts, ch 34, §124; 2012 Acts, ch 1020, §8

[T] Subsection 2, paragraph b amended

### **533.206 Meetings of the board.**

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.

2007 Acts, ch 174, §23

### **533.207 Credit committee.**

1. The credit committee shall have responsibility for the general supervision of all loans to members.

2. Applications for loans shall be on a form approved by the credit committee.

a. All applications shall set forth the purpose for which the loan is desired, the security, if any, offered, and such other data as may be required.

b. Within the meaning of this section, an assignment of shares or deposits or the endorsement of a note may be deemed security.

3. At least a majority of the members of the credit committee shall review and act on all loan applications and may grant approval, or the credit committee, with the prior approval of the board of directors, may grant one or more loan officers the power to approve or reject loans subject to written conditions and regulations adopted by the credit committee.

4. The credit committee shall meet as often as may be necessary after due notice to each committee member.

2007 Acts, ch 174, §24; 2011 Acts, ch 34, §125

#### **533.208 Auditing committee.**

The auditing committee shall perform the following functions:

1. Make or cause to be made an examination of the affairs of the state credit union at least annually, including an audit of its financial records. If the auditing committee feels such action to be necessary, the auditing committee shall call the members together after the audit and submit to them its report.

2. Make or cause to be made an annual report and submit it at the annual meeting of the members.

3. Suspend by majority vote any officer, director, or member of the auditing committee if the auditing committee deems the action to be necessary to the proper conduct of the state credit union. The suspension shall be put to a vote of the membership, according to the provisions of section 533.203. The members may vote to sustain the suspension and remove the officer, director, or member permanently or may vote to reinstate the officer, director, or member.

4. Call a special meeting of state credit union members by majority vote to consider a matter to be submitted by the auditing committee.

2007 Acts, ch 174, §25; 2012 Acts, ch 1020, §9

[T] Subsection 3 amended

#### **533.209 Conflicts of interest.**

1. A director, committee member, officer, or employee of a state credit union shall not directly or indirectly participate in either the deliberation upon or the determination of any matter in which the director, committee member, officer, or employee has a direct or indirect interest.

2. For the purposes of this section, an “*interest*” may include, but is not limited to, a pecuniary or familial interest.

2007 Acts, ch 174, §26

#### **533.210 Expulsion or withdrawal of credit union member.**

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

a. Carry out the member’s obligations to the state credit union.

b. Comply with the state credit union’s bylaws or policies.

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, which shall be held within sixty days of an expelled member’s request.

b. At the hearing, the membership may reinstate the expelled member by majority vote, upon terms and conditions prescribed at the hearing.

3. Any member may withdraw from the state credit union at any time, but advance notice of withdrawal of shares or deposits may be required as provided in this section.

4. After deducting all amounts due from the member to the state credit union and the amount necessary to honor outstanding share drafts drawn against accounts of the member, all amounts paid on shares or as deposits of an expelled or withdrawn member, along with

accrued dividends and interest to the date of expulsion or withdrawal, shall be paid to that member.

5. Upon expulsion or withdrawal of a member from a state credit union, or at any other time, the state credit union may require sixty days' notice of intention to withdraw shares and thirty days' notice of intention to withdraw deposits, except that a state credit union shall not at any time require notice of withdrawal with respect to funds that are subject to withdrawal by share drafts.

6. Expelled or withdrawn members shall have no further rights in the state credit union. However, expelled or withdrawn members shall not be released from any remaining liability to the state credit union because of the expulsion or withdrawal.

2007 Acts, ch 174, §27; 2012 Acts, ch 1020, §10

Referred to in §533.202, 533.302  
[T] Subsections 3, 4, and 6 amended

### **533.211 Suspension or restriction of services.**

1. A state credit union may suspend or deny certain services to members who have done any of the following:

- a. Caused a loss to the state credit union.
- b. Violated the membership agreement or any policy adopted by the board.
- c. Been physically or verbally abusive to state credit union members or staff.

2. Members with suspended services may maintain a share account and continue to vote at annual and special meetings.

2007 Acts, ch 174, §28

### **533.212 Use of name "credit union" requirements — restrictions — exceptions.**

1. a. A state credit union organized in accordance with this chapter shall include the words "credit union" in its name.

b. All state credit union offices shall be identified by use of the state credit union's full name.

c. The full name of a state credit union shall be used in all legal documents of the state credit union.

2. a. A person other than a credit union shall not use a name or title containing the words "credit union", or any derivation, and shall not represent in advertising or otherwise that the person is conducting business as a credit union, except as provided in subsection 3.

b. A person who violates paragraph "a" may be enjoined from the use of words, advertising, or other representation prohibited by paragraph "a".

3. The prohibitions contained in subsection 2 do not apply to any of the following entities:

- a. A credit union organized under this chapter or the laws of another state.
- b. A credit union organized under the Federal Credit Union Act, 12 U.S.C. § 1751 et seq.
- c. The Iowa credit union league, a chapter, affiliate, or subsidiary of the Iowa credit union league or a political action committee formed pursuant to the Federal Election Campaign Act, 2 U.S.C. § 431 et seq., or chapter 68A by the Iowa credit union league or by credit unions organized under this chapter or federal law.

d. A joint service center operated by two or more credit unions where credit union services are made available to credit union members.

e. An organization formed for educational purposes in association with an accredited elementary or secondary school that engages in receipt of deposits of no more than twenty dollars per depositor and uses the words "educational credit union" in its name. An educational credit union must be affiliated with a state credit union organized under this chapter. Notwithstanding this recognition given to an educational credit union, an educational credit union is not a state credit union within the scope or regulation of this chapter.

2007 Acts, ch 174, §29

### **533.213 Corporate central credit union.**

1. A corporate central credit union may be established.

a. Credit unions organized under this chapter, the Federal Credit Union Act,\* or any other credit union act and credit union organizations may be members.

b. Regulated financial institutions, nonprofit organizations, and cooperative organizations may also be members to the extent and manner provided for in the bylaws of the corporate central credit union.

2. A corporate central credit union shall not be required to transfer to its legal reserve more than five percent of its net income for the year.

3. A corporate central credit union shall have all the powers, restrictions, and obligations imposed upon or granted to a state credit union under this chapter, except that the corporate central credit union may also exercise any of the following additional powers subject to the adoption of rules by the superintendent and with the prior written approval of the superintendent:

a. Borrow any amount from any source.

b. Invest in or purchase obligations or securities or other designated investments to the same extent authorized for other supervised financial institutions.

c. Invest in or acquire shares, stocks, or other obligations of an organization providing services that are associated with the operations of credit unions. However, the aggregate amount invested pursuant to this paragraph shall not exceed fifty percent of the total of all reserves and undivided earnings of the corporate central credit union.

d. Buy or sell investment securities and corporate bonds that are evidences of indebtedness. However, the purchase or sale is limited to marketable obligations of a corporation or state or federal agency issued without recourse.

e. Establish one or more capital accounts in the same manner as if it were a federal credit union.

f. Sell all or part of its assets to another corporate central credit union and assume the liabilities of a selling corporate central credit union if the action is pursuant to a plan agreed upon by a majority of the board of directors and, in the case of the sale of all of its assets, the affirmative vote of a majority of its members according to the provisions of section 533.203.

g. Invest in the shares or deposits of another similarly organized corporate central credit union, or central liquidity facility.

h. Make other investments approved by the superintendent.

2007 Acts, ch 174, §30; 2012 Acts, ch 1020, §11

Referred to in §12C.16, 12C.17

[P] \*12 U.S.C. §1751 et seq.

[T] Subsection 3, paragraph f amended

**533.214 Central credit unions.**

Credit unions known as central credit unions may exist for the purpose of serving directors, officers, and employees of credit unions, members of dissolved and existing credit unions, credit unions, employee groups as described in section 533.301, subsection 13, and such other persons as the superintendent approves.

2007 Acts, ch 174, §31; 2008 Acts, ch 1031, §57

SUBCHAPTER III

CREDIT UNION OPERATIONS

**533.301 Powers.**

A state credit union shall have the power to do all of the following:

1. Receive payments for ownership shares, for other shares, or as deposits from any or all of the following:

a. Members of the state credit union.

b. Nonmembers as prescribed by rule where the state credit union is serving predominantly low-income members. Rules adopted allowing nonmember deposits in state credit unions serving predominantly low-income members shall be designed solely to meet the needs of the low-income members.



- c. Other state credit unions.
- d. Federal, state, county, and city governments.
2. Make loans or leases to members.
3. Make loans to a cooperative society or other organization having membership in the state credit union.
4. Make deposits in state and national banks, federal savings banks or savings and loan associations, and state and federal credit unions, the accounts of which are insured by the federal deposit insurance corporation or the national credit union share insurance fund.
5. Make investments in any or all of the following:
  - a. Time deposits in state and national banks, federal savings banks or savings and loan associations, and state and federal credit unions, the deposits of which are insured by the federal deposit insurance corporation or the national credit union share insurance fund.
  - b. Obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by the United States government or any agency of the United States government, or any trust or trusts established for investing directly or collectively in the United States government or any agency of the United States government.
  - c. General obligations of this state and any subdivision of this state.
  - d. Purchase of notes of liquidating credit unions with the approval of the superintendent.
  - e. Shares and deposits in other credit unions.
  - f. Shares, stocks, loans, and other obligations or a combination of shares, stocks, loans, and other obligations of a credit union service organization, corporation, or association, provided the membership or ownership, as the case may be, of the credit union service organization, corporation, or association is primarily confined or restricted to credit unions or organizations of credit unions, and provided that the purpose of the credit union service organization, corporation, or association is primarily designed to provide services to credit unions, organizations of credit unions, or credit union members. However, the aggregate amount invested pursuant to this paragraph shall not exceed five percent of the assets of the credit union.
  - g. Obligations issued by federal land banks, federal intermediate credit banks, banks for cooperatives, or any of the federal farm credit banks.
  - h. Commercial paper issued by United States corporations as defined by rule.
  - i. Corporate bonds as defined by and subject to terms and conditions imposed by the superintendent, provided that the superintendent shall not approve investment in corporate bonds unless the bonds are rated in the two highest grades of corporate bonds by a nationally accepted rating agency.
  - j. Any permissible investment for federal credit unions, provided that this paragraph shall not permit a credit union to invest in a credit union service organization except as provided in paragraph "f".
6. Borrow money as provided in this chapter.
7. Assess penalties as may be provided by the bylaws.
8. Sue and be sued.
9. Make contracts.
10. Purchase, hold, and dispose of property necessary and incidental to its operation, except that any property acquired through foreclosure shall be disposed of within a period not to exceed ten years.
11. Exercise such incidental powers as may be necessary or requisite to enable the state credit union to carry on the business effectively for which it is incorporated.
12. Apply for share account and deposit account insurance that meets the requirements of this chapter, and take all actions necessary to maintain an insured status.
13. Serve a group of persons having an insufficient number of members to form or conduct the affairs of a separate credit union, upon the approval of the superintendent. The existence of a common bond relationship between the group and the credit union affecting that service shall not be required.
14. Deposit with a credit union that has been in existence for not more than a year, an amount not to exceed twenty-five percent of the assets of the new credit union, but only one credit union may, at any time, make such a deposit.

15. Acquire the conditional sales contracts, promissory notes, or other similar instruments executed by its members, but the rate of interest existing on the instruments shall not exceed the highest rate charged by the acquiring credit union on its outstanding loans.

16. a. Sell, participate in, or discount the obligations of its members with or without recourse.

b. Purchase the obligations of credit union members, provided the obligations meet the requirements of this chapter.

17. Acquire and hold shares in a corporation engaged in providing and operating facilities through which a credit union and its members may engage, by means of either the direct transmission of electronic impulses to and from the credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the credit union, in transactions in which such credit union is otherwise permitted to engage pursuant to applicable law, subject to the prior approval of the superintendent.

18. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the state credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the state credit union.

a. Subject to the provisions of chapter 527, a state credit union may utilize, establish, or operate, alone or with one or more other credit unions, banks incorporated under chapter 524 or federal law, savings and loan associations incorporated under federal law, corporations licensed under chapter 536A, or third parties, the satellite terminals permitted under chapter 527, by means of which the state credit union may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. However, such utilization, establishment, or operation shall be lawful only when in compliance with chapter 527.

b. This subsection shall not be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, and shall not be deemed to repeal, replace, or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any credit union.

19. Establish one or more state credit union offices other than its main office.

a. A state credit union may furnish at any of its offices all credit union services ordinarily furnished to the membership at its principal place of business.

b. The central executive and official business and recordkeeping functions of a state credit union shall be exercised at its principal place of business or at another state credit union office or a location authorized by the superintendent for these functions.

c. A state credit union shall file an informational statement in the form prescribed by the superintendent prior to opening a state credit union office.

d. A state credit union office shall not be opened without a certificate to establish a state credit union office issued by the superintendent.

e. The establishment of a state credit union office must be reasonably necessary for service to, and in the best interests of, the members of the state credit union, and shall not endanger the safety and soundness of the state credit union opening the office.

f. A state credit union may join with one or more credit unions in the operation of an office facility to meet the service needs of its members.

20. Contract with another credit union to furnish services which either could otherwise legally perform. Contracted services provided under this subsection are subject to regulation and examination like other services.

21. Purchase insurance or make the purchase of insurance available for members.

22. Charge fees and penalties and apply them to income.

23. a. (1) Act as agent of the federal government when requested by the secretary of the United States department of treasury.

(2) Perform such services as may be required in connection with the collection of taxes and other obligations due the United States and the lending, borrowing, and repayment of moneys by the United States.

(3) Act as a depository of public money when designated for that purpose.

b. (1) Act as agent of this state when requested by the treasurer of state.

(2) Perform such services as may be required in connection with the collection of taxes and other obligations due this state and the lending, borrowing, and repayment of moneys by this state.

(3) Act as a depository of public moneys when designated for that purpose.

24. Receive public funds pursuant to chapter 12C and pledge its assets to secure the deposit of public funds.

25. Engage in any activity authorized by the superintendent which would be permitted if the state credit union were federally chartered and which is consistent with state law.

26. To promote the public welfare, make donations for religious, charitable, scientific, educational, or community betterment purposes.

27. Set off a member's accounts against any of the member's debts or liabilities owed the state credit union pursuant to an agreement entered into between the member and the state credit union. The state credit union shall also have a lien on the shares and deposits of a member for any sum due to the state credit union from the member or for any loan endorsed by the member.

28. Sell, to persons in the field of membership, negotiable checks, including traveler's checks; money orders; and other similar money transfer instruments including international and domestic electronic fund transfers.

29. Cash checks and money orders, and receive international and domestic electronic fund transfers, for persons in the field of membership.

2007 Acts, ch 118, §1, 3; 2007 Acts, ch 174, §32; 2011 Acts, ch 25, §64; 2012 Acts, ch 1017, §126 – 128

Referred to in §533.102, 533.114, 533.214, 533.303, 533.406

[T] Subsection 4 amended

[T] Subsection 5, paragraph a amended

[T] Subsection 18, paragraph a amended

### **533.302 Capital.**

1. The capital of a credit union shall consist of the payments that have been made to it by the several members thereof on shares. A credit union may charge an entrance fee as may be provided by the bylaws.

2. A credit union may establish an equity share having a par value not to exceed one hundred dollars which shall be a part of the capital of the credit union and shall not be withdrawn or transferred except upon expulsion or withdrawal from membership in the credit union, as provided in section 533.210.

3. At the option of the credit union, the equity share may earn a dividend and may be insured.

2007 Acts, ch 174, §33; 2012 Acts, ch 1020, §12

Referred to in §533.307

[T] Section amended

### **533.303 Reserves.**

1. At the end of each dividend period, but no less than quarterly, the gross income of the state credit union shall be determined.

2. A legal reserve against losses on loans and against such other losses as may be specified by rule shall be set aside from the gross income in accordance with the following schedule:

a. A state credit union in operation for more than four years and having assets of five hundred thousand dollars or more shall set aside the following amounts in the following order:

(1) Ten percent of the gross income until the legal reserve equals four percent of the total outstanding loans and risk assets.

(2) Five percent of the gross income until the legal reserve equals six percent of the total outstanding loans and risk assets.

b. A state credit union in operation for less than four years or having assets of less than five hundred thousand dollars shall set aside the following amounts in the order set forth:

(1) Ten percent of the gross income until the legal reserve equals seven and one-half percent of the total outstanding loans and risk assets.

(2) Five percent of the gross income until the legal reserve equals ten percent of the total outstanding loans and risk assets.

3. a. If the legal reserve falls below the percent of the total outstanding loans and risk assets required for a state credit union by this section, the state credit union shall replenish the legal reserve by regular contributions in the amounts needed to reach the required reserve. However, the superintendent may waive the reserve requirement when in the superintendent's opinion the waiver is necessary or desirable.

b. The legal reserve shall belong to the state credit union and shall be used to meet losses.

c. The reserve shall not be distributed to members as interest or dividends except on liquidation of the state credit union or in accordance with a plan approved by the superintendent.

4. The superintendent may require a state credit union to set aside additional amounts as a special reserve if an examination of assets discloses that the legal reserve of the state credit union is inadequate.

5. A state credit union shall maintain an adequate allowance for loan and lease losses account and such other valuation allowance accounts as may be necessary to provide for the full and fair disclosure, in the state credit union's financial statements, of the assets, liabilities, and equity of the state credit union.

6. For the purpose of establishing legal reserves, the following shall not be considered risk assets:

a. Cash on hand.

b. Deposits and shares in federally insured banks, savings banks, and credit unions.

c. Assets which are insured by, fully guaranteed as to principal and interest by, or due from the United States government, its agencies, and instrumentalities.

d. Loans to other credit unions.

e. Student loans insured under the provisions of 20 U.S.C. § 1071 – 1087 or similar state programs.

f. Loans insured by the federal housing administration under 12 U.S.C. § 1703.

g. Loans fully insured or guaranteed by the federal government, a state government, or any agency of either.

h. Common trust investments which deal in investments authorized in section 533.301.

i. Prepaid expenses.

j. Accrued interest on nonrisk investments.

k. Furniture and equipment.

l. Land and buildings.

m. Loans fully secured by a pledge of shares within the state credit union.

n. Deposits in the national credit union share insurance fund.

o. Real estate loans in transit to the secondary market as specified by rule.

7. Notwithstanding any other provision of this section, a state credit union shall maintain a sufficient amount of net worth as required by the state credit union's deposit insurer and rules of the superintendent.

2007 Acts, ch 174, §34

Referred to in §533.312, 533.329

### **533.304 Investment in certain shares or equity interests.**

1. For purposes of this section, unless the context otherwise requires:

a. "*Equity interests*" means limited partnership interests and other equity investments in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

b. "*Small business*" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, that meets the appropriate United States small business administration definition of small business and that is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to this state.

c. “*Venture capital fund*” means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in and the provision of significant managerial assistance to small businesses that meet the United States small business administration definition of small business.

2. A state credit union may invest in either of the following to the extent that the total investments under this section shall not be more than five percent of the state credit union’s assets:

a. Shares or equity interests in venture capital funds that agree to invest an amount equal to at least fifty percent of the state credit union’s investment in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state.

b. Shares or equity interests in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. A state credit union shall not invest in more than twenty percent of the total capital and surplus of any one small business under this paragraph.

2007 Acts, ch 174, §35

### **533.305 Investment in banks or savings banks — required findings.**

1. *Investment in banks.* A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a bank.

2. *Investment in savings banks.* A state credit union may, with the prior approval of the superintendent, invest in the capital stock, obligations, or other securities of a savings bank.

3. *Findings required.* The superintendent shall not grant an approval under subsection 1 or 2, unless the superintendent makes one of the following findings:

a. Based upon a preponderance of the evidence presented, the proposed investment will not have the immediate effect of significantly reducing competition between depository financial institutions located in the same community as the institution whose shares would be acquired.

b. Based upon a preponderance of the evidence presented, the proposed investment would have an anticompetitive effect as described in paragraph “a”, but other factors, specifically cited, outweigh the anticompetitive effect so that there would be a net public benefit as a result of the investment.

4. *Competition preserved.*

a. The subsequent liquidation of a bank or savings bank whose shares are acquired under this section shall not prevent the subsequent incorporation of another bank or savings bank in the same community.

b. The superintendent of banking shall not find the liquidation of a bank whose shares are acquired under this section to be grounds for disapproving the incorporation of another bank in the same community under section 524.305.

2007 Acts, ch 174, §36; 2012 Acts, ch 1017, §129

[T] Subsection 4, paragraph c stricken

### **533.306 Power to borrow.**

A state credit union may borrow from any source in total a sum that shall not exceed fifty percent of the sum of its share and deposit account balances.

2007 Acts, ch 174, §37

### **533.307 Account insurance.**

Except as provided in section 533.302, subsection 3, a credit union organized under this chapter, as a condition of maintaining its privilege of organization, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. The insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the

Iowa commissioner of insurance and the superintendent, provided that each credit union shall acquire deposit insurance from the appropriate agency of the federal government.

2007 Acts, ch 174, §38; 2012 Acts, ch 1020, §13

Referred to in §533.102

[T] Section amended

### **533.308 Fidelity bond and general insurance coverage.**

1. A state credit union shall maintain a fidelity bond for state credit union employees and officials in a sufficient amount to indemnify the state credit union against losses that may be incurred by reason of any act or acts of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction, misapplication, misappropriation, or other unlawful act committed by the employee or official directly or through connivance with others, and general insurance coverage for losses caused by persons not associated with the state credit union.

a. The fidelity bond and general insurance coverage shall be obtained from a company authorized to do business in this state.

b. The superintendent may require additional coverage for a state credit union if, in the opinion of the superintendent, current coverage is insufficient. The board of directors of the state credit union shall obtain the additional coverage within thirty days after written notice from the superintendent.

2. The superintendent may furnish to any official of an insurance plan by which the accounts of a state credit union are insured or by which its employees and officials are bonded, any information relating to examinations, investigations, and reports of the status of that state credit union or its employees and officials for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or resolution of a claim. The superintendent and the insurance company shall, whenever possible, execute a confidentiality agreement regarding the information provided by the superintendent that imposes standards of confidentiality comparable to those required by this chapter.

3. A state credit union may furnish to any official of an insurance plan by which the accounts of the state credit union are insured or by which its employees and officials are bonded, any information regarding transactions of the state credit union, examinations, investigations, or reports of the status of the state credit union or its employees and officials for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or resolution of a claim. The state credit union and the insurance company shall, whenever possible, execute a confidentiality agreement regarding the information provided by the state credit union that imposes standards of confidentiality comparable to those required by this chapter.

2007 Acts, ch 174, §39; 2012 Acts, ch 1020, §14, 15

Referred to in §533.108, 533.325

[T] Subsection 2 amended

[T] NEW subsection 3

### **533.309 Share accounts.**

A state credit union may have share accounts including but not limited to the following types:

1. *Ownership share account.* The ownership share account shall consist of an account balance held by the state credit union in accordance with the state credit union's bylaws. Each member may acquire only one ownership share. In the case of a joint account, the joint account owners may acquire only one ownership share unless each joint account owner applies for and is accepted as an individual member.

2. *Joint accounts.* A member may designate any person or persons to hold shares, deposits, and thrift club accounts with the member in joint tenancy with the right of survivorship, but such joint tenants shall not be permitted to cast more than one vote per ownership share jointly held in the state credit union. However, a joint tenant may have other rights of a jointly held ownership share, including the ability to obtain loans, or hold office or be required to pay an entrance fee. Payment of part or all of such joint accounts to any of the joint tenants shall, to the extent of such payment, discharge the liability to all.

3. *Account for minors.* Shares may be issued and deposits accepted in the name of a

minor. Such shares and deposits may be withdrawn by the minor and payments made on such withdrawals shall be valid. A minor under sixteen years of age shall not be entitled to vote in the meetings of the members either personally or through the minor's parent or guardian, and a minor shall not become a director until the minor reaches the minor's eighteenth birthday.

4. *Beneficiary account.* If a member makes a deposit for the benefit of a person other than the depositor, the name and residence address of the beneficiary shall be disclosed and the account shall be kept in the name of the depositor, for the benefit of the beneficiary. The account balance may be withdrawn by the depositor or, upon the death of the depositor, by the beneficiary or the beneficiary's legal representative.

2007 Acts, ch 174, §40; 2012 Acts, ch 1020, §16

[T] Subsection 1 amended

### **533.310 Deposits in the names of two or more individuals.**

When a deposit is made in a state credit union in the names of two or more individuals that is payable to any one or more of them or is payable to the survivor or survivors, the deposit, including interest, or any part, may be paid to any one or more of the individuals, whether or not the others are living. The receipt or aittance of the individuals who are paid is a valid and sufficient release and discharge of the state credit union for any payment made pursuant to this section.

2007 Acts, ch 174, §41

### **533.311 Acceptance of deposits and investments while insolvent.**

When a state credit union is insolvent, the state credit union shall not do either of the following:

1. Accept any deposits or investments in ownership shares.
2. Renew or extend the term of any time deposits or time investments.

2007 Acts, ch 174, §42

### **533.312 Dividends and interest.**

1. The board of directors may declare dividends at such rates and upon such classes of shares as are determined by the board, at such intervals and for such periods as the board may authorize, and after provision for required reserves pursuant to section 533.303.

2. Dividends shall be considered a normal operating expense of the state credit union and shall be paid on all paid-up shares outstanding at the close of the period for which the dividend is declared and shall be available only from undivided earnings.

3. The superintendent may restrict or prohibit the payment of a dividend or interest when an impairment of capital exists.

2007 Acts, ch 174, §43

### **533.313 Share drafts.**

1. A state credit union may provide its members with share draft accounts.

a. "*Share draft*" means a negotiable draft which is payable upon demand and is used to withdraw funds from a share draft account.

b. A share draft is an item for purposes of chapter 554, article 4.

c. The term does not include a draft issued by a state credit union for the transfer of funds between the issuing credit union and another credit union, a bank, a savings and loan association chartered under federal law, or another depository financial institution.

2. A share draft account is an account that is a demand account from which a state 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 the state credit union shall not pay interest or dividends on a share draft account at a rate that 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 state 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 state 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 state credit union may charge fees and penalties on share drafts and apply fees and penalties to the state credit union's income in relation to share draft services.

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

2007 Acts, ch 174, §44; 2012 Acts, ch 1017, §130

[T] Subsection 1, paragraph c amended

#### **533.314 Payment of share drafts during dissolution.**

Other provisions of section 533.404 notwithstanding, when a state credit union is dissolved, first priority of payment shall be given to unpaid share drafts. However, a share draft shall not be paid if any of the following conditions exist:

1. The share draft was issued on or after the date of dissolution, or on or after the date the state credit union is required by section 533.405, subsection 2, to cease doing business in the event of a voluntary dissolution.

2. The share draft is written against an account that does not contain sufficient funds with which to pay the share draft.

3. The share draft is payable to a member of the state credit union, or to a member of the family of the issuer of the share draft, or to a business in which the issuer of the share draft has an interest. However, the exception contained in this subsection does not apply to any person referred to in this subsection if the person is a holder in due course, as provided in chapter 554, article 3.

2007 Acts, ch 174, §45

#### **533.315 Loans.**

1. *General lending power.* A state credit union may loan to a member for a provident or productive purpose.

a. Loans are subject to the conditions contained in this section and in the bylaws.

b. A loan may be repaid by the borrower, in whole or in part, any day the office of the state credit union is open for business.

c. A loan shall be made pursuant to an application with supportive credit information.

d. The superintendent may adopt rules requiring periodic updating of credit or financial information for all loans or for classes of loans designated in the rules.

2. *Aggregate lending to one member.* A state credit union shall not lend in the aggregate to a member more than ten percent of its member savings.

3. *Lending to a credit union director.* A director of a state credit union may borrow from that state credit union under the provisions of this chapter, but the rates, terms, and conditions of a loan or line of credit either made to or endorsed or guaranteed by the director shall not be more favorable than the rates, terms, or conditions of comparable existing loans or lines of credit provided to other members. The aggregate amount of all director loans and lines of credit shall not exceed twenty-five percent of the assets of the state credit union.

4. *Loans on real property.*

a. A state credit union may make permanent loans, construction loans, combined construction and permanent loans, or second mortgage loans secured by liens on real property, as authorized by rules adopted by the superintendent. The rules shall contain provisions as necessary to ensure the safety and soundness of these loans, and to ensure full and fair disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for a borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.



b. (1) A state credit union may include in the loan documents signed by the borrower a provision requiring the borrower to pay the state credit union each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the state credit union in order to better secure the loan. The state credit union shall be deemed to be acting in a fiduciary capacity with respect to these funds.

(2) A state credit union receiving funds in escrow pursuant to an escrow agreement executed on or after July 1, 1982, in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the state credit union pays to its members on ordinary savings deposits.

(3) A state credit union that maintains an escrow account in connection with any loan authorized by this subsection, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

c. A state credit union that obtains a report or opinion by an attorney or from another mortgage lender relating to defects in or liens or encumbrances on the title to real property, the unmarketability of the title to real property, or the invalidity or unenforceability of liens or encumbrances on real property, shall provide a copy of the report or opinion to the mortgagor and the mortgagor's attorney.

5. *Escrow reports.* A state credit union may act as an escrow agent with respect to real property that is mortgaged to the state credit union, and may receive funds and make disbursements from escrowed funds in that capacity. The state credit union shall be deemed to be acting in a fiduciary capacity with respect to escrowed funds. A state credit union that maintains an escrow account, whether or not a mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year. The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

a. The name and address of the mortgagee.

b. The name and address of the mortgagor.

c. A summary of escrow account activity during the year as follows:

(1) The balance of the escrow account at the beginning of the year.

(2) The aggregate amount of deposits to the escrow account during the year.

(3) The aggregate amount of withdrawals from the escrow account for each of the following categories:

(a) Payments against loan principal.

(b) Payments against interest.

(c) Payments against real estate taxes.

(d) Payments for real property insurance premiums.

(e) All other withdrawals.

(4) The balance of the escrow account at the end of the year.

d. A summary of loan principal for the year as follows:

(1) The amount of principal outstanding at the beginning of the year.

(2) The aggregate amount of payments against principal during the year.

(3) The amount of principal outstanding at the end of the year.

6. *Other loans.* Loans that are not secured by real property shall be subject to the following conditions:

a. Loans to any one member that in the aggregate exceed the unsecured loan limit established by the board of directors of a state credit union shall be secured by one or more cosigners or guarantors, or by a first lien on collateral having a value that is approximately equal to the amount in excess of such unsecured loan limit. Every cosigner or guarantor shall furnish the state credit union with evidence of financial responsibility.

b. This subsection shall not be deemed to preclude a credit committee or loan officer from requiring security for any loan.

c. A state credit union may make loans according to any or all of the following:

(1) Loans insured under the provisions of 20 U.S.C. § 1071 – 1087 or similar state programs.

(2) Loans insured by the federal housing administration under 12 U.S.C. § 1703.

(3) Loans to families of low or moderate income as a part of programs authorized in chapter 16.

d. The restrictions and limitations contained in this subsection do not apply to loans made to a member credit union by a corporate central credit union.

7. *Loan renewals and extensions.* This section shall not prevent the renewal or extension of loans.

8. *Penalties.* The superintendent may impose a penalty on a state credit union for each loan made in violation of this section. If a state credit union, after notice in writing, and opportunity for hearing, fails to satisfactorily resolve the matter within sixty days from receipt of such notice, the superintendent may impose a penalty against such state credit union in an amount not to exceed one hundred dollars per day per violation for each day the violation remains unresolved.

9. *Consumer credit code.*

a. The provisions of the Iowa consumer credit code, chapter 537, shall apply to consumer loans made by a state credit union, and a provision of that chapter shall supersede any conflicting provision of this chapter with respect to a consumer loan.

b. Notwithstanding paragraph “a”, a state credit union may offer voluntary debt cancellation coverage, whether insurance or debt waiver, to members. The amount charged for the coverage shall be included in the amount financed, as defined in section 537.1301. However, the charge for such coverage may be excluded from the finance charge under the federal Truth in Lending Act as defined in section 537.1302.

10. *Early loan repayment.* If a member elects to repay a loan secured by a mortgage or deed of trust upon real property that is a single-family or a two-family dwelling or agricultural land at a date earlier than is required by the terms of the loan, the state credit union shall be governed by section 535.9.

11. *Interest on prepayment.* Real estate loans on one-family to four-family dwellings may be repaid in part or in full at any time, except that a state credit union may charge not to exceed six months’ advance interest on that part of the aggregate amount of all prepayments made on such loan in any twelve-month period which exceeds twenty percent of the original principal amount of the loan; and may charge any negotiated rate on other loans. This subsection, however, does not authorize a state credit union to charge any advance interest or prepayment penalty where prohibited by section 535.9.

2007 Acts, ch 174, §46; 2011 Acts, ch 34, §126

Referred to in §535B.11

### **533.316 Interest rates.**

1. a. Interest rates on loans made by a state credit union, other than loans secured by a mortgage or deed of trust which is a first lien upon real property, shall not exceed the finance charge permitted in sections 537.2401 and 537.2402 on consumer loans.

b. Interest rates on business loans shall not exceed the finance charge permitted by section 535.2.

2. With respect to a loan secured by a mortgage or deed of trust which is a first lien upon real property, a state credit union shall not charge a rate of interest that exceeds the maximum rate permitted by section 535.2.

3. The provisions of this section do not apply to a loan that is subject to section 636.46.

2007 Acts, ch 174, §47

### **533.317 Authority to lease safe deposit boxes.**

1. A state credit union may lease safe deposit boxes for the storage of property on terms and conditions prescribed by the state credit union. The terms and conditions shall not bind any person to whom the state credit union does not give notice of the terms and conditions by delivery of a lease and agreement in writing containing the terms and conditions.

2. A state credit union may limit its liability provided that the limitations are set forth in the lease and agreement in at least the same size and type as the other substantive provisions of the contract.

3. The lease and agreement of a safe deposit box may provide that evidence tending to prove that property was left in a safe deposit box upon the last entry by the member or the member's authorized agent, and that the property or any part of the property was found missing upon subsequent entry, is not sufficient to raise a presumption that the property was lost by any negligence or wrongdoing for which the state credit union is responsible, or put upon the state credit union the burden of proof that the alleged loss was not the fault of the state credit union.

4. A state credit union may lease a safe deposit box to a minor.

a. A state credit union may deal with a minor with respect to a safe deposit lease and agreement without the consent of a parent, guardian, or conservator and with the same effect as though the minor were an adult.

b. Any action of the minor with respect to such safe deposit lease and agreement is binding on the minor with the same effect as though the minor were an adult.

5. A state credit union that has on file a power of attorney of a member covering a safe deposit lease and agreement, which has not been revoked by the member, shall incur no liability as a result of continuing to honor the provisions of the power of attorney in the event of the death or incompetence of the donor of the power of attorney until the state credit union receives written notice of the death, or written notice of adjudication by a court of the incompetence of the member and the appointment of a guardian or conservator.

2007 Acts, ch 174, §48

#### **533.318 Safe deposit box access.**

1. A state credit union shall permit a person named in and authorized by a court order to open, examine, and remove the contents of a safe deposit box located at the state credit union.

2. If a court order has not been delivered to a state credit union, the following persons may access and remove any or all contents of a safe deposit box located at the state credit union and described in an ownership or rental agreement or lease between the state credit union and a deceased owner or lessee:

a. A co-owner or co-lessee of the safe deposit box.

b. A person designated in the safe deposit box agreement or lease to have access to the safe deposit box upon the death of the lessee, to the extent provided in the safe deposit box agreement or lease.

c. An executor or administrator of the estate of a deceased owner or lessee upon delivery to the state credit union of a certified copy of letters of appointment.

d. A person named as an executor in a copy of a purported will produced by the person, provided such access shall be limited to the removal of a purported will, and no other contents shall be removed.

e. A trustee of a trust created by the deceased owner or lessee upon delivery to the state credit union of a copy of the trust together with an affidavit by the trustee that certifies that the copy of the trust delivered to the state credit union with the affidavit is an accurate and complete copy of the trust, the trustee is the duly authorized and acting trustee under the trust, the trust property includes property in the safe deposit box, and that to the knowledge of the trustee the trust has not been revoked.

3. A person removing any contents of a safe deposit box pursuant to subsection 1 or 2 shall deliver any writing purported to be a will of the decedent to the court having jurisdiction over the decedent's estate.

4. a. If a person authorized to have access under subsection 1 or 2 does not request access to the safe deposit box within the thirty-day period immediately following the date of death of the owner or lessee of a safe deposit box, and the state credit union has knowledge of the death of the owner or lessee of the safe deposit box, the safe deposit box may be opened by or in the presence of two employees of the state credit union.

b. If a safe deposit box is opened pursuant to paragraph "a", the state credit union employees present at such opening shall do all of the following:

(1) Remove any purported will of the deceased owner or lessee.

(2) Unseal, copy, and retain in the records of the state credit union a copy of a purported will removed from the safe deposit box. An additional copy of such purported will shall be made, dated, and signed by the credit union employees present at the safe deposit box opening and placed in the safe deposit box. The safe deposit box shall then be resealed.

(3) The original of a purported will shall be sent by certified mail or restricted certified mail or personally delivered to the district court in the county of the last known residence of the deceased owner or lessee, or the court having jurisdiction over the testator's estate. If the residence is unknown or last known and not in this state, the purported will shall be sent by certified mail or restricted certified mail or personally delivered to the district court in the county where the safe deposit box is located.

c. If no key is produced, the state credit union may cause the safe deposit box to be opened and the state credit union shall have a claim against the estate of the deceased owner or lessee and a lien upon the contents of the safe deposit box for the costs of opening and resealing the safe deposit box.

5. a. A state credit union may rely upon published information or other reasonable proof of death of an owner or lessee.

b. A state credit union has no duty to inquire about or discover, and is not liable to any person for failure to inquire about or discover, the death of the owner or lessee of a safe deposit box.

c. A state credit union has no duty to open or cause to be opened, and is not liable to any person for failure to open or cause to be opened, a safe deposit box of a deceased owner or lessee.

d. Upon compliance with the requirements of this section as appropriate, the state credit union is not liable to any person as a result of the opening of the safe deposit box, removal and delivery of the purported will, or retention of the unopened safe deposit box and contents.

2007 Acts, ch 174, §49

**533.319 Adverse claims to property in safe deposit and safekeeping.**

1. A state credit union shall not be required, in the absence of a court order or indemnity required by this section, to recognize any claim to, or claim of authority to exercise control over, property held in safe deposit or property held for safekeeping pursuant to section 533.321 made by a person or persons other than the following:

a. The member in whose name the property is held by the state credit union.

b. An individual or group of individuals who are authorized to have access to the safe deposit box, or to the property held for safekeeping, pursuant to a certified corporate resolution or other written arrangement with the member, currently on file with the state credit union, which has not been revoked by valid corporate action in the case of a corporation, or by a valid agreement or other valid action appropriate for the form of legal organization of any other member, of which the state credit union has received notice and which is not the subject of a dispute known to the state credit union as to its original validity. The safe deposit and safekeeping account records of a state credit union shall be presumptive evidence as to the identity of the member on whose behalf the property is held.

2. A person making an adverse claim to, or an adverse claim of authority to control, property held in a safe deposit box or for safekeeping, must do either of the following:

a. Obtain and serve on the state credit union an appropriate court order or judicial process directed to the state credit union, restraining any action with respect to the property until further order of the court or instructing the state credit union to deliver the property, in whole or in part, as indicated in the order or process.

b. Deliver to the state credit union a bond, in form and amount with sureties satisfactory to the state credit union, indemnifying the state credit union against any liability, loss, or expense which the state credit union might incur because of its refusal to deliver the property to any person described in subsection 1, paragraph "a" or "b".

2007 Acts, ch 174, §50

**533.320 Remedies and proceedings for nonpayment of rent on safe deposit box.**

1. A state credit union has a lien upon the contents of a safe deposit box for past due rentals and any expense incurred in opening the safe deposit box, replacement of the locks on the safe deposit box, and of a sale made pursuant to this section.

2. If the rental of a safe deposit box is not paid within six months from the day the rental is due, at any time after the six months and while the rental remains unpaid, the state credit union shall mail a notice by restricted certified mail to the member at the member's last known address as shown upon the records of the state credit union, stating that if the amount due for the rental is not paid on or before a specified day, which shall be at least thirty days after the date of mailing such notice, the state credit union will remove the contents of the safe deposit box and hold the contents for the account of the member.

3. If the rental for the safe deposit box has not been paid after the expiration of the period specified in a notice mailed pursuant to subsection 2, the state credit union, in the presence of two of its officers, may cause the safe deposit box to be opened and the contents removed. An inventory of the contents of the safe deposit box shall be made by the two officers present and the contents held by the state credit union for the account of the member.

4. *a.* If the contents are not claimed within two years after their removal from the safe deposit box, the state credit union may proceed to sell so much of the contents as is necessary to pay the past due rentals and expense incurred in opening the safe deposit box, replacement of the locks on the safe deposit box, and the sale of the contents.

*b.* The sale shall be held at the time and place specified in a notice published prior to the sale once each week for two successive weeks in a newspaper of general circulation published in the city or unincorporated area in which the state credit union has its principal place of business, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the state credit union has its principal place of business.

*c.* A copy of the published notice shall be mailed to the member at the member's last known address as shown upon the records of the state credit union.

*d.* The notice shall contain the name of the member and need only describe the contents of the safe deposit box in general terms.

*e.* The contents of any number of safe deposit boxes may be sold under one notice of sale and the cost of the sale apportioned ratably among the several safe deposit box members involved.

*f.* At the time and place designated in the notice the contents taken from each respective safe deposit box shall be sold separately to the highest bidder for cash and the proceeds of each sale applied to the rentals and expenses due to the state credit union and the residue from any such sale shall be held by the state credit union for the account of the member or members.

*g.* An amount held as proceeds from such sale shall be credited with interest at the customary annual rate for savings accounts at the state credit union, or in lieu, at the customary rate of interest in the community where such proceeds are held. The crediting of interest does not activate the account to avoid an abandonment as unclaimed property under chapter 556.

5. *a.* Notwithstanding the provisions of this section, shares, bonds, or other securities which, at the time of a sale pursuant to subsection 4, are listed on an established stock exchange in the United States shall not be sold at public sale but may be sold through an established stock exchange.

*b.* Upon making a sale of any such securities, an officer of the state credit union shall execute and attach to the securities an affidavit reciting facts showing that the securities were sold pursuant to this section, and that the state credit union has complied with the provisions of this section. The affidavit constitutes sufficient authority to any corporation whose shares are sold or to any registrar or transfer agent of such corporation to cancel the certificates representing the shares to the purchaser of the shares, and to any registrar, trustee, or transfer agent of registered bonds or other securities, to register any such bonds or other securities in the name of the purchaser of the bonds or other securities.

6. The proceeds of any sale made pursuant to this section, after the payment of any

amounts with respect to which the state credit union has a lien, any property that was not offered for sale and property which, although offered for sale, was not sold, shall be retained by the state credit union until such time as the property is presumed abandoned according to section 556.2, and shall be handled pursuant to chapter 556.

2007 Acts, ch 174, §51

Referred to in §533.321

#### **533.321 Authority to receive property for safekeeping.**

1. A state credit union may accept property for safekeeping if the state credit union issues a receipt for the property, except in the case of night depositories.

a. A state credit union accepting property for safekeeping shall purchase and maintain reasonable insurance coverage to ensure against loss incurred in connection with the acceptance of property for safekeeping.

b. Property held for safekeeping shall not be commingled with the property of the state credit union or the property of others.

2. A state credit union has a lien upon any property held for safekeeping and for expenses incurred in any sale made pursuant to this subsection.

a. If the charge for safekeeping of property is not paid within six months from the day the charge is due, at any time after the six months and while the charge remains unpaid, the state credit union may mail a notice to the member at the member's last known address as shown upon the records of the state credit union, stating that if the amount due is not paid on or before a specified day, which shall be at least thirty days after the date of mailing the notice, the state credit union will remove the property from safekeeping and hold the property for the account of the member.

b. After the expiration of the period specified in the notice, if the charge for safekeeping has not been paid, the state credit union may remove the property from safekeeping, cause the property to be inventoried, and hold the property for the account of the member.

c. If the property is not claimed within two years after its removal from safekeeping, the state credit union may proceed to sell so much of the property as is necessary to pay the charge which remains unpaid and the expense incurred in making the sale in the manner provided for in section 533.320, subsections 4 and 5.

d. The proceeds of any sale made pursuant to this section, after payment of any amounts with respect to which the state credit union has a lien, any property that was not offered for sale, and property which, although offered for sale, was not sold, shall be retained by the state credit union until such time as the property is presumed abandoned according to section 556.2, and shall be handled pursuant to chapter 556.

2007 Acts, ch 174, §52

Referred to in §533.319

#### **533.322 Preservation of records.**

1. The superintendent may adopt rules regarding the preservation of records and files of a state credit union or any other person supervised or regulated by the superintendent. A state credit union is not required to preserve its records for a period longer than seven years after the first day of January of the year following the time of the making or filing of such records. However, account records showing unpaid balances due to depositors shall not be destroyed.

2. A copy of an original may be kept in lieu of any original records.

a. For purposes of this section, a copy includes any duplicate, rerecording or reproduction of an original record from any photograph, photostat, microfilm, microcard, miniature or microphotograph, computer printout, electronically stored data or image, or other process that accurately reproduces or forms a durable medium for accurately and legibly reproducing an unaltered image or reproduction of the original record.

b. A copy is deemed to be an original and shall be treated as an original record in a judicial or administrative proceeding for purposes of admissibility in evidence. A facsimile, exemplification, or certified copy of any such copy reproduced from a film record is deemed to be a facsimile, exemplification, or certified copy of the original.

2007 Acts, ch 174, §53; 2011 Acts, ch 87, §3

Referred to in §533.404

**533.323 Photographic records.**

1. Any state credit union writing or record, or a photostatic or photographic reproduction of such writing or record, whether in the form of an entry in a book or otherwise, made as a memorandum or record of any act, transaction, occurrence, or event, shall be admissible in evidence as proof of the act, transaction, occurrence, or event, if made in the regular course of business.

2. A printout or other tangible output, readable by sight, shown to accurately reflect data contained in a promissory note, negotiable instrument, or letter of credit, that contains a signature made or created by electronic or digital means such that it is stored by a computer or similar device, is deemed to be an original of such note, instrument, or letter for purposes of presenting such note, instrument, or letter for payment, acceptance, or honor, or for purposes of a judicial proceeding involving a claim based upon such note, instrument, or letter.

2007 Acts, ch 174, §54

**533.324 Preservation of records — statute of limitations.**

1. All causes of action, other than actions for relief on the grounds of fraud or mistake, against a state credit union based upon a claim or claims founded on a written contract, or a claim or claims inconsistent with an entry or entries in a state credit union record, made in the ordinary course of business, shall be deemed to have accrued, and shall accrue for the purpose of the statute of limitations one year after the breach or failure of performance of a written contract, or one year after the date of such entry or entries. No action founded upon such a cause may be brought after the expiration of six years from the date of such accrual.

2. In any cause or proceeding in which state credit union records or files may be called in question or be demanded of the state credit union, or any officer or employee of the state credit union, a showing that such records or files have been destroyed in accordance with the provisions of this chapter or rules adopted pursuant to this chapter shall be a sufficient excuse for the failure to produce them.

2007 Acts, ch 174, §55; 2011 Acts, ch 87, §4

**533.325 Confidentiality of state credit union information.**

1. The directors, officers, committee members, and employees of a state credit union shall hold in confidence all information regarding transactions of the state credit union, including information regarding transactions with its members and their personal affairs, except to the extent necessary in connection with any of the following:

- a. Making, extending, or collecting a loan or line of credit.
- b. Guaranteeing of member share drafts by third parties.

c. Communicating with an insurance company for the purpose of facilitating the availability or continuation of the insurance or bond of the state credit union or the resolution of a claim, pursuant to section 533.308, subsection 3.

d. Pursuant to a confidentiality agreement that is executed pursuant to section 533.108, subsection 1.

e. Complying with the examination of credit union records by regulatory authorities .

f. Compliance with an order from a court having jurisdiction over the state credit union.

2. The board of directors may authorize participation of a state credit union in a credit or consumer reporting agency if the board has determined that use of such an agency is essential in making and extending a loan or line of credit, or guaranteeing member share drafts, and that information supplied by the state credit union to such agency will be made available only to legitimate members of that agency having a legitimate business need for the information in connection with a business transaction involving the state credit union.

2007 Acts, ch 174, §56; 2012 Acts, ch 1020, §17

[T] Subsection 1 amended

**533.326 Governmental employees.**

1. When a state credit union has been organized by the employees of the state or any political subdivision of the state, the officer who writes warrants for the state or other governmental body by which any public employee state credit union member is employed,

may withhold from the salary or wages of the employee, and pay over to such state credit union, sums as may be designated by written authorization signed by the employee.

2. The provisions of section 539.4 shall have no application to this section.  
2007 Acts, ch 174, §57

### **533.327 Change in place of business.**

A state credit union may change its place of business on written notice to the superintendent.

2007 Acts, ch 174, §58

### **533.328 Conducting business outside of state.**

If a state credit union has an office and conducts business in another state having laws or regulations allowing credit unions to exercise additional powers, the state credit union may request permission from the superintendent to exercise such additional powers while operating in the other state with only the resident members of that other state.

2007 Acts, ch 174, §59

### **533.329 Taxation.**

1. A state credit union shall be deemed an institution for savings and is subject to taxation only as to its real estate and moneys and credits. The shares shall not be taxed.

2. *a.* The moneys and credits tax on state credit unions is imposed at a rate of one-half cent on each dollar of the legal and special reserves that are required to be maintained by the state credit union under section 533.303, and shall be levied by the board of supervisors and placed upon the tax list and collected by the county treasurer. However, an exemption shall be given to each state credit union in the amount of forty thousand dollars.

*b.* The amount collected in each taxing district within a city shall be apportioned twenty percent to the county, thirty percent to the city general fund, and fifty percent to the general fund of the state, and the amount collected in each taxing district outside of cities shall be apportioned fifty percent to the county and fifty percent to the general fund of the state.

*c.* The moneys and credits tax shall be collected at the location of the state credit union as shown in its articles of incorporation.

*d.* The moneys and credits tax imposed under this section shall be reduced by a tax credit authorized pursuant to section 15.331C for certain sales taxes paid by a third-party developer.

*e.* The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to section 15.333.

*f.* The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to section 15E.43.

*g.* The moneys and credits tax imposed under this section shall be reduced by an Iowa fund of funds tax credit authorized pursuant to section 15E.66.

*h.* The moneys and credits tax imposed under this section shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

*i.* The moneys and credits tax imposed under this section shall be reduced by a redevelopment tax credit allowed under chapter 15, subchapter II, part 9.

*j.* The moneys and credits tax imposed under this section shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

2007 Acts, ch 162, §12, 13; 2007 Acts, ch 174, §60, 99; 2008 Acts, ch 1173, §12; 2008 Acts, ch 1191, §165; 2009 Acts, ch 179, §40; 2010 Acts, ch 1138, §14, 16, 24, 26; 2011 Acts, ch 130, §45, 47, 71; 2012 Acts, ch 1136, §37, 39 – 41

Referred to in §15.293A, 15.333, 15E.43, 15E.44, 15E.45, 15E.52, 15E.62, 15E.305, 331.427

[SP] Tax credit certificates issued for future tax years for investments made on or before July 1, 2010, under subsection 2, former paragraph i are valid and may be claimed by a taxpayer after July 1, 2010, in the tax year stated on the certificate; 2010 Acts, ch 1138, §26

[SP] 2010 amendment striking former paragraph k from subsection 2 applies retroactively to tax years beginning on or after January 1, 2010; 2010 Acts, ch 1138, §16

[SP] Subsection 2, paragraph l, applies retroactively to January 1, 2011, for tax years beginning and investments made on or after that date; 2011 Acts, ch 130, §47

[SP] 2012 strike of former paragraphs f and g of subsection 2 takes effect May 25, 2012, and applies retroactively to January 1, 2012, for tax years beginning on or after that date, and does not apply to contracts or agreements entered into on or before May 25, 2012; 2012 Acts, ch 1136, §39 – 41

[T] Subsection 2, paragraphs f and g stricken and former paragraphs h – l redesignated as f – j



**533.330 Reports.**

1. A state credit union shall report quarterly at a specified time to the superintendent in a format prescribed by the superintendent for that purpose.

a. If any quarterly report is in arrears, a penalty of one hundred dollars for each day or fraction of a day such report is in arrears may be levied by the superintendent against the offending state credit union. This penalty shall be in addition to the penalty for failure to pay the annual fee pursuant to section 533.112.

b. If a quarterly report is not provided to the superintendent within thirty days of the due date, the superintendent may, after written notice to the board of directors of the state credit union, suspend or revoke the certificate of approval, take possession of the business and property of the state credit union, and order its dissolution.

2. In addition to the quarterly report, the superintendent may, from time to time, require a state credit union to provide other supplemental reports at a specified time. Failure of a state credit union to provide supplemental reports when due may result in the superintendent levying a penalty of fifty dollars per day for each day or fraction of a day such report is late.

2007 Acts, ch 174, §61

## SUBCHAPTER IV

MERGER, CONVERSION, AND  
DISSOLUTION OF CREDIT UNIONS**533.401 Merger.**

1. With the approval of the superintendent, a state credit union may merge with another credit union under the existing certificate of approval of the other credit union if the merger is pursuant to a plan agreed upon by a majority of the board of directors of each credit union joining in the merger and the merger is approved by the affirmative vote of a majority of the members of the merging credit union according to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

2. A plan of merger, whether by act of consolidation, acquisition, or business combination, along with evidence that the plan has been approved by the members of the merging credit union in accordance with the provisions of this section, shall be submitted to the superintendent, along with any additional materials the superintendent may request.

3. The superintendent may approve a merger according to the plan agreed upon by the majority of the board of directors of each credit union if the superintendent receives a written and verified application filed by the board of directors of each credit union and finds all of the following:

a. Notice of the meeting called to consider the merger was mailed to each member of the merging credit union entitled to vote upon the question at least twenty days prior to the date of the merger meeting.

b. The notice disclosed the purpose of the meeting and properly informed the membership that approval of the merger would be sought pursuant to this section.

c. A majority of the votes received, according to the method of voting selected by the board of directors pursuant to section 533.203, were in favor of the merger.

d. Control of the merging credit union shall transfer to the board of directors of the continuing credit union upon approval of the merger by the superintendent and the favorable vote of a majority of the members as prescribed in paragraph "c". Upon transfer of control, the board of directors of the merging credit union may only do such things necessary to execute the merger.

4. The superintendent may disapprove a merger if the superintendent finds either of the following:

a. The merger would not result in a safe and sound credit union.

b. The procedures required by this section, particularly those used to obtain member approval for the merger, were not followed or were irregular.

5. The superintendent may waive the membership merger vote if the superintendent finds that an emergency exists which justifies the waiver.

6. The certificate of merger and a copy of the agreed plan of merger shall be forwarded to the superintendent, certified by the superintendent, and returned to both credit unions within thirty days of the date of receipt by the superintendent.

7. a. Upon return of the certificate from the superintendent, all of the merging credit union's property, property rights, and members' interests shall vest in the continuing credit union without the legal need for deeds, endorsements or other instruments of transfer, and all debts, obligations, and liabilities of the merging credit union shall be assumed by the continuing credit union.

b. The rights and privileges of the members of the merging credit union shall continue as provided in the plan.

c. Credit union membership in the continuing credit union shall be available to persons within the common bond of the merging credit union.

8. This section shall be construed to permit a credit union organized under any other statute to merge with one organized under this chapter, or to permit one organized under this chapter to merge with one organized under any other statute.

9. As used in this section, the term "merger" or "merge" means the combination of assets and liabilities of one credit union with those of another credit union such that one credit union continues and the other credit union surrenders its charter to operate as a credit union.

2007 Acts, ch 174, §62; 2012 Acts, ch 1020, §18, 19

[T] Subsection 1 amended

[T] Subsection 3, paragraph c amended

**533.402 Conversion of financial institution to state credit union.**

1. Any financial institution may convert to a state credit union by complying with the laws of the original chartered authority and upon the approval of the superintendent. As used in this section, "financial institution" means any credit union, bank, savings bank, or savings and loan association chartered under federal or state law.

a. Application for approval of the conversion to a state credit union shall be submitted to the superintendent in the form prescribed by the superintendent, together with the articles of incorporation and bylaws as required for organization of a state credit union pursuant to this chapter.

b. The superintendent may cause an examination to be made of any converting financial institution. The converting financial institution shall reimburse the superintendent for the division's costs related to the conversion.

2. a. If the superintendent approves the application of a financial institution for conversion to a state credit union, the superintendent shall cause the articles of incorporation of the resulting state credit union to be filed and recorded in the county in which the state credit union has its principal place of business and the superintendent shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union. The financial institution shall then become a state credit union subject to the laws of this state.

b. The superintendent shall furnish a copy of the certificate to the administrator of the national credit union administration.

3. a. Upon conversion, the existence of the original financial institution shall cease.

b. The state credit union resulting from the conversion shall have only the authority to engage in the business and exercise the powers of a state credit union.

4. a. A liability of the original financial institution or of its members, directors, or officers shall not be affected, and any lien on any property of the financial institution shall not be impaired by the conversion.

b. Any claim existing or action pending by or against the original financial institution may be prosecuted to judgment as if the conversion had not taken place, or the resulting state credit union may be substituted in its place.

2007 Acts, ch 174, §63

### **533.403 Conversion of state credit union into federal credit union.**

1. A state credit union may convert into a federal credit union with the approval of the administrator of the national credit union administration and by the affirmative vote of a majority of the credit union's members who vote on the proposal, according to the provisions of section 533.203.

2. The board of directors of the state credit union shall notify the superintendent of any proposed conversion and of any abandonment or disapproval of the conversion by the members or by the administrator of the national credit union administration. The board of directors of the state credit union shall file with the superintendent appropriate evidence of approval of the conversion by the administrator of the national credit union administration and shall notify the superintendent of the date on which the conversion is to be effective.

3. Upon receipt of satisfactory proof that the state credit union has complied with all applicable laws of this state and of the United States, the superintendent shall issue a certificate of conversion which shall be filed and recorded in the county in which the state credit union has its principal place of business and in the county in which its original articles of incorporation were filed and recorded.

2007 Acts, ch 174, §64; 2012 Acts, ch 1020, §20

[T] Subsection 1 amended

### **533.404 Dissolution generally.**

The following shall apply to dissolution of a state credit union under this chapter, whether voluntary or involuntary:

1. Distribution of the assets of the state credit union shall be made in the following order:
  - a. The payment of costs and expense of the administrator of dissolution.
  - b. The payment of claims for public funds deposited pursuant to chapter 12C and the payment of claims which are given priority by applicable statutes. If the assets are insufficient for payment of the claims in full, priority shall be determined by the statutes or, in the absence of conflicting provisions, on a pro rata basis.
  - c. The payment of deposits, including accrued interest, up to the date of the special meeting of the members at which voluntary dissolution was authorized, or in the case of involuntary dissolution, the date of appointment of a receiver.
  - d. The pro rata apportionment of the balance among the members of record on the date of the special meeting of the members at which voluntary dissolution was authorized, or in the case of involuntary dissolution, the members of record on the date of appointment of a receiver.

2. All amounts due members who are unknown, or who are under a disability and no person is legally competent to receive the amounts, or who cannot be found after the exercise of reasonable diligence, shall be transmitted to the treasurer of state who shall hold the amounts in the manner prescribed by chapter 556. All amounts due creditors as described in section 490.1440 shall be transmitted to the treasurer of state in accordance with that section, shall be retained by the treasurer of state, and are subject to claim as provided for in that section.

3. The superintendent shall assume custody of the records of a state credit union dissolved pursuant to this chapter and shall retain the records which, in the superintendent's discretion, are deemed necessary, in accordance with the provisions of section 533.322. The superintendent may cause film, photographic, photostatic, or other copies of the records to be made and the superintendent shall retain the copies in lieu of the original records.

4. a. The dissolution of a state credit union shall not remove or impair any remedy available to or against such state credit union, its directors, officers, or members for any right or claim existing or any liability incurred prior to such dissolution if an action or other proceeding to enforce the right or claim is commenced within two years after the date of filing of a certificate or decree of dissolution with the county recorder in the county in which the state credit union has its principal place of business.

b. Any such action or proceeding by or against the state credit union may be prosecuted or defended by the state credit union in its corporate name.

c. The members, directors, and officers shall have power to take such corporate or other action as shall be appropriate to protect such remedy, right, or claim.

2007 Acts, ch 174, §65; 2011 Acts, ch 34, §127

Referred to in §12C.23, 533.314

#### **533.405 Voluntary dissolution.**

The process of voluntary dissolution shall be as follows:

1. A state credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote according to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

2. a. The state credit union shall cease to do business except for the purposes of liquidation immediately upon sending notice of the members' vote on dissolution.

b. The board of directors shall notify the superintendent of the intention of the state credit union to dissolve within three business days of a vote by a majority of the board of directors in favor of dissolution, and prior to sending notice of the members' vote.

c. The state credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members have revoked prior affirmative action to dissolve as provided for in subsection 6.

3. a. The board of directors shall have power to terminate and settle the affairs of a state credit union in voluntary dissolution.

b. The state credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in order to terminate its affairs.

c. The state credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled.

d. During the course of dissolution proceedings, the state credit union shall make such reports and shall be subject to such examinations as the superintendent may require.

e. If at any time after the affirmative vote of a majority of the members of a state credit union to dissolve the state credit union, the superintendent finds that the state credit union is not making reasonable progress toward terminating its affairs, the superintendent may apply to the district court for appointment of a receiver to terminate the affairs of the state credit union.

f. If the superintendent finds that a dissolving state credit union is insolvent, the superintendent may proceed as otherwise provided in this chapter.

4. a. The board of directors may appoint by resolution any responsible person as defined in section 4.1, whose appointment has been approved by the superintendent, to exercise its powers to terminate and settle the affairs of the state credit union pursuant to this section.

b. The superintendent may adopt rules establishing the qualifications that must be met by such appointees, including but not limited to filing a surety bond with the superintendent.

5. a. Upon such proof as is satisfactory to the superintendent that all assets have been liquidated from which there is a reasonable expectance of realization, that the liabilities of the state credit union have been discharged and distribution made to its members, and that the liquidation has been completed, the superintendent shall issue a certificate of dissolution, which certificate shall be filed and recorded in the county in which the state credit union has its principal place of business and in the county in which its original articles of incorporation were filed and recorded.

b. Upon the issuance of a certificate of dissolution, the existence of the state credit union shall cease.

6. a. At any time prior to any distribution of its assets, a state credit union may revoke the voluntary dissolution proceedings by the affirmative vote of a majority of its members eligible to vote, according to the provisions of section 533.203. At least twenty days' notice shall be provided between the sending of notice and the scheduled conclusion of the vote.

b. Upon the conclusion of the vote, the board of directors shall immediately notify the superintendent of any such action to revoke voluntary dissolution proceedings.

2007 Acts, ch 174, §66; 2012 Acts, ch 1020, §21

Referred to in §533.314

[T] Subsections 1, 2, and 6 amended

**533.406 State credit union merger, conversion, or dissolution.**

Notwithstanding section 533.301, subsection 25, a state credit union shall comply with the state law requirements for merger, conversion, or dissolution of a state credit union.

2007 Acts, ch 174, §67

SUBCHAPTER V  
SUPERVISORY ACTIONS,  
LIMITATIONS, AND PENALTIES

**533.501 Supervisory action.**1. *Cease and desist order.*

a. (1) If the superintendent has reason to believe that an officer, director, employee, or committee member of a state credit union has violated any law, rule, or cease and desist order relating to a state credit union, or has engaged in an unsafe or unsound practice in conducting the business of a state credit union, the superintendent may cause notice to be served upon the officer, director, employee, or committee member to appear before the superintendent to show cause why the person should not be removed from office or employment. A copy of such notice shall be sent by certified mail or restricted certified mail to each director of the state credit union affected.

(2) If the superintendent finds that the accused has violated a law, rule, or cease and desist order relating to a state credit union, or has engaged in an unsafe or unsound practice in conducting the business of a state credit union, after granting the accused a hearing before an independent administrative law judge, the superintendent in the superintendent's discretion may order that the accused be removed from office and from any position of employment with the state credit union. The superintendent may further order that the accused not accept employment in any state credit union under the superintendent's jurisdiction without the superintendent's prior approval.

(3) A copy of the order shall be served upon the accused and upon the state credit union affected, at which time the accused shall cease to be an officer, director, employee, or committee member of the state credit union.

b. (1) If the superintendent determines that a state credit union has violated any of the provisions of this chapter, after notice and opportunity for hearing, the superintendent shall order the state credit union to correct the violation, except when the state credit union is insolvent.

(2) The superintendent may specify the manner in which the violation is to be corrected and grant the state credit union not more than sixty days within which to comply with the order.

(3) The superintendent may revoke a state credit union's certificate of approval for failure to comply with the order.

(4) If the certificate of approval has been revoked, the superintendent may apply to the district court of the county in which the state credit union is located for the appointment of a receiver for the state credit union.

2. *Summary cease and desist order.*

a. (1) If it appears to the superintendent that a state credit union, or any director, officer, employee, or committee member of a state credit union, is engaging in or is about to engage in an unsafe or unsound practice or dishonest act in conducting the business of the state credit union that is likely to cause insolvency or substantial dissipation of assets or earnings of the state credit union, or is likely to seriously weaken the condition of the state credit union or otherwise seriously prejudice the interests of its members, the superintendent may issue an interim summary cease and desist order requiring the state credit union, or any director, officer, employee, or committee member, to cease and desist from any such practice or act, and may take affirmative action, including suspension of the director, officer, employee, or committee member to prevent such insolvency, dissipation, condition, or prejudice.

(2) The interim order shall become effective upon personal service upon the state credit

union, or upon the director, officer, employee, or committee member of the state credit union, and remain effective and enforceable pending the completion of administrative proceedings conducted pursuant to this section and issuance of a final order.

b. (1) The interim order shall contain a concise statement of the facts constituting the alleged unsafe or unsound practice or alleged dishonest act, and shall fix a time and place at which a hearing will be held to determine whether a final order to cease and desist should issue against the state credit union, or any director, officer, employee, or committee member.

(2) The hearing shall be fixed for a date not later than thirty days after service of the interim order unless a later date is set at the request of the party served.

(3) If the state credit union, or the director, officer, employee, or committee member, fails to appear at the hearing, the state credit union, or the director, officer, employee, or committee member, is deemed to have consented to the issuance of a final cease and desist order.

(4) In the event of such consent, or if upon the record made at the hearing the superintendent finds that any unsafe or unsound practice or dishonest act specified in the interim order has been established, the superintendent may issue and serve upon the state credit union, or the director, officer, employee, or committee member, a final order to cease and desist from any such practice or act. The order may require the state credit union, or the director, officer, employee, or committee member, to cease and desist from any such practice or act and direct affirmative action, including suspension of the director, officer, employee, or committee member.

c. (1) A hearing provided for in this section shall be presided over by an administrative law judge appointed in accordance with section 17A.11.

(2) The hearing shall be private, unless the superintendent determines after full consideration of the views of the party afforded the hearing, that a public hearing is necessary to protect the public interest.

(3) After the hearing, and within thirty days after the case has been submitted for decision, the superintendent shall review the proposed order of the administrative law judge and render a final decision, including findings of fact upon which the decision is predicated, and issue and serve upon each party to the proceeding an order consistent with this section.

(4) Records and information relating to the hearing shall be confidential and not subject to subpoena. Such records and information shall not constitute a public record subject to examination or copying under chapter 22.

d. Any final order issued by the superintendent shall become effective upon service upon the state credit union, director, officer, employee, or committee member.

e. In the case of violation or threatened violation of, or failure to obey, an order, the superintendent may apply to the district court of the county in which the state credit union has its principal place of business for the enforcement of the order and such court shall have jurisdiction and power to order and require compliance with the order.

f. (1) Within ten days after a state credit union or any director, officer, employee, or committee member is served with a summary cease and desist order, the state credit union or director, officer, employee, or committee member affected may apply to the district court in the county in which the state credit union has its principal place of business for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the interim order pending the completion of administrative proceedings.

(2) If serious prejudice to the interests of the superintendent, the state credit union, or the officer, director, employee, or committee member would result from a court hearing, the court may order the judicial proceeding to be conducted in camera.

3. *Complaint response process.* The superintendent shall adopt rules establishing a complaint response process that shall include provisions relating to but not limited to complaint intake, preliminary informal and formal investigation procedures, complaint dismissal procedures, and imposition of remedial sanctions through an administrative resolution procedure or a contested case hearing.

a. Notwithstanding chapter 22, the superintendent shall keep confidential any social security number, residence address, or residence telephone number obtained in connection with a complaint intake, investigation, dismissal, or imposition of remedial sanctions, and may keep confidential the name of the complainant, the name of the subject of the

complaint, and any other information obtained in connection with a complaint intake, investigation, dismissal, or imposition of remedial sanctions, if disclosure is not required in the performance of the duties of the superintendent, or in order to accomplish the provisions of this chapter, or otherwise required by law. At the discretion of the superintendent, the name of the complainant, residence address of the complainant, and residence telephone number of the complainant may be provided to the subject of the complaint, or to an authorized agent of such person, without waiving the confidentiality afforded by this subsection, provided that the superintendent has notified the complainant in advance of such disclosure. Disclosure or release of information by the superintendent in the course of an administrative or judicial proceeding shall not constitute a violation of this subsection.

b. Notwithstanding chapter 22, or paragraph “a” of this subsection, if the superintendent determines it is necessary or appropriate in the public interest or for the protection of the public, the superintendent may share information with other regulatory authorities or government agencies and may publish information concerning a complaint if it is determined that there is or has been a violation of this chapter, the laws of this state or the United States, or a rule promulgated or order issued pursuant to this chapter. Such information as the superintendent deems appropriate may be redacted so that the sharing, releasing, or publishing of the information in accordance with this subsection does not make available personally identifiable information.

2007 Acts, ch 174, §68; 2009 Acts, ch 48, §2

Referred to in §22.7

### **533.502 Grounds for management of state credit union by superintendent.**

1. Notwithstanding any other provision of this chapter, the superintendent may take over the management of the property and business of a state credit union when it appears to the superintendent that any of the following actions have occurred or conditions exist:

- a. The state credit union has violated any law of this state.
- b. The capital of the state credit union is impaired.
- c. The state credit union is conducting its business in an unsafe or unsound manner.
- d. The state credit union is in such condition that it is unsound, unsafe, or inexpedient for it to transact business.
- e. The state credit union has suspended or refused payment of its deposits or other liabilities.

f. The state credit union refuses to make its records available to the superintendent for examination or otherwise refuses to make available, through an officer or employee having knowledge, information required by the superintendent for the proper discharge of the duties of the superintendent’s office.

g. The state credit union neglects or refuses to observe any order of the superintendent made pursuant to the provisions of this chapter, unless the enforcement of such order is stayed in a court proceeding brought by the state credit union.

h. The state credit union has not transacted any business or performed any of the duties contemplated by its authorization to do business for a period of at least one hundred eighty days.

2. a. The superintendent shall manage the property and business of the state credit union until such time as the superintendent may relinquish to the state credit union the management, upon such conditions as the superintendent may prescribe, or until the affairs of the state credit union are finally dissolved as provided in this chapter. The superintendent may operate and direct the affairs of the state credit union in its regular course of business. The superintendent may also collect amounts due the state credit union and do such other acts as are necessary or expedient to conduct the affairs of the state credit union and conserve or protect its assets, property, and business.

b. The superintendent may appoint one or more persons, with powers specified in the certificate of appointment, to assist the superintendent in the duty of management, conservation, or dissolution and distribution of the business and property of a state credit union.

c. During the period of the superintendent’s management of the property and business of

the state credit union, and prior to the time that the superintendent may apply to the district court for appointment as receiver, the superintendent may assess the state credit union for costs and expenses incurred by the division in the management of the state credit union. Costs and expenses shall include but not be limited to costs and expenses for salaries and benefits, expenses and travel for employees, office facilities, supplies, equipment, and administrative costs and expenses incurred in the management of the state credit union.

3. Judicial review of the actions of the superintendent may be sought in accordance with chapter 17A. However, the contested case provisions of chapter 17A, the Iowa administrative procedure Act, do not apply to an action by the superintendent to take over the management of or to manage a state credit union, as authorized by this section.

2007 Acts, ch 174, §69; 2012 Acts, ch 1020, §22

[T] Subsection 2 amended

### **533.503 Superintendent as receiver.**

1. In all situations in which the superintendent has been appointed as receiver as provided in this chapter, the superintendent shall make a diligent effort to collect and realize on the assets of the state credit union, and shall make distribution of the proceeds from time to time to those entitled in the order provided for by law.

a. The superintendent may execute as receiver, or after the receivership has terminated, assignments, releases, and satisfactions to effectuate sales and transfers.

b. Upon the order of the court in which the receivership is pending, the superintendent may sell or compound all bad or doubtful debts.

c. Upon the order of the court in which the receivership is pending, the superintendent may sell all the real and personal property of the state credit union, on such terms as the court shall direct.

2. All expenses of the receivership and dissolution shall be determined by the superintendent, subject to the approval of the district court, and shall be paid out of the assets of the state credit union.

3. At the completion of the receivership, the superintendent shall file a final report which shall contain details of receivership activity and such additional facts as the court may require.

4. a. Upon the submission and approval of the final report, the court shall enter a decree dissolving the state credit union and discharging the receiver, at which time the existence of the state credit union shall cease.

b. The clerk of the district court shall file and record certified copies of the decree with the county recorder of the county in which the state credit union has its principal place of business and with the county recorder of the county in which its original articles of incorporation were filed and recorded. A fee shall not be charged by the county recorder for the filing or recording of such decree.

2007 Acts, ch 174, §70

Referred to in §602.8102(73)

### **533.504 Tender of receivership to insurance plan.**

1. a. The superintendent may tender to the administrator of an account insurance plan approved under this chapter the appointment as receiver for an insured state credit union.

b. If the insurance plan administrator accepts the appointment as receiver, the rights of the members and other creditors of the insured state credit union shall be determined in accordance with the laws of this state and the insurance plan administrator shall comply with all applicable provisions of this chapter.

2. The administrator of an account insurance plan as receiver shall possess the powers, rights, and privileges given to the superintendent as provided by law.

3. If the administrator of an account insurance plan pays or makes available for payment the insured liabilities of a state credit union, the administrator shall be subrogated by operation of law to all rights of the members against the insured state credit union in the same manner and to the same extent as subrogation is provided for in applicable laws in the case of a closed federal credit union.

2007 Acts, ch 174, §71



**533.505 Subpoena — contempt.**

1. The superintendent or the superintendent's designee may subpoena witnesses, compel their attendance, administer an oath, examine any person under oath, and require the production of any relevant record during the period of examination.

2. An examination may be conducted on any subject relating to the duties imposed upon or powers vested in the superintendent.

3. Whenever a person subpoenaed pursuant to subsection 1 fails to produce a record or to give testimony as required by the terms of the subpoena, the superintendent may apply to the district court of Polk county for the enforcement of the subpoena or the issuance of an order compelling compliance.

4. The refusal of any person to obey an order of the district court issued pursuant to subsection 3, without reasonable cause, shall be considered a contempt of court.

2007 Acts, ch 174, §72; 2011 Acts, ch 34, §128

**533.506 Limitation of actions.**

1. All causes of action against a state credit union based upon a claim or claims inconsistent with an entry or entries in a state credit union record or ledger, made in the regular course of business, shall be deemed to have accrued, and shall accrue, one year after the date of such entry or entries.

2. An action founded upon such a cause shall not be brought after the expiration of ten years from the date of such accrual.

2007 Acts, ch 174, §73

**533.507 False statements for credit — fraudulent practice.**

A person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person or any other person in which such person is interested or for whom such person is acting with the intent that such statement shall be relied upon by a state credit union for the purpose of procuring the delivery of property, the payment of cash, or the receipt of credit in any form, for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, is guilty of a fraudulent practice.

2007 Acts, ch 174, §74

**533.508 False statements — penalties.**

1. A director, officer, or employee of a state credit union shall not intentionally publish, disseminate, or distribute any advertising or notice containing any false, misleading, or deceptive statements concerning rates, terms, or conditions on which loans are made, or deposits or share installments are received, or concerning any charge which the state credit union is authorized to impose pursuant to this chapter, or concerning the financial condition of the state credit union. Any director, officer, or employee of a state credit union who violates the provisions of this section is guilty of a fraudulent practice.

2. Any person who maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false statement concerning any state credit union which imputes or tends to impute insolvency, unsound financial condition or financial embarrassment, or which may tend to cause or provoke or aid in causing or provoking a general withdrawal of deposits from such state credit union, or which may otherwise injure or tend to injure the business or goodwill of such state credit union, is guilty of a simple misdemeanor.

2007 Acts, ch 174, §75

**533.509 Penalty for falsification.**

A director, officer, agent, or employee of a state credit union, a credit union service organization, or any other person who knowingly signs, makes, or consents to another person making any false statement or false entry in the books of the state credit union or credit union service organization, or knowingly signs, makes, or consents to the making of any false report regarding a state credit union or credit union service organization, or

knowingly diverts the funds of the state credit union, is guilty of a class “C” felony and is forever after barred from holding any office or position in a state credit union or credit union service organization.

2007 Acts, ch 174, §76