CREDIT UNION DIVISION[189]

Credit Union Department[295] renamed Credit Union Division[l89] under the Department of Commerce by 1986 Iowa Acts, Senate File 2175, section 751, effective July 1, 1986.
See IAB 9/10/86.

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CHAPTER 1
DESCRIPTION OF ORGANIZATION

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—1.1(533) Definitions. The definitions of terms included in Iowa Code section 17A.2 shall apply to such terms used in this chapter. In addition, as used in this chapter:

"Board" means the credit union review board.

"Division" means the credit union division.

"Superintendent" means the superintendent of the credit union division.

189—1.2(17A,533) Scope and application. This chapter describes the office of the superintendent and the methods whereby the public may obtain forms, instructions, and information regarding credit unions.

189—1.3(17A,533) Credit union division. The division is the office of the superintendent and other personnel who discharge the duties and responsibilities imposed upon the superintendent by the laws of this state. The superintendent has general supervisory and regulatory authority over all state chartered credit unions.

1.3(1) *Central organization—superintendent.* The superintendent is appointed by the governor and approved by the senate. The superintendent is the head of the credit union division with offices located at 200 East Grand Avenue, Suite 370, Des Moines, Iowa 50309. Rules may be promulgated by the superintendent subject to prior approval by the board. The superintendent may employ personnel as necessary to carry out the provisions of the credit union law.

1.3(2) *Credit union review board.* The credit union review board is composed of seven members who are appointed by the governor and approved by the senate. With the exception of four members first appointed as of January 1, 1979, board members serve for a three-year term. The board may adopt, amend, and repeal rules or take other action it deems necessary or suitable to effect the provisions of the credit union law. The board meets at least four times each year and special meetings may be called by the chairperson. A majority of the members of the board shall constitute a quorum to transact business.

This rule is intended to implement Iowa Code section 533.107.

189—1.4(17A,533) Forms and instructions. Information concerning the forms and instructions of the superintendent is available at the offices of the credit union division during usual business hours, 8 a.m. to 4 p.m. daily, excluding Saturdays, Sundays and holidays. Copies of the forms and instructions are also available at the credit union division's Web site at https://creditunions.iowa.gov/.

This rule is intended to implement Iowa Code section 533.102.

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CHAPTER 2
ORGANIZATION, CHARTERING AND FIELD OF MEMBERSHIP OF A CREDIT UNION

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—2.1(533) Definitions.

"Applicants" means those persons who make application to the credit union division.

"Application" includes the documents required by the credit union division for chartering a credit union or for approval of an employee group to obtain service from an already chartered credit union.

"Chartering" means the approval of the credit union division of the state of Iowa which is required before a credit union may operate and do business in the state of Iowa.

"Common bond" means the relationship between natural or corporate persons required before such persons can be members of a credit union.

"Division" means the credit union division of the department of commerce of the state of Iowa.

"Incorporators" means those persons listed as incorporators in the filed documents of incorporation.

"Membership" means those persons who possess the required common bond and who are approved as eligible for services of a credit union.

"Multiple group" means a combination of an association common bond and an occupation, industry, or employer common bond.

"Organization" means the process of identifying the proposed membership of a credit union and choosing persons to apply for chartering with the division.

189—2.2(533) Purpose. All chartering and approval for the extension of credit union services shall be consistent with Iowa Code chapter 533 and shall promote safety and soundness of all credit unions. The division shall determine that each application has sound economic basis and that approval of the application will not endanger the safety and soundness of other credit unions.

189—2.3(533) Chartering process. The chartering process includes the organization, application, and chartering of a credit union under the laws of the state of Iowa.

189—2.4(533) Organization procedure. When persons wish to obtain a charter for a new credit union, they shall determine that the proposed membership for the credit union has a common bond as required by this chapter and that there exists probable support for the credit union by the proposed membership. The persons shall also choose seven applicants to apply for charter with the division.

189—2.5(533) Field of membership and common bond.

2.5(1) *Types of common bond.* Common bonds shall include relationships based on association, occupation, industry, or employer, or residence or employment within a specified community.

a. Association common bond shall be based on common loyalties, benefits, interests and activities.

b. Occupation, industry or employer common bond shall be based on common business, employer, or corporate parent.

c. Multiple group shall be based on a combination of *"a"* and *"b."*

d. Community common bond shall be based on residence, employment or principal place of business in a specific geographic boundary.

2.5(2) *Extension of common bond.* Common bond may be extended to family members, employees and other persons of close affinity as defined by the credit union's bylaws and as approved by the superintendent upon request extension.

2.5(3) *Changes in common bond.* A request for a change in common bond must be approved by the superintendent who shall base such approval on the determination that the change is consistent with the standards for chartering under this chapter.

189—2.6(533) Application for charter.

2.6(1) *Applicants' duties.* The applicants for charter shall inform the superintendent of the division of the interest and commitment regarding forming a credit union. The applicants shall also obtain from the superintendent the necessary information regarding applying for a charter, as well as an application and any other documents required for chartering. The applicants shall be responsible for filing all documents required for chartering and incorporation with the superintendent.

2.6(2) *Application for chartering.* The documents contained as part of the application for chartering shall include, but not be limited to, documents requesting the following information: names, addresses and current employment of all applicants; the proposed management staff and the proposed slate of credit union officers; a summary of the plan of business which indicates the economic feasibility of the operation of the credit union; a description of the common bond; and a draft of bylaws and articles of incorporation.

189—2.7(533) Chartering standards. In order to grant a charter, the superintendent shall determine that the purpose of this chapter is met and that each and every one of the following standards is met:

1. The proposed members possess a sufficient common bond;
2. The proposed management has the necessary financial expertise;
3. Chartering the credit union is in the interest of its proposed members;
4. The support of the proposed members indicates that the credit union will succeed; and
5. The applicants' plan of business is based on adequate and well-reasoned consideration of the expected costs and returns from operations.

189—2.8(533) Incorporation and commencement of business.

2.8(1) *Organization meeting.* Proposed members shall meet and through a majority vote approve the incorporation of the credit union chartered by the division.

2.8(2) *Filing of corporate records.*

a. *Articles of incorporation.* Upon the division's grant of a charter, the applicants shall file the credit union's articles of incorporation, with the certificate of approval attached, with the county recorder of the county where the credit union is to have its principal place of business.

b. *Oath of office.* Within ten days after the meeting to incorporate the new credit union, and within ten days after each annual meeting thereafter, a notarized oath of office including the name, signature, position, and address of each member of the board of directors shall be filed with the superintendent. Within ten days of the appointment or election of any new member of the board of directors, a notarized oath of office shall be filed in the same manner.

2.8(3) *Commencement of business.* A credit union shall not commence business (which shall include, but not be limited to, the incurring of any obligation or the commitment of any of its assets) until its chartering and incorporation are completed, and deposit insurance is obtained as required by law. A newly chartered credit union must commence business within 60 days after the date its charter is approved, or the credit union's certificate of approval may be revoked by the superintendent.

[**ARC 4632C**, IAB 8/28/19, effective 10/2/19]

189—2.9(533) Board of directors requirements.

2.9(1) The board of directors shall hold at least 12 regular meetings each calendar year. No more than one regular meeting shall be held in one calendar month.

2.9(2) A quorum shall be required to undertake any credit union business and required at any meeting of the board of directors called by the superintendent pursuant to Iowa Code chapter 533.

2.9(3) A director or committee member must be able to read and understand the credit union's balance sheet and income statement, have a working knowledge of basic finance and generally accepted accounting principles (GAAP) utilized in the credit union, be able to understand the risk found in depository institutions and credit union board governance, and understand the internal control structures of the credit union. If a director or committee member does not have the requisite skills when elected or appointed, the director or committee member must obtain these skills in a timely manner, not to exceed 12 months.

This rule is intended to implement Iowa Code sections 533.205(3)*"c,"* 533.205(3)*"g,"* and 533.113A.

[**ARC 4632C**, IAB 8/28/19, effective 10/2/19; **ARC 6094C**, IAB 12/15/21, effective 1/19/22]

189—2.10(533) Use of credit union name. After being chartered as a credit union, a credit union shall represent itself as a credit union in the course of obtaining and doing business. Failure to meet this requirement may be grounds for revocation of charter by the superintendent.

189—2.11(533) Employee groups. Upon the application to and approval by the superintendent, an employee group may be served by an already chartered credit union without the requirement of a common bond relationship between the employee group and the chartered credit union effecting service.

2.11(1) *Application to serve an employee group.* A credit union desiring to serve an employee group shall submit an "Application to Serve an Employee Group" which is available from the division.

2.11(2) *Recognition of an employee group.* The superintendent may recognize that an employee group exists and approve a credit union's application to serve the employee group consistent with Iowa Code chapter 533 and the purpose of this chapter.

2.11(3) *Inquiry.* The superintendent may conduct an inquiry, and may use any of the powers granted to the superintendent under Iowa Code chapter 533, as deemed necessary in connection with an "Application to Serve an Employee Group" to determine:

a. That the credit union making application has the authority in its bylaws to serve an employee group;

b. That the employee group has made application to the credit union for services; and

c. That the quality and management of the credit union making application are sound and that the credit union is capable of and will offer services to members of the proposed employee group equivalent to those offered to its present membership.

2.11(4) *Frequency of application.* There is no limit to the number of applications a credit union may have pending at any given time.

2.11(5) *Ability to spin off from credit union.* Any employee group previously authorized by Iowa Code chapter 533 may apply to the division for a charter. The application will be considered on the same basis as an initial chartering under this chapter. Notice of the application shall be given to interested parties including the parent credit union. The order of charter shall include a comprehensive plan for reorganization and reallocation of assets and liabilities.

189—2.12(533) Approval or denial.

2.12(1) *Inquiry and review.* The superintendent may conduct an inquiry, and use any powers granted to the superintendent under Iowa Code chapter 533, as is deemed necessary in connection with any application under this chapter to determine if granting the application would be consistent with the purpose of this chapter.

2.12(2) *Method of notice of decisions on applications.* The superintendent shall notify the applicants in writing of the decision of approval or denial of any application made under this chapter and shall send the decision to the applicants. If an application is denied, the superintendent shall provide the applicants with the reasons for the denial.

2.12(3) *Time of notice.* The superintendent shall provide notification regarding approval or denial of an application for chartering within the time period required by Iowa Code chapter 533 and shall notify regarding approval or denial of employee group applications within 60 days. If it is necessary for an application to be amended, whether by addition, deletion or change, the period of review shall begin anew as of the date of amendment.

2.12(4) *Intervention.* The period of review will be extended for 14 days if the division receives a written intervention in objection to the approval of the employee group application. Upon the filing of an intervention, the superintendent may request additional information from the applicants.

[**ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—2.13(533) Appeal.

2.13(1) *Contested case.* Applicants may appeal the denial of an application by requesting a contested case hearing before the superintendent within 30 days of issuance of the decision. The costs of a contested case hearing shall be paid by a requester if the requester fails to prevail at the contested case hearing.

2.13(2) *Appeal to review board.* The appeal of a ruling of the superintendent in a contested case hearing shall be before the credit union review board.

This chapter is intended to implement Iowa Code chapter 533.

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CHAPTER 3
CONVERSION OF AN IOWA-CHARTERED CREDIT UNION TO ANOTHER CHARTER TYPE

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—3.1(533) Definitions. As used in this chapter:

"Credit union" means credit union as defined in the Iowa Credit Union Act, Iowa Code section 533.102.

"Federal banking agencies" means federal banking agencies as defined in Section 3 of the Federal Deposit Insurance Act.

"Federal credit union" means credit union as defined in Section 101 of the Federal Credit Union Act, 12 U.S.C. 1752(1).

"Mutual savings bank" and *"savings association"* have the same meaning as defined in Section 3 of the Federal Deposit Insurance Act.

"Senior management official" means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as defined by the appropriate federal banking agency pursuant to Section 32(f) of the Federal Deposit Insurance Act, 12 U.S.C. 1831i(f).

"Superintendent" means the superintendent of credit unions of the Iowa credit union division of the department of commerce.

189—3.2(533) Authority to convert.

3.2(1) An Iowa-chartered credit union, with the approval of its members, may convert to a federal credit union, subject to applicable law, regulation and procedures of the governing recipient chartering authority, the National Credit Union Administration, and the requirements of this chapter.

3.2(2) An Iowa-chartered credit union shall remain responsible for the entire annual fee pursuant to Iowa Code section 533.112 during the year in which the credit union converts.

3.2(3) Disclosure to members.

a. No credit union shall convert to a federal credit union without full disclosure to its members of the intents and purposes of conversion.

b. If the intent to undertake a second conversion to a mutual savings bank or a savings association is among the purposes for conversion to a federal credit union, those facts and all related information shall be fully disclosed to members.

c. If a further conversion to a stock institution is among the possible outcomes from the conversion, the converting Iowa-chartered credit union shall fully and accurately disclose this possibility to its members.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.3(533) Board of directors and membership approval.

3.3(1) Any conversion proposal may be approved by the board of directors only upon the affirmative vote of a majority of the board. The board shall then set a date for a vote on the proposal by the members of the credit union and select the method of voting by a favorable vote of a majority of the board, according to the provisions of Iowa Code section 533.203.

3.3(2) The membership shall approve the proposal to convert by the affirmative vote of a majority of those members who vote on such proposal. Each eligible member shall have one vote regarding the conversion proposal.

3.3(3) The vote of the members to convert shall be in the manner prescribed in this chapter.

3.3(4) The board of directors shall notify the superintendent of any proposed conversion within three days of an affirmative vote by the board on a conversion proposal. The board shall also notify the superintendent of any abandonment or disapproval of the conversion by the members or by the recipient chartering authority, the National Credit Union Administration, or applicable federal deposit insurer within seven days of a membership vote to abandon or disapprove the conversion, receipt of disapproval by a chartering authority, or other decision to abandon the conversion.

3.3(5) Prior to completion of any conversion, the board shall supply the superintendent a certified affidavit of compliance with these rules.
[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.4(533) Notice to members and voting procedures.

3.4(1) *Requirements.* All conversion plans shall be submitted to the superintendent in accordance with 189—3.5(533). The members may not vote on the proposal until the credit union has received preliminary approval from the superintendent under 189—3.5(533), as well as the preliminary determination from the National Credit Union Administration on the proposition for conversion.

3.4(2) *Vote by board of directors.* The board of directors shall, by majority vote, select the method of voting for the membership vote on the conversion proposal in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote. The board of directors shall vote to conduct the vote in whole by electronic voting only if all members have access to an electronic voting device. If the number of members who have opted to receive notices electronically is less than all members, the board may provide access to an electronic device in each credit union office for the members to vote electronically in order to satisfy the access requirement. Otherwise, the board shall also conduct the vote in part by mail-in ballot or in person at a meeting held for the purpose of voting, pursuant to the requirements of this rule.

3.4(3) *Election committee.* The board shall appoint an election committee of not fewer than seven members, none of whom may be from the board of directors or be a member of a director's immediate family or be an employee of the credit union or a member of an employee's immediate family.

a. It is the duty of the election committee to oversee balloting, to tabulate votes, and to ensure that each member shall only be allowed to vote once and that multiple ballots submitted by the same member are disqualified.

b. The election committee shall elect a chairperson from among the committee members. If the balloting includes a vote taken at a meeting of members, the chairperson of the election committee shall announce the results of the election at the meeting; otherwise, the chairperson shall certify the vote to the board within five days of the close of balloting.

c. No member or agent of the election committee shall reveal the manner in which any member voted.

d. If the board of directors, by majority vote, has elected to utilize electronic voting, the election committee shall test the integrity of the electronic voting system at regular intervals during the election period. In the event of a malfunction of the electronic voting system, the board may in its discretion order the election to be held in another form, consistent with Iowa Code section 533.203.

e. For electronic ballots, it is the duty of the election committee to verify, or cause to be verified, the name and credit union account number of the voter as registered in the electronic voting system.

f. For mail-in ballots, including absentee ballots, it is the duty of the election committee to verify, or cause to be verified, the name and credit union account number of the voter as they appear on the identification form, to place the verified identification form and the sealed ballot envelope in a place of safekeeping pending the count of the vote, and, in the case of a questionable or challenged identification form, to retain the identification form and sealed ballot envelope together until the verification or challenge has been resolved.

3.4(4) *Notice of balloting.* The secretary shall set forth the conversion issue in a notice mailed to all members eligible to vote at least 90 calendar days, 60 calendar days, and 30 calendar days prior to the closing date of balloting.

a. The notice shall set forth the rules and procedures for voting, the date of the close of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting, that balloting is subject to an affirmative vote of a majority of all members eligible to vote, and that no other vote on the subject shall be taken after the closing date of balloting except for votes cast in person during voting at a meeting held for the purpose of voting.

(1) The close of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting shall be at least five days prior to any meeting where voting will occur.

(2) Electronic ballots shall be submitted no later than midnight on the date balloting closes for ballots submitted other than in person during voting at a meeting held for the purpose of voting in order to be considered valid.

(3) Ballots mailed to the credit union shall be postmarked no later than the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting and received within five business days after the closing date of balloting in order to be considered valid.

(4) Ballots hand-delivered to the credit union shall be received prior to the close of normal credit union business hours on the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting in order to be considered valid.

(5) If more than one method of voting will be used, the notice shall also communicate, in bold-faced type, that members have the right to vote on the proposed amendment through any of the methods of voting designated by the board, but that members will only be allowed to vote once.

b. The notice shall do all of the following:

(1) Adequately describe the purpose and the subject matter of the vote.

(2) Accurately disclose the reasons for the conversion, stated in specific terms and not as generalities. If a purpose of conversion is to become a mutual savings bank, a savings association that is in mutual form, or a stock institution, the notice shall clearly inform the member of all of the following:

1. That the conversion, if approved, could lead to members' losing their ownership interest in the credit union.

2. That a credit union member has no more than one vote regardless of the number of shares held, but that in a mutual savings bank or savings association, voting may be based on the amount in the member's deposit accounts, commonly one vote granted for each $100 on deposit.

3. That if the mutual savings bank or association converts to a stock institution, members will lose their ownership interests and voting rights automatically received as a member.

4. The method that will be used to provide for a pro-rata distribution of all unencumbered credit union retained and undivided earnings in excess of regulatory required reserves, as calculated pursuant to Iowa Code section 533.303, or in excess of a well-capitalized net worth level, calculated pursuant to the Federal Credit Union Act, 12 U.S.C. §1790d, whichever amount is greater. The pro-rata distribution shall occur on all shares of record as of the date of first notice to members under this rule and shall be based upon the member's share balance less any amount pledged to share-secured loans.

(3) Specify the costs of the conversion, such as changing the credit union name, examination and operating fees, attorney and consulting fees, tax liability, and any change or increase in compensation or economic benefit to directors or senior management officials, pursuant to subrule 3.10(2).

(4) Include an affirmative statement that, at the time of conversion to a federal credit union and for a period of five years thereafter, the credit union does or does not intend to do each of the following:

1. Convert to a mutual savings bank or savings association or a stock institution.

2. Provide any compensation to previously uncompensated members of the board of directors, or increase compensation or other conversion-related economic benefit, including stock options, special prices on stock, or first rights of refusal, to directors, senior management officials, or their agents, brokers, family members or other closely related parties.

3. Base member voting rights on account balances.

c. The notice shall not be included as part of any general mailing to members.

d. The notice may be sent electronically to those members who have opted to receive notices electronically.

e. The notice shall be posted in each credit union office 90 calendar days, 60 calendar days, and 30 calendar days before the close of balloting.

f. A member who joins the credit union subsequent to the 30-calendar-day notice and prior to the close of balloting and who is eligible to vote on the conversion shall be provided a copy of the 30-calendar-day notice and any balloting materials.

3.4(5) *Mailed ballots.* If the board voted by majority vote to conduct the vote in whole or in part by mailed ballot:

a. The secretary shall include the following balloting materials with the 30-calendar-day notice of balloting:

(1) One ballot, clearly identified as the ballot.

(2) One ballot envelope clearly marked "ballot" with instructions that the completed ballot shall be placed in that envelope and sealed.

(3) One identification form to be completed so as to include the name, address, signature, and credit union account number of the voter.

(4) One mailing envelope in which the voter, following instructions provided, shall insert the sealed "ballot" envelope and the identification form. The mailing envelope shall have postage prepaid and be preaddressed for return to the election committee.

b. If the credit union will also be conducting electronic voting, the mail-in ballot is not required for members who have opted to receive notices or statements electronically, and electronic mail may be used to provide the instructions and notices for the electronic voting procedure.

c. Ballots mailed to the election committee or hand-delivered to the credit union shall be received unopened and placed in ballot boxes. The ballot boxes shall be opened by and the vote tallied by the election committee.

d. If additional voting will be conducted at a meeting of members, the tallies shall be placed in the ballot boxes, and the ballot boxes shall be resealed to be taken to the meeting. If no other voting is scheduled to occur, the election committee shall tally the total votes and certify the vote count to the board no later than five days after the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting.

3.4(6) *Electronic voting.* If the board voted by majority vote to conduct the vote in whole or in part by electronic voting:

a. The secretary shall include with the notice of balloting specific instructions for electronic voting, including how to access and use the electronic voting system, and the period of time in which votes will be taken.

b. For those members who have opted to receive notices or statements electronically, the instructions required under this subrule may be communicated electronically.

c. The electronic voting shall be tallied by the election committee prior to any meeting where voting is also scheduled to take place, and the committee shall take the tallies to the meeting. If no meeting is scheduled for voting, the election committee shall tally the votes and certify the vote count to the board no later than five days after the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting.

3.4(7) *Absentee ballots—subsequent in-person vote at meeting.* If the board of directors, by majority vote, has elected to conduct the vote only in person at a meeting of members, the board may also, by majority vote, utilize absentee ballots when, in the opinion of the board, it is in the best interest of the credit union and its membership.

a. The secretary shall include with the notice of balloting a statement that members may vote either in person at the meeting of members or by absentee ballot if the member submits a written or electronic request for an absentee ballot and returns the ballot prior to the close of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting.

b. The secretary shall mail the balloting materials specified in paragraph 3.4(5)*"a"* to each member who is eligible to vote and who has submitted a written or electronic request for an absentee ballot.

c. Ballots mailed to the election committee or hand-delivered to the credit union shall be received unopened and deposited in ballot boxes. The ballot boxes shall be opened by and the vote tallied by the election committee, the tallies placed in the ballot boxes, and the ballot boxes resealed to be taken to the meeting.

d. At the meeting of members, printed ballots shall be given to those members who have not voted. The completed ballots shall be deposited in ballot boxes placed in conspicuous locations by the election committee before the meeting. After the members have been given an opportunity to vote, balloting shall be closed, the ballot boxes opened and the vote tallied by the election committee and added to any previous count of absentee ballots. The election committee shall immediately certify the vote count to the board. The chairperson of the election committee shall announce the result of the vote at the meeting.

3.4(8) *In-person vote at meeting.* If the board voted by majority vote to conduct the vote in whole or in part at a meeting of members, then printed ballots shall be distributed to those in attendance at the meeting who have not voted by another method, and the ballots shall be deposited in ballot boxes placed in conspicuous locations by the election committee before the meeting. After those members have been given an opportunity to vote at the meeting, balloting shall be closed, the ballot boxes opened and the vote tallied by the election committee and added to any previous count of mailed or electronic ballots. The election committee shall immediately certify the vote count to the board. The chairperson of the election committee shall announce the result of the vote at the meeting.

3.4(9) *Preservation of ballots.* Ballots shall be preserved according to the requirements of 189—12.9(533). The 60-day retention period required by 189—subrule 12.9(2) shall run from the date the results are certified to the board by the election committee.

3.4(10) *Certification of vote by board of directors.* The board of directors shall certify to the superintendent the results of the membership vote and the written materials provided to members according to the requirements of 189—3.6(533).

3.4(11) *Publication of results.* The board shall inform the membership of the results of the vote, and of the superintendent's approval or disapproval, by conspicuously posting notice in each credit union office for a period of 60 days following receipt of the superintendent's decision under 189—3.7(533). In addition to posting the results in each credit union office, the board shall also communicate the results to the membership by at least one of the following methods:

a. Include the results in the next mailing of the member's statement of account.

b. Include the results in the credit union newsletter.

c. Include the results in the sponsor's newsletter.

d. Post a notice on the credit union's Web site.

e. Place a notice in a newspaper of general circulation within the geographic area of operation of the credit union.

3.4(12) *Effective date of conversion.* The board shall notify the superintendent of the effective date of the conversion and shall file evidence of federal regulatory approval for the conversion pursuant to 189—3.9(533).

3.4(13) *Certificate of conversion.* Upon receipt of the certificate of conversion from the superintendent, the credit union shall file the certificate pursuant to 189—3.9(533).

3.4(14) *Termination of conversion proceedings.* At any time prior to completion of a conversion to a federal credit union, the board or the members as provided in the bylaws may call for a special meeting of the members to be held to terminate the conversion proceedings. The membership shall approve the proposal to terminate the conversion proceedings by the affirmative vote of a majority of those members who vote on the proposal.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.5(533) Notice to the superintendent.

3.5(1) The credit union shall provide the superintendent with notice of its intent to convert and a plan of conversion no less than 30 calendar days prior to the 90-calendar-day period preceding the close of balloting under 189—3.4(533).

3.5(2) The credit union shall give notice to the superintendent and provide a plan of conversion describing the material features of the conversion, along with a copy of the filing the credit union has made with the federal regulatory agency by which the credit union seeks that agency's approval of the conversion. The credit union shall include with the notice to the superintendent a copy of the notice the credit union proposes to provide to members under 189—3.4(533), as well as the proposed ballot and related instructions and envelopes, all written materials the credit union has distributed or intends to distribute to its members, and the procedures the election committee will follow in its receipt and counting of the ballots.

3.5(3) Superintendent's preliminary determination.

a. The superintendent shall make a preliminary determination regarding the methods and procedures applicable to the membership vote.

b. The superintendent shall notify the credit union within 30 calendar days of receipt of the credit union's notice of intent to convert if the superintendent disapproves of the proposed methods and procedures applicable to the membership vote.

c. The credit union's submission of the notice of intent and plan of conversion does not relieve the credit union of its obligation to certify the results of the membership vote required by 189—3.6(533) or certify compliance with these rules as required by 189—3.3(533) or eliminate the right of the superintendent to disapprove the actual methods and procedures applicable to the membership vote if the credit union fails to conduct the membership vote in a fair and legal manner.

3.5(4) The superintendent may disapprove a plan of conversion submitted by the board of directors of a credit union based upon any of the following determinations:

a. The plan is inconsistent with applicable statutes and regulations.

b. The plan does not contain all required information.

c. The plan fails to fully and fairly disclose the effect of the proposal on members of the credit union.

d. The plan does not fairly compensate members for their ownership interests in the credit union.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.6(533) Certification of vote on conversion proposal.

3.6(1) The board of directors of the converting credit union shall certify the results of the membership vote to the superintendent within ten calendar days after the vote is taken.

3.6(2) The board of directors shall also certify at the same time that the notice, ballot and other written materials provided to members were identical to those submitted pursuant to 189—3.5(533) or provide copies of any new or revised materials and an explanation of the reasons for the changes.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.7(533) Superintendent oversight of methods and procedures of membership vote.

3.7(1) The superintendent shall issue a determination that the methods and procedures applicable to the membership vote are approved or disapproved within ten calendar days of receipt from the credit union of the certification of the result of the membership vote required under 189—3.6(533).

3.7(2) If the superintendent disapproves of the methods by which the membership vote was taken or the procedures applicable to the membership vote, the superintendent may direct that a new vote be taken at a time and place acceptable to the board of directors and the superintendent.

3.7(3) The superintendent's review of the methods by which the membership vote was taken and the procedures applicable to the membership vote includes determining that the notice to members is accurate and not misleading, that all notices required by these rules were timely, and that the membership vote was conducted in a fair and legal manner.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.8(533) Other regulatory oversight of methods and procedures of membership vote. The federal agency that will have jurisdiction over the financial institution after conversion may subject the membership vote to verification and may direct that a new vote be taken if it disapproves of the methods by which the membership vote was taken or of the procedures applicable to the membership vote.

189—3.9(533) Completion of conversion.

3.9(1) Upon receipt of approvals under 189—3.7(533) and 189—3.8(533), the credit union may complete the conversion transaction.

3.9(2) Submission of evidence of approval and effective date.

a. The board of directors of the credit union shall file with the superintendent appropriate evidence of approval of the conversion by the appropriate federal agency having jurisdiction over the financial institution after conversion and from the federal agency providing deposit insurance to the converted financial institution, and, if applicable, a copy of the notice from the National Credit Union Administration canceling the credit union insurance certificate.

b. The board of directors of the credit union shall also notify the superintendent of the actual date on which the conversion is to be effective.

3.9(3) Upon receipt of satisfactory proof that the Iowa-chartered credit union has complied with all applicable laws and regulations of this state and of the United States, the superintendent shall cancel the charter of the credit union and issue a certificate of conversion that shall be filed and recorded in the county in which the credit union has its principal place of business and in the county in which its original articles of incorporation or certification of organization was filed and recorded, if different.

3.9(4) Violations of law or intent to deceive or mislead.

a. In the event it is subsequently determined the conversion was accomplished contrary to applicable law, regulation or the requirements of this chapter, in whole or in part, or with the intent to deceive or mislead the members of the credit union or the superintendent, the superintendent shall take immediate action to cause the conversion to be declared null and void, and to request from the appropriate regulatory authority that the converted institution be ordered to surrender its charter and be returned to the authority of the superintendent for reinstatement as a state charter, or other action.

b. The provisions of Iowa Code chapter 533 shall apply in the event it is determined that any director, officer, agent, employee or clerk of the credit union knowingly submitted or made or exhibited false statements, papers or reports to the superintendent.

c. If during the conversion process any person commits any act constituting a fraudulent practice under Iowa Code section 714.8, the matter shall be referred to the attorney general.

3.9(5) If the superintendent finds a material deviation from the provisions of this chapter, or from Iowa Code chapter 533, that would invalidate any steps taken in the conversion, the superintendent shall promptly notify the credit union and the National Credit Union Administration of the nature of the adverse findings.

3.9(6) The conversion of the Iowa credit union to a federal credit union shall not be effective and completed until final approval is given by the superintendent, any improper actions are cured, and corrective steps have been accomplished, if applicable.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

189—3.10(533) Limit on compensation of officials.

3.10(1) No director or senior management official of an Iowa credit union shall receive any economic benefit in connection with a plan of conversion or the actual conversion of the credit union, other than regular compensation and other usual benefits paid to directors or senior management officials in the ordinary course of business.

3.10(2) In connection with the notices to members required by this chapter, the converting credit union shall disclose to the members the cost of the conversion, including any change or increase in compensation or economic benefit to directors or senior management officials of the credit union in the event the conversion process is accomplished.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13]

These rules are intended to implement Iowa Code sections 533.203 and 533.403.

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CHAPTER 4
PROCEDURE FOR ADOPTION OF RULES

Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026. See Uniform Rules on Agency Procedure at 7—Chapters 2500 through 2506 and any corresponding rules adopted by this agency.

CHAPTER 5
DEBT CANCELLATION PRODUCTS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—5.1(533) Authority and purpose.

5.1(1) *Authority.* This chapter implements the authority of credit unions organized in accordance with Iowa Code chapter 533 to engage in the activity of offering debt cancellation products in accordance with Iowa Code Supplement section 533.315(9)*"b."* These rules are promulgated under the authority of Iowa Code Supplement section 533.107.

5.1(2) *Purpose.* These rules set forth the standards that apply to voluntary debt cancellation contracts and agreements entered into by credit unions. The purpose of these standards is to ensure that credit unions offer and implement such contracts and agreements consistent with safe and sound practices, and subject to appropriate consumer protections.

189—5.2(533) Definitions. The definitions of terms included in rule 189—1.1(533) apply to such terms used in this chapter unless otherwise provided in this rule. In addition, the following definitions apply as used in these rules:

"Actuarial method" means the formula used in calculating refunds which produces a refund equal to the original fee multiplied by the ratio of the sum of the remaining scheduled monthly loan balances divided by the sum of the original scheduled monthly loan balances as of the due date next following the date of refund.

"Bona fide" means authentic and genuine in nature and made in a sincere and honest fashion without any intention to deceive.

"Borrower" means an individual who is a credit union member and who obtains an extension of credit from a credit union primarily for personal, family or household purposes.

"Business day" means every day except Saturday, Sunday and federal holidays unless on any such day an office of the credit union is open to conduct substantially all of its business.

"Contract" means a debt cancellation contract or a debt suspension agreement.

"Debt cancellation product" means a written contractual arrangement between a credit union and a borrower modifying loan terms under which the credit union agrees to suspend or cancel all or part of the borrower's obligation to repay an extension of credit from that credit union upon the occurrence of a specified event. The contractual arrangement may be in the form of a debt cancellation contract, a debt suspension agreement or other accord and may be separate from or a part of other loan documents. A debt cancellation product does not include a loan payment deferral arrangement which is the borrower's unilateral election to defer repayment or the credit union's unilateral decision to allow a deferral of repayment.

"Reasonable fee structure" means a fee structure which allows a moderate return on investment and is suited to or within the means of an ordinary person, and is not formulated in a manner that an ordinary person would consider the fee structure excessive, outrageous, overreaching or unconscionable.

"Residential mortgage loan" means a real property loan secured by a one to four family dwelling that is the borrower's primary or secondary residence.

189—5.3(533) Debt cancellation products.

5.3(1) *General.* A credit union may offer any debt cancellation product so long as the credit union complies with this chapter. The product may be offered for a fee or as an additional charge under a lease, loan or other extension of credit, and participation by a borrower must be voluntary.

5.3(2) *Policies required.* A credit union, before offering any debt cancellation product, must adopt written policies approved by its board of directors which establish and maintain effective risk management and control processes over the offering of the product. In addition, the policies must establish:

a. A reasonable fee structure, if any fee will be charged for the product;

b. Appropriate disclosures, which shall be given to the borrower in accordance with this chapter; and

c. Claims-processing procedures, which shall be utilized to process debt cancellation claims.

5.3(3) *Additional requirements.* A credit union offering any debt cancellation product must:

a. Purchase insurance from an insurance company authorized to do business in Iowa to indemnify the credit union from loss resulting from offering the product. A credit union, before purchasing insurance, shall perform an appropriate level of due diligence to satisfy itself of the selected insurer's financial stability and claims-paying ability;

b. Maintain an adequate loss reserve relating to the debt cancellation product in an amount sufficient to offset potential losses, if any, not covered by the insurance required by paragraph 5.3(3)*"a."* The superintendent may require any credit union offering a debt cancellation product to provide evidence of the adequacy of the loss reserve related to that product, including, but not limited to, an actuarial opinion assessing the adequacy of the loss reserve; and

c. Not condition the making or alteration of the terms or conditions of a lease, loan or extension of credit upon the borrower's agreeing to purchase a debt cancellation product.

5.3(4) *Notification to the superintendent of intent to offer debt cancellation products.* A credit union must notify the superintendent in writing of its intent to offer any type of debt cancellation product at least 30 days prior to any such product being offered to borrowers. The notice must contain:

a. A statement describing the type(s) of debt cancellation product(s) the credit union will offer to its membership;

b. The fee structure established for the debt cancellation product, if any. The superintendent may require a credit union to cost justify its fee structure if it appears the fees are not reasonable; and

c. The name of the insurance company from which the credit union will purchase contractual liability coverage or other insurance required by paragraph 5.3(3)*"a,"* along with information describing policy limits, deductible amounts and all limitations on coverage.

5.3(5) *Existing debt cancellation products offered prior to March 19, 2008.* A credit union offering any type of debt cancellation product prior to March 19, 2008, must, immediately following that date, provide to the superintendent notice of the existence of such product and provide to the superintendent the same information as required in subrule 5.3(4). A debt cancellation product in existence prior to March 19, 2008, may continue in force with a borrower, but all debt cancellation products offered by the credit union on and after March 19, 2008, must meet the requirements of this chapter.

189—5.4(533) Prohibited practices.

5.4(1) *Anti-tying.* A credit union may not extend credit or alter the terms or conditions of an extension of credit conditioned upon the borrower's entering into a debt cancellation contract or debt suspension agreement with the credit union.

5.4(2) *Misrepresentations generally.* A credit union may not engage in any practice or use any advertisement that could mislead or otherwise cause a reasonable person to reach an erroneous belief with respect to a debt cancellation agreement.

5.4(3) *Prohibited contractual arrangement terms.* A credit union may not offer debt cancellation agreements that contain terms:

a. Giving the credit union the right to unilaterally modify the arrangement unless:

(1) The modification is favorable to the borrower and is made without additional charge to the borrower; or

(2) The borrower is notified of any proposed change and is provided a reasonable opportunity to cancel the arrangement without penalty before the change goes into effect; or

b. Requiring the borrower to make a lump-sum, single payment at the outset of the contract or agreement where the debt subject to the contract or agreement is a residential mortgage loan.

189—5.5(533) Refunds of fees in the event of termination or prepayment of the covered loan.

5.5(1) *Refund.* If a debt cancellation contract or debt suspension agreement is terminated (including, for example, when the borrower prepays the covered loan), a credit union shall refund to the borrower any unearned fees paid for the contract unless the contract provides otherwise. A credit union may offer a borrower a debt cancellation product that does not provide for a refund only if the credit union also offers that borrower a bona-fide option to purchase a comparable contractual arrangement that provides for a refund.

5.5(2) *Method of calculation.* A credit union shall calculate the amount of a refund using a method at least as favorable to the borrower as the actuarial method. However, if the refund calculation produces a result of less than $5, the unearned fees may be considered to be zero and no refund will be owed to the borrower.

189—5.6(533) Method of payment of fees. Except as provided in paragraph 5.4(3)*"b,"* a credit union may offer a borrower the option of paying the fee for a debt cancellation product in a single payment or on a weekly, monthly or other periodic payment schedule. If a credit union offers the borrower the option to finance the single payment by adding the single payment to the amount financed, the credit union must also disclose to the borrower, in accordance with rule 189—5.7(533), whether, and, if so, the time period during which, the borrower may cancel the arrangement and receive a refund.

189—5.7(533) Disclosures. In connection with offering debt cancellation products, a credit union must make the short- and long-form disclosures described in this rule. In order to satisfy the requirements of this rule, the short-form disclosure must be substantially in the form described in rule 189—5.9(533), and the long-form disclosure must be substantially in the form described in rule 189—5.10(533).

5.7(1) *Short-form disclosure.* The credit union must make the short-form disclosure orally at the time the credit union first solicits the purchase of the contract or agreement with the borrower.

5.7(2) *Long-form disclosure.* The credit union must make the long-form disclosure in writing before the borrower completes the purchase of the contract or agreement. If the initial solicitation occurs in person, then the credit union shall provide the long-form disclosure in writing either at that time or at the time of the loan closing, but in no case later than three business days following the credit approval decision.

5.7(3) *Exceptions for non-in-person transactions.*

a. If the debt cancellation product is solicited by telephone, the credit union must make the short-form disclosure orally as required in subrule 5.7(1) and must mail the long-form disclosure required in subrule 5.7(2) and, if appropriate, a copy of the contract or agreement to the borrower within three business days, beginning with the first business day after the telephone solicitation or at the time of the loan closing, whichever is later.

b. If the debt cancellation product is solicited using the mail or "take-one" applications, the credit union may make only the short-form disclosure in writing as part of the written materials. If it is not included in the application materials, the long-form disclosure must be mailed to the borrower within three business days after the borrower contacts the credit union in response to the solicitation, beginning with the first business day, or at the time of the loan closing, whichever is later.

c. If the debt cancellation product is solicited using electronic media, the credit union may provide the disclosures required by this rule electronically, consistent with the requirements of this rule and the requirements of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 et seq. The short-form disclosure shall be provided with the initial electronic solicitation, and the long-form disclosure no later than at the time of the loan closing or three business days following credit approval.

5.7(4) *Exception to receipt of borrower's acknowledgment of disclosures.* A credit union may not obligate the borrower to pay for the debt cancellation product until after receiving the borrower's written acknowledgment of receipt of disclosures unless, in the case of telephone, mail or "take-one" application solicitations, the credit union:

a. Maintains sufficient documentation to demonstrate that it provided the acknowledgment of receipt of disclosures to the borrower as required by this subrule;

b. Maintains sufficient documentation to demonstrate that it made reasonable efforts to obtain from the borrower a written acknowledgment of receipt of the long-form disclosure; and

c. Permits the borrower to cancel the purchase of the contract without penalty within 30 days after the credit union mailed the long-form disclosure to the borrower.

5.7(5) *Form of disclosure.* The disclosures required by this rule must be in a meaningful form, conspicuous, direct, and readily understandable, must be designed to call attention to the nature and significance of the information provided, and, if in written or electronic form, must include:

a. A plain-language heading to call attention to the disclosure.

b. A type size and a typeface that are easy to read.

c. Wide margins and ample line spacing.

d. Boldface or italics for key words and phrases.

e. Distinctive type style and graphic devices when the disclosures are combined with other information.

5.7(6) *Disclosures in advertisements and promotional materials.* The short-form disclosure is required in advertisements and promotional materials except where the debt cancellation product is merely listed among products and services offered by the credit union.

189—5.8(533) Affirmative election to purchase and acknowledgment of receipt of disclosure.

5.8(1) Before entering into a debt cancellation contract or agreement, the credit union must obtain from the borrower a written affirmative election to purchase the product and written acknowledgment of receipt of the disclosures required in rule 189—5.7(533). The election and acknowledgment information must meet the intent and purpose of the standards established in rule 189—5.7(533).

5.8(2) The credit union must maintain sufficient documentation to demonstrate that it provided to the borrower the disclosures required by rule 189—5.7(533) and obtained from the borrower the documents required by this rule.

5.8(3) The credit union must permit the borrower to cancel the purchase of the debt cancellation product without penalty within 30 days after the credit union has mailed or otherwise provided the long-form disclosure to the borrower or has provided it to the borrower according to paragraph 5.7(4)*"c"* for an electronic media solicitation.

189—5.9(533) Short-form disclosure. The short-form disclosure must state:

5.9(1) *The product is optional.* "Your purchase of [debt cancellation product name] is optional. Whether or not you purchase [debt cancellation product name] will not affect your application for credit or the terms of any credit agreement you have with the credit union."

5.9(2) *Financing the payment of the fee.* "Adding the fee to the amount you borrow will increase the cost of [product name]."

NOTE: This provision is applicable if the credit union offers to the borrower the option to pay the fee in a single payment. This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.9(3) *Refund of fee.* "You may choose [product name] with a refund provision or without a refund provision. Prices of refund and no-refund products are likely to differ." And either: "If you pay the fee in a single payment, you may cancel [product name] within 30 days and receive a full refund." or "If you finance the payment of the fee as part of your loan and you pay off your loan early, you will receive a refund of any unearned fee calculated by the actuarial method." or "If you cancel [product name] after the first 30 days of your loan, you will not receive a refund."

NOTE: This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.9(4) *Additional disclosures.* "We will give you additional information before you are required to pay for [product name]." And, if applicable: "This information will include a copy of the contract containing the terms of [product name]."

5.9(5) *Eligibility requirements, conditions, and exclusions.* "There are certain eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits under [product name]." And either: "You should carefully read our additional information for a full explanation of the terms of [product name]." or "You should carefully read the contract for a full explanation of the terms of [product name]."

189—5.10(533) Long-form disclosure. The long-form disclosure must state:

5.10(1) *The product is optional.* "Your purchase of [product name] is optional. Whether or not you purchase [product name] will not affect your application for credit or the terms of any credit agreement you have with the credit union."

5.10(2) *Explanation of debt suspension agreement.* "If [product name] is activated, your duty to pay the loan principal and interest to the credit union is only suspended. You must fully repay the loan after the period of suspension has expired." And, if applicable: "This includes interest accumulated during the period of suspension."

NOTE: This provision is applicable if the contract has a debt suspension feature.

5.10(3) *Amount of fee.* For closed-end credit: "The total fee for [product name] is $_______." For open-end credit, either: "The monthly fee for [product name] is based upon your account balance each month multiplied by the unit cost, which is $______." or "The formula used to compute the fee is ________________."

5.10(4) *Financing the payment of the fee.* "Adding the fee to the amount you borrow will increase the cost of [product name]."

NOTE: This provision is applicable if the credit union offers the option to pay the fee in a single payment. Lump-sum payment of the fee is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(5) *No refund of fee paid in lump sum.* "You have the option to purchase [product name], which includes a refund of the unearned fee if you terminate the contract or repay the loan in full prior to the scheduled termination date. Prices of refund and no-refund products may differ."

NOTE: This provision is applicable if the credit union offers the option to pay the fee in a single payment for a no-refund debt cancellation product. This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(6) *Refund of fee paid in lump sum.* Either: "If you pay the fee in a single payment, you may cancel [product name] within 30 days and receive a full refund." or "If you finance the payment of the fee as part of your loan and you pay off your loan early, you will receive a refund of any unearned fee calculated by the actuarial method." or "If you cancel [product name] after the first 30 days of your loan, you will not receive a refund."

NOTE: This provision is applicable where the borrower pays the fee in a single payment and the fee is added to the amount borrowed. This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(7) *Termination of [product name].* Either: "You have no right to cancel [product name]." or "You have the right to cancel [product name] in the following circumstances: _______________." And either: "The credit union has no right to cancel [product name]." or "The credit union has the right to cancel [product name] in the following circumstances: _______________."

5.10(8) *Eligibility requirements, conditions, and exclusions.* "There are certain eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits under [product name]." And either: "The following is a summary of the eligibility requirements, conditions, and exclusions: [Summary of eligibility requirements, conditions, and exclusions.]" or "You may find a complete explanation of the eligibility requirements, conditions, and exclusions in paragraph(s) __________ of the [product name] agreement."

189—5.11(533) Safe and sound practices.

5.11(1) A credit union must ensure that risks associated with debt cancellation contracts and debt suspension agreements are managed in accordance with safe and sound principles and practices. Consequently, a credit union must implement and maintain effective risk management and control processes in conjunction with its debt cancellation contracts and debt suspension agreements, including, but not limited to, appropriate recognition and reporting of income, expenses, assets and liabilities. Additionally, the processes must provide for the recognition and financial reporting of the appropriate treatment of all expected and unexpected losses associated with these products.

5.11(2) A credit union must assess the adequacy of its internal controls and risk mitigation activities in view of the characteristics and extent of its debt cancellation contracts and debt suspension agreements. Accordingly, a credit union must evaluate its existing risk tolerances and management systems to assess, evaluate and monitor third-party relationships in connection with the development, offering and servicing of the credit union's debt cancellation contracts and debt suspension agreements, including compliance and reputation risks, and the potential adverse impact nonperformance by the third party may have on the financial performance of the credit union.

5.11(3) Debt cancellation agreements may only be offered by a credit union in connection with an extension of credit primarily for personal, family or household purposes.

189—5.12(533) Exception for Guarantee Automobile Protection or Guarantee Asset Protection (GAP) and other debt cancellation products offered by credit unions through unaffiliated, nonexclusive agents.

5.12(1) Credit unions offering Guarantee Automobile Protection or Guarantee Asset Protection (GAP) and other debt cancellation products through unaffiliated, nonexclusive agents, most notably on vehicle loans made available through automobile dealers, are exempt from compliance with respect to:

a. The requirement to notify the superintendent of the existence of the Guarantee Automobile or Asset Protection (GAP) or other types of debt cancellation products in subrule 5.3(5);

b. The requirement that a credit union which offers a borrower a debt cancellation product without a refund also must offer a borrower a bona-fide option to purchase a comparable debt cancellation product that provides for a refund in subrule 5.5(1);

c. The requirement to provide the long-form disclosure in rule 189—5.10(533); and

d. The requirement to obtain a borrower's written acknowledgment of receipt of disclosures in subrule 5.7(4).

5.12(2) Credit unions offering GAP debt cancellation products through unaffiliated, nonexclusive agents remain subject to the following requirements:

a. The credit union may not extend credit or alter the terms or conditions of an extension of credit when the extension or alteration is conditioned upon the borrower's purchase of a debt cancellation product;

b. The credit union may not engage in any practice or use any advertisement that could mislead or otherwise cause a reasonable person to reach an erroneous belief with respect to information that must be disclosed under this rule;

c. The credit union may not offer a debt cancellation product that contains terms giving the credit union the unilateral right to modify the contract unless the modification is favorable to the borrower and is made without additional charge to the borrower; or unless the borrower is notified of any proposed change and is provided a reasonable opportunity to cancel the contract without penalty before the change goes into effect;

d. If a debt cancellation product is terminated, the credit union must refund to the borrower any unearned fees paid for the contract unless the contract provides otherwise;

e. The credit union shall calculate the amount of a refund using a method at least as favorable to the borrower as the actuarial method;

f. If the credit union offers the borrower the option to finance the fee for a debt cancellation product, the credit union must disclose to the borrower whether, and, if so, the time period during which, the borrower may cancel the contract and receive a refund;

g. At the time of the initial solicitation of the debt cancellation product, the credit union must provide to the borrower the short-form disclosure described in rule 189—5.9(533), as modified to reflect nonapplicability of those items described in subrule 5.12(1). The form of the short-form disclosures must be readily understandable and meaningful, and must be included in advertisements and other promotional material for debt cancellation products, unless the advertisements and promotional material are of a general nature;

h. Before entering into a contract, the credit union must obtain a borrower's written affirmative election to purchase the debt cancellation product. The written election must be conspicuous, simple, direct, and readily understandable and must be designed to call attention to its significance;

i. A credit union that does not provide the long-form disclosures will conspicuously inform borrowers that they will receive a copy of the contract before the borrowers are required to pay for the debt cancellation product; and

j. A credit union must manage the risks associated with the debt cancellation product in accordance with this rule.

These rules are intended to implement Iowa Code Supplement section 533.315(9)*"b."*

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CHAPTER 6
BRANCH OFFICES

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—6.1(533) Establishment of branch offices.

6.1(1) *Definition.* A branch office is determined to be a place where ordinary services of the credit union are provided to the members.

6.1(2) *Application.* A state chartered credit union desiring to establish and operate a branch or administrative office shall submit to the superintendent an "Application to Establish a Branch or Office." A state chartered credit union owning an interest in a credit union service organization shall submit to the superintendent an "Application to Establish a Branch or Office" for any building which is intended to be used primarily by the credit union or credit union members, even if the building is owned by the credit union service organization. The application and instructions for preparing and filing it are furnished upon request. However, the superintendent may waive the application requirement when in the superintendent's opinion the waiver is necessary or desirable.

6.1(3) Reserved for hearing and notice.

6.1(4) *Guidelines.* In determining whether or not approval of a branch office should be granted, the superintendent will consider the following factors:

a. Whether the establishment of a branch office is reasonably necessary for service to, and is in the best interest of, the applicant credit union's membership.

b. Whether the member population density and other economic characteristics of the area primarily to be served by the proposed office afford reasonable promise of adequate support for the office.

c. Whether the capital structure of the applicant credit union is adequate in relation to the costs and anticipated increased business, if any, occasioned by the proposed branch office.

d. Whether the operation and management of the applicant credit union is such as will adequately provide for a branch office operation.

e. Such other factors as the superintendent determines appropriate or necessary in determining an applicant credit union's ability to establish and operate a branch office.

6.1(5) Reserved.

6.1(6) *Certification.* If after notice and hearing the decision of the superintendent is favorable, the superintendent shall issue certification to evidence approval for the establishment and operation of the branch office to be effective on a specified date and at a designated location.

6.1(7) *Failure to file application.* Failure to file an "Application to Establish a Branch or Office" prior to closing on existing real estate or breaking ground on a building project may result in a fine of $100 per day, upon notice from the credit union division, until the application is submitted to the credit union division.

[**ARC 4632C**, IAB 8/28/19, effective 10/2/19]

189—6.2(533) Change of location of branch office.

6.2(1) A credit union desiring to move its branch office shall submit to the superintendent an application to relocate a branch office. The rules governing the establishment of a branch office shall also govern the relocation of a branch office.

6.2(2) If a credit union elects to cease operations at a branch office facility such credit union shall notify the superintendent at least 60 days prior to the effective date of ceasing such operations.

These rules are intended to implement Iowa Code section 533.301(19).

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CHAPTER 7
LOW-INCOME DESIGNATED CREDIT UNION

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—7.1(533) Authority. Iowa Code subsection 533.301(1) grants a credit union the power to receive from its members, nonmembers where the credit union is serving predominantly low-income members, other credit unions, and federal, state, county, and city governments, payments on shares or as deposits.

Low-income designated credit unions must comply with the National Credit Union Administration (NCUA) Rules and Regulations applicable to all federally insured credit unions. In particular, NCUA Rules and Regulations, Parts 701.32, 701.34 and 705, apply specifically to low-income designated credit unions.

A low-income designated credit union has the same purpose as all other credit unions: to create a source of credit at a fair and reasonable rate of interest; to encourage habits of thrift among its members; and to provide the opportunity for people to use and control their savings for their mutual benefit. In addition, these credit unions have the additional requirement that a majority of their members must be at or below the income standards set by these rules.

189—7.2(533) Definitions. The following words and terms, when used in these rules, shall have the meaning indicated:

"Account" or *"accounts"* means share, share draft, certificate and deposit accounts of a member (including public unit and nonmembers permitted by the Iowa Code) in a credit union which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member.

"Low-income member" means those members who make less than 80 percent of the average for all wage earners as established by the Bureau of Labor Statistics, or those members whose annual household income falls at or below 80 percent of the median household income for the nation as established by the Census Bureau, or those members otherwise defined as low-income as determined by the superintendent and the National Credit Union Administration Board. The term "low-income member" also includes those members who are enrolled as full-time or part-time students in a university, college, high school, or vocational school.

"Member" or *"members"* means those persons enumerated in the credit union's field of membership who have been elected to membership in accordance with the credit union's bylaws and the Iowa Code. It also includes those nonmembers permitted by the Iowa Code to maintain an account in a credit union, including nonmember financial institutions and nonmember public units and political subdivisions.

"Political subdivision" means any subdivision of a public unit, as defined by this subrule, or any principal department of such public unit, (1) the creation of which subdivision or department has been expressly authorized by state statute, (2) to which some functions of government have been delegated by state statute, and (3) to which funds have been allocated by statute or ordinance for its exclusive use and control. It also includes drainage, irrigation, navigation improvement, levee, sanitary, school or power districts and bridge or port authorities and other special districts created by state statute or compacts between states. Excluded from the term are subordinate or nonautonomous divisions, agencies, or boards within principal departments.

"Predominantly" means a majority greater than 50 percent.

"Public unit" means the United States, any state of the United States, the District of Columbia, any commonwealth, zone, territory or possession of the United States, any county, municipality, or political subdivision thereof, or any Indian tribe as defined in Section 3(c) of the Indian Financing Act of 1974.

"Subordinated debt account" means a debt having a claim against the issuer's assets that is lower in ranking, or junior to, other obligations, and is paid after claims to holders of senior securities are satisfied.

"Superintendent" means the superintendent of credit unions for the credit union division of the Iowa department of commerce.

189—7.3(533) Low-income designation documentation. A credit union requesting designation, or a group requesting a charter, as a low-income credit union must submit a written request for a low-income designation to, and receive approval from, the superintendent. The credit union or group must provide documentation supporting that the majority of the members, or potential members in the case of a newly organized credit union, meet the low-income designation.

In determining whether a credit union is or will be, in the case of a newly organized credit union, serving a low-income membership, any one of the following methods may be used:

7.3(1) *Loan survey.* Based on a 100 percent survey of the loans, more than 50 percent of the credit union's borrowers must qualify as low-income members.

7.3(2) *Member survey.* Based on a 100 percent survey of the current members, more than 50 percent of the credit union's members must qualify as low-income members.

7.3(3) *Zip code analysis.* Based on a 100 percent survey of the zip code residence of all current members, more than 50 percent of the credit union's current members must reside in defined low-income zip codes, based on current U.S. Census Bureau's median household income statistics.

7.3(4) *Other methods.* Any other method determined by the superintendent which shows reasonable evidence that more than 50 percent of the credit union's members, or potential members in the case of a newly chartered credit union, qualify as low-income or live in areas where a majority of the residents are low-income.

189—7.4(533) Nonmember deposits. Low-income credit unions can receive nonmember shares and deposits from any source, including other financial institutions, public units, philanthropic individuals or groups such as churches and foundations, and the Community Development Revolving Loan Program. Nonmember account holders shall not have the rights and privileges afforded by Iowa Code chapter 533 to members of a credit union, and are limited in their involvement with a credit union to that specified by this rule.

7.4(1) *Limitations.* Unless a greater amount has been approved by the superintendent, the maximum aggregate amount of all public unit and nonmember accounts shall not, at any given time, exceed 20 percent of the total shares and deposits of the credit union or $1.5 million, whichever is greater.

7.4(2) *Exception to limit.* Before accepting any public unit or nonmember accounts in excess of 20 percent of total shares and deposits, the board of directors must adopt a specific written plan concerning the intended use of these accounts and forward a copy to, and receive approval from, the superintendent.

a. The plan must include:

(1) A statement of the credit union's needs, sources and intended uses of public unit and nonmember shares and deposits;

(2) Provision for matching maturities of public unit and nonmember shares and deposits with corresponding assets, or justification for any mismatch; and

(3) Provision for adequate income spread between public unit and nonmember shares and corresponding assets.

b. In addition to the plan specified by this subrule, a credit union seeking an exception must include in its written request:

(1) The new maximum level of public unit and nonmember shares and deposits being requested, either as a dollar amount or a percentage of total shares and deposits of the credit union;

(2) A copy of the credit union's latest financial statement, including income and expenses;

(3) A copy of the credit union's loan and investment policies; and

(4) Such other documentation as may be required by the superintendent.

7.4(3) *Use of nonmember deposits.* Nonmember deposits in low-income designated credit unions may be:

a. Loaned to the members when current member share and deposit accounts are insufficient to meet the loan demand and liquidity needs of the credit union;

b. Invested and the positive spread used to improve the income of the credit union; and

c. Invested and the positive spread used to build the capital of the credit union.

189—7.5(533) Removal of low-income designation. Once a credit union qualifies for low-income designation, it is presumed that the status will be retained. However, the income level of the field of membership may increase due to improvement in economic conditions, or the merger or expansion of the credit union. Documentation regarding continued low-income status eligibility will be reviewed during each regular examination of the credit union to ensure that the credit union continues to meet the standards established by this rule. Final decision regarding removal of low-income designation rests with the superintendent. Removals may be appealed to the credit union review board in a timely manner.

7.5(1) *Reason for removal.* The designation as a low-income credit union may be removed by the superintendent:

a. At the request of the credit union if it is determined by the superintendent that to do so will not adversely affect the members of the credit union and that the removal action would be in the public interest; or

b. If, after notice to the credit union and the opportunity for a hearing, the superintendent determines that the credit union no longer meets the standards and limitations established by this rule and that the removal action would be in the public interest.

7.5(2) *Result of loss of low-income designation on nonmember accounts.* Immediately following the removal of the low-income status, the credit union shall provide all nonmembers written notice of the removal action, informing them:

a. That the credit union is no longer eligible to receive nonmember payments on shares and deposits;

b. That all nonmember accounts with a stated maturity date may be withdrawn prior to maturity without any early withdrawal penalty; and

c. That the nonmember shares and deposits held by the credit union must be withdrawn and the account closed either upon the stated date of maturity of the account or the date when the account ceases to be federally insured as required by Iowa Code section 533.307, whichever occurs first.

189—7.6(533) Receipt of secondary capital. A low-income designated credit union may offer secondary capital accounts to nonnatural person members and nonnatural person nonmembers, subject to the approval of the superintendent. Prior to offering secondary capital accounts, the board of directors must adopt a plan for the use of the funds and forward a copy to, and receive approval from, the superintendent.

7.6(1) *Terms and conditions of a secondary capital account.* A secondary capital account must be consistent with the following terms and conditions:

a. A secondary capital account contract agreement must be executed between an authorized representative of the account holder and the credit union, accurately disclosing the terms and conditions consistent with this subrule. A copy of the agreement must be retained by the credit union throughout the term of the agreement;

b. A secondary capital account must be established as a subordinated debt account and may not be pledged as security on any loan or other obligation with the credit union or any other party;

c. Funds in a secondary capital account must be subordinate to all other claims made upon the credit union, including those of shareholders, creditors and the National Credit Union Share Insurance Fund;

d. The stated maturity of a secondary capital account must be at least five years, may not be redeemed prior to its maturity, may be interest-bearing, and will not be eligible for insurance coverage by any governmental or private entity;

e. Funds in a secondary capital account must be made available to cover operating losses realized by the credit union which exceed the credit union's net available reserves and undivided earnings, exclusive of the allowance for loan and investment losses accounts. Losses are to be divided on a pro-rata basis among all secondary capital accounts held by a credit union at the time of the loss and, to the extent such funds are used, the credit union shall not restore or replenish the account; and

f. Upon the merger or other voluntary dissolution of a low-income designated credit union, except in the case of a merger with another low-income credit union, a secondary capital account held by the merging or dissolving credit union is to be closed and, to the extent not needed to cover losses as provided by this subrule, the funds in the account are to be paid out to the account holder.

7.6(2) *Accounting treatment for secondary capital accounts.* Funds in secondary capital accounts are to be recorded in the credit union books as a "secondary capital account." For accounts with remaining maturities of less than five years, the financial statements of the credit union must be footnoted to reflect a value of the accounts according to the following scale:

a. 4 or more years remaining maturity but less than 5 years—80 percent;

b. 3 or more years remaining maturity but less than 4 years—60 percent;
c. 2 or more years remaining maturity but less than 3 years—40 percent;
d. 1 year or more remaining maturity but less than 2 years—20 percent; and
e. Less than 1 year of remaining maturity—0 percent.

189—7.7(533) Funding secondary capital. At least 30 days prior to funding any secondary capital agreement, a credit union shall notify the superintendent and provide the secondary capital account contract agreement, accurately disclosing the terms and conditions of the agreement, and due diligence completed by the credit union.
[**ARC 6093C**, IAB 12/15/21, effective 1/19/22]

These rules are intended to implement Iowa Code section 533.301(1).

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CHAPTER 8
ACCOUNTS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—8.1(533) Definitions.

"Account" or *"accounts"* means shares, certificates or share draft accounts of a member in a credit union or a public unit which are approved under Iowa Code chapter 533.

"Member" means a natural person or an entity within the field of membership who has become eligible for credit union services and has been accepted for membership by the credit union.

"Public unit" means the United States, a state of the United States, a county, municipality or a political subdivision thereof.

189—8.2(533) Insurance required. All accounts of a credit union shall be insured in accordance with Iowa Code chapter 533. Credit unions shall provide notice to members of the amount and type of deposit insurance coverage on members' accounts at each main and branch office location. Information regarding insured deposits shall be made available to members upon request. The notice and information requested under this rule shall not limit the notice for information required by the credit union deposit insurer.

189—8.3(533) Authorized accounts. Credit unions are authorized to have accounts as provided under Iowa Code chapter 533 which are clarified and explained under this chapter and are consistent with the laws of the residence of the account holder. This shall include, but not be limited to: ownership accounts, trust accounts, executor accounts, corporate accounts, IRA and Keogh accounts, deferred compensation accounts, and public unit accounts.

189—8.4(533) Ownership accounts. Ownership accounts shall mean accounts owned by single individuals or their agents or nominees; accounts held by a guardian, custodian, or conservator for the benefit of a ward or minor; or accounts owned by more than one person whether as joint tenants with right of survivorship, as tenants in common, or by husband and wife as community property.

189—8.5(533) Trust accounts.

8.5(1) Credit unions shall receive trust accounts only as depositories and not as trustees of trust accounts.

8.5(2) Trust accounts shall include irrevocable trust accounts, revocable trust accounts and testamentary accounts. Testamentary accounts shall include tentative or "Totten" trust accounts, payable-upon-death accounts, or any account which evidences an intention that the funds of the account shall pass on the death of the owner of the funds to a named beneficiary.

8.5(3) To the extent required by law, funds held in revocable trust accounts and testamentary accounts shall be subject to the debts of the owner of the account and to inheritance tax. Within 30 days of notice of the death of an owner of funds held in a revocable trust account or a testamentary account, the credit union shall notify the executor of the deceased owner's estate, or the beneficiary, of the existence and current balance of the account.

189—8.6(533) Executor accounts. Executor accounts shall include accounts established for the purpose of administering funds held on deposit in the name of a decedent, either in the name of the decedent or in the name of an executor or administrator of the decedent's estate.

189—8.7(533) Corporate accounts. Corporate accounts shall include accounts held by a corporation, partnership, or unincorporated activity. This shall mean any account other than the account of a natural person.

189—8.8(533) IRA and Keogh accounts. IRA and Keogh accounts shall include accounts of a participant or designated beneficiary of a trust or custodial account maintained pursuant to a pension or profit-sharing plan described and authorized by the U.S. Internal Revenue Code.

189—8.9(533) Deferred compensation accounts. Deferred compensation accounts shall include accounts into which are deposited funds by an employer pursuant to a deferred compensation plan described and authorized by the U.S. Internal Revenue Code.

These rules are intended to implement Iowa Code chapter 533.

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CHAPTER 9
REAL ESTATE LENDING
[Prior to 7/6/94, see 189—Chs 9 and 10]

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—9.1(533) Real estate lending. These rules shall apply to real estate-related loans either originated by a credit union or acquired by purchase, assignment or otherwise.

9.1(1) The board of directors of the credit union shall formulate and maintain a written real estate lending policy that is appropriate for the size of the credit union and the nature and scope of its operation. Each policy must be comprehensive and consistent with safe and sound lending practices. The standards and limits established in the policy must be reviewed and approved at least annually by the board. The real estate lending policy should reflect the level of risk that is acceptable to the board and should provide clear and measurable underwriting standards that enable the credit union's lending staff to evaluate all relevant credit factors. The real estate lending policy, at a minimum, should:

a. Establish loan portfolio diversification standards.

b. Set appropriate terms and conditions by type of real estate loan.

c. Establish loan origination and approval procedures.

d. Establish prudent underwriting standards which include clear and measurable loan-to-value limitations.

e. Establish review and approval procedures for exempted loans.

f. Establish loan administration procedures.

g. Establish real estate appraisal and evaluation programs.

h. Monitor the portfolio and provide timely reports to the board of directors.

i. Establish conformance with secondary market investor requirements where applicable.

9.1(2) The board of directors of the credit union shall establish its own internal loan-to-value (LTV) limits for real estate loans.

When formulating the real estate policy, the board should consider both internal and external factors, such as size and condition of the credit union, expertise of its lending staff, avoidance of undue concentrations of risk, compliance with all real estate-related laws and rules, and general market conditions.

9.1(3) Real estate loans made for sale into the secondary market shall be considered in transit for a period of up to 90 days after being sold and shall not be considered risk assets for reserving purposes during this time period.

This rule is intended to implement Iowa Code section 533.315(4)*"a."*

[**ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—9.2(533) Evidence of title. When lending for the purpose of acquisition or for the purpose of refinance of acquisition, when a new mortgage, deed of trust, or similar instrument is filed, the credit union shall obtain either:

1. A written legal opinion by an attorney admitted to practice in the state in which the real estate is located showing marketable title in the mortgagor and describing any existing liens and stating that the credit union's mortgage, deed of trust, or similar instrument is a first lien on the real estate; or

2. Title insurance written by an insurance company licensed to do business in the state in which the real estate is located describing any existing liens and insuring the title to the real estate and the validity and enforceability of the mortgage, deed of trust, or similar instrument as a first lien on the real estate.

This rule is intended to implement Iowa Code section 533.315(4)*"a."*

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CHAPTER 10
CORPORATE CENTRAL CREDIT UNION

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—10.1(533) Corporate central credit union powers. A corporate central credit union established in accordance with Iowa Code chapter 533 shall have all the powers, restrictions, and obligations imposed upon or granted to a credit union established in accordance with that chapter, the additional powers permitted under Iowa Code section 533.213, and such other powers granted to federally chartered corporate central credit unions under Part 704 of the National Credit Union Administration Rules and Regulations.

This rule is intended to implement Iowa Code section 533.213.

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CHAPTER 11
INSOLVENCY

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—11.1(533) Definition of insolvency. Insolvency shall exist where the assets of a credit union, if liquidated, would not equal the amount necessary to pay off the liability of the credit union.

189—11.2(533) Factors considered. In determining whether a credit union is insolvent, the superintendent shall, among other things, consider the following:

1. Amount and length of delinquent loans;
2. Available reserves;
3. Source of operating funds;
4. Book and market value of assets; and
5. Current and expected operating expenses.

189—11.3(533) First year of operation. A credit union in its first year of operation will not be subject to the insolvency provisions of rules 11.1(533) and 11.2(533) unless the extent of the insolvent condition threatens the safety and soundness of the credit union, or unless the credit union has violated a provision of Iowa Code chapter 533.

These rules are intended to implement Iowa Code section 533.501.

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CHAPTER 12
VOTES OF THE MEMBERSHIP

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—12.1(533) Voting requirements and eligibility.

12.1(1) All elections are determined by plurality vote.

12.1(2) A member shall have one vote regardless of the number of or class of shares held by the member. Jointly held ownership shares are entitled to one vote, and joint tenants shall not be permitted to cast more than one vote per ownership share jointly held.

12.1(3) Members shall not vote by proxy.

12.1(4) A member other than a natural person may cast a single vote through a delegated agent.

12.1(5) Members shall be at least 16 years of age by the date of the meeting in order to vote, sign nominating petitions, or sign petitions requesting special meetings.

12.1(6) Members shall be at least 18 years of age by the date of the meeting where the election or appointment will occur in order to hold an elected or appointed position.

12.1(7) The quorum for membership votes shall be no less than twice the members of the board of directors, plus two, as recorded in the credit union's bylaws.

12.1(8) Member voting shall be conducted in accordance with rules 189—12.2(533) and 189—12.3(533) and any specific voting requirements established for individual substantive voting.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.2(533) Voting procedures.

12.2(1) *Vote by board of directors.* The board of directors shall, by majority vote, select the method of voting for any vote of the membership, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote.

12.2(2) *Election committee.* The board shall appoint an election committee of not fewer than five members, none of whom may have a vested interest in the substantive vote and no more than two of whom may be from the board of directors.

a. It is the duty of the election committee to oversee balloting, to tabulate votes or cause the votes to be tabulated by an independent vendor, to ensure that each member shall only be allowed to vote once, and to ensure that multiple ballots submitted by the same member are disqualified.

b. Prior to any meeting where voting is also scheduled to take place, the election committee shall tally all properly cast ballots and take the tallies to the meeting. If no meeting is scheduled for voting, the election committee shall tally the votes and certify the vote count to the board no later than five days after the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting, and shall publish the results in accordance with rule 189—12.12(533). The election committee shall elect a chairperson from among the committee members. The chairperson of the election committee shall announce the results of the vote at the meeting of the membership.

c. No member or agent of the election committee shall reveal the manner in which any member voted.

d. If the board of directors, by majority vote, has elected to utilize electronic voting, the election committee shall test the integrity of the electronic voting system at regular intervals during the election period. In the event of a malfunction of the electronic voting system, the board may in its discretion order the election to be held in another form, consistent with Iowa Code section 533.203.

e. For electronic ballots, it is the duty of the election committee to verify, or cause to be verified, the name and credit union account number of the voter as registered in the electronic voting system.

f. For mail-in ballots, including absentee ballots, it is the duty of the election committee to verify, or cause to be verified, the name and credit union account number of the voter as they appear on the identification form; to place the verified identification form and the sealed ballot envelope in a place of safekeeping pending the count of the vote; and, in the case of a questionable or challenged identification form, to retain the identification form and sealed ballot envelope together until the verification or challenge has been resolved.

12.2(3) *Notice of balloting.* At least 20 days but not more than 60 days prior to the closing date of balloting, the secretary shall set forth the substantive vote in its entirety, including the reasoning of the board of directors or the nominees for election, in a notice to all members eligible to vote.

a. The notice shall set forth the rules and procedures for voting, the date of the close of balloting for ballots submitted other than in person at a meeting held for the purpose of voting, that balloting is subject to an affirmative vote of a majority of ballots cast, and that no other vote on the subject shall be taken after the closing date of balloting except for votes cast in person at a meeting held for the purpose of voting. The notice shall also contain a summary of the board's reasons for submitting the vote.

(1) The close of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting shall be at least five days prior to any meeting where voting will occur.

(2) Electronic ballots shall be submitted no later than midnight on the date balloting closes for ballots submitted other than in person during voting at a meeting held for the purpose of voting in order to be considered valid.

(3) Ballots mailed to the credit union shall be postmarked no later than the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting and shall be received within five business days after the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting in order to be considered valid.

(4) Ballots hand-delivered to the credit union shall be received prior to the close of normal credit union business hours on the closing date of balloting for ballots submitted other than in person during voting at a meeting held for the purpose of voting in order to be considered valid.

(5) If more than one method of voting will be used, the notice shall also communicate that members have the right to vote through any of the methods of voting designated by the board but that members will only be allowed to vote once.

b. The notice must be sent to each member through an independent mailing to members, statements, or newsletters, and posted on the credit union's website, or on signs posted in the credit union.

c. The notice may be sent electronically to those members who have opted to receive notices electronically.

[**ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.3(533) Voting methods and requirements.

12.3(1) *Mailed ballots.* If the board of directors, by majority vote, has elected to conduct the election in whole or in part by mailed ballot, then the secretary shall send with the notice of balloting a mail-in ballot.

a. The secretary shall include the following materials for balloting:

(1) One ballot, clearly identified as the ballot meeting the specific requirements of the topic of voting.

(2) One ballot envelope clearly marked "ballot" with instructions that the completed ballot shall be placed in that envelope and sealed.

(3) One identification form to be completed by the voter to include the name, address, signature, and credit union account number of the voter.

(4) One mailing envelope in which the voter, following instructions provided, shall insert the sealed "ballot" envelope and the identification form. The mailing envelope shall be preaddressed for return to the election committee.

b. If the credit union will also be conducting electronic voting, the mail-in ballot is not required for members who have opted to receive notices or statements electronically, and electronic mail may be used to provide the instructions for the electronic voting procedure.

c. Ballots mailed to the election committee or hand-delivered to the credit union shall be received unopened and placed in ballot boxes. The ballot boxes shall be opened by and the vote tallied by the election committee.

d. If voting will also occur at the membership meeting, the ballot boxes shall be opened by and the vote tallied by the election committee, the tallies placed in the ballot boxes, and the ballot boxes resealed to be taken to the meeting. If voting is not scheduled to occur at a meeting of the membership, the election committee shall tally the votes and certify the vote count to the board no later than five days after the close of balloting for ballots submitted other than in person during voting at the membership meeting.

12.3(2) *Electronic voting.* The board of directors shall vote to conduct the vote in whole by electronic voting only if all members have access to an electronic voting device. If the number of members who have opted to receive notices electronically is less than all members, the board may provide access to an electronic device in each credit union office for the members to vote electronically or written ballots in the credit union in order to satisfy the access requirement. Otherwise, the board shall also conduct the vote in part by mail-in ballot or in person at the meeting of the membership, pursuant to the requirements of this rule.

12.3(3) *Instructions for electronic voting.* If the board of directors, by majority vote, has elected to conduct the election in whole or in part by electronic voting, then the secretary shall include with the notice of balloting specific instructions for electronic voting.

a. The instruction sheet for electronic voting shall contain specific instructions for electronic voting, including how to access and use the electronic voting system, and the period of time in which votes will be taken.

b. For those members who have opted to receive notices or statements electronically, the instructions for electronic voting required under this subrule may be communicated electronically.

c. The electronic voting shall be tallied by the election committee. If voting will also occur at the membership meeting, then the results shall be verified at the meeting.

d. If voting is not scheduled to occur at the membership meeting, the election committee shall tally the votes and certify the vote count to the board no later than five days after the close of balloting for ballots submitted other than in person during voting at the membership meeting.

12.3(4) *Absentee ballots.* If the board of directors, by majority vote, has elected to conduct the election other than mail-in only, the board may also, by majority vote, utilize absentee ballots when no additional nominations will be taken from the floor at a meeting of the members and when, in the opinion of the board, it is in the best interest of the credit union and its membership.

a. The notice of balloting shall include a notification that a member may vote by absentee ballot if the member submits a written or electronic request for an absentee ballot, or requests a ballot in person at a credit union branch, and returns the ballot prior to the close of balloting for ballots submitted other than in person during voting at the meeting, or by the close of balloting for each voting method if a subsequent in-person vote is not held.

b. Upon request, the balloting materials specified in paragraph 12.3(1)*"a"* shall be provided to each member who is eligible to vote and who has submitted an in-person, written, or electronic request for an absentee ballot.

c. Absentee ballots mailed to the election committee or hand-delivered to the credit union shall be received unopened and deposited in ballot boxes. The ballot boxes shall be opened by and the vote tallied by the election committee, the tallies placed in the ballot boxes, and the ballot boxes resealed to be taken to the meeting of the membership or tallies shall be added to remaining vote tallies if no meeting of the membership is held.

12.3(5) *In-person voting at meeting.* If the board of directors has elected, upon a favorable vote of the majority, to conduct a vote in whole or in part at a meeting of members, printed ballots shall be given at the meeting to those members who have not voted by another method.

a. The completed ballots shall be deposited in ballot boxes placed in conspicuous locations by the election committee before the meeting.

b. After the members have been given an opportunity to vote, balloting shall be closed, the ballot boxes opened and the vote tallied by the election committee and added to any previous count of mailed or electronic ballots.

c. The election committee shall immediately certify the vote count to the board. The chairperson of the election committee shall announce the result of the vote at the meeting.

[**ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.4(533) Specific voting requirements for the board of directors elections.

12.4(1) *Nominating committee.* If the board has determined that voting for directors at the annual meeting will be conducted other than only in-person voting at the meeting, then at least 120 days before each annual meeting, the chairperson of the board shall appoint a nominating committee of three or more members, none of whom are directors currently eligible for reelection or their immediate family members.

a. It is the duty of the nominating committee to nominate at least one member for each vacancy, including for any unexpired-term vacancy, for which elections are being held and to obtain a signed certificate from the members nominated that they agree to the placing of their names in nomination, will accept office if elected, and will cooperate with any background check required by the credit union.

b. The nominating committee shall file its nominations with the secretary of the credit union board of directors at least 90 days before the annual meeting.

c. Nominations made by the nominating committee are not subject to the petition process in subrule 12.4(2).

12.4(2) *Nominations by petition.* If the board of directors determines pursuant to subrule 12.2(1) that voting for directors will be conducted in whole or in part by mail or electronic ballots prior to the annual meeting, then nominations shall not be taken from the floor at the annual meeting and the nominating committee shall accept additional nominations by petition.

a. At least 90 days before the annual meeting, the secretary shall notify in writing all members eligible to vote that nominations for vacancies may be made by petition signed by at least 1 percent of the members, subject to a minimum of 20 members and a maximum of 200 members.

(1) The notice shall indicate that there will be no nominations from the floor at the annual meeting.

(2) The notice shall include a list of the nominating committee's nominees and a brief statement of the nominees' qualifications and biographical data in a form approved by the board of directors.

(3) Nominations by petition shall be accompanied by a statement of qualifications and biographical data, as well as a signed certificate from the nominee stating that the nominee agrees to nomination, will serve if elected to office, will cooperate with any background check required by the credit union, and understands and agrees to the board of director oath of office.

(4) Nominations by petition shall be accepted for at least 30 days from the date that the notice is sent. Petitions must be filed with the secretary of the credit union board of directors at least 60 days before the annual meeting.

(5) Nominations by petition which are received after the closing date, or which are otherwise incomplete, shall be disqualified by the board secretary. The secretary shall immediately notify the nominee of the disqualification and of the reason. A petition for a disqualified nominee may be refiled provided that all requirements, including the closing date for receiving nominations by petition, are met.

b. The notice may be included with the notice of annual meeting, in statements or newsletters, on the credit union website, or on signs posted in each credit union office.

c. The secretary may use electronic mail to notify members who have opted to receive notices or statements electronically.

12.4(3) *Posting of nominations.* The secretary shall ensure that all nominations are posted in a conspicuous place in each credit union office and interactive teller machine (ITM) terminal at least 30 days but no more than 60 days before the annual meeting.

12.4(4) *Nominations from the floor—voting only in person at annual meeting.* If the board of directors determines that voting at the annual meeting shall only be conducted in person, and nominations will be taken from the floor at the annual meeting, the chairperson of the board shall appoint a nominating committee of three or more members, none of whom are directors currently eligible for reelection or their immediate family members, at least 60 days before the annual meeting. The nominating committee shall not solicit additional nominations by petition pursuant to subrule 12.4(2). Nominations shall be posted according to subrule 12.4(3).

a. If no electronic, mail-in, or absentee balloting has occurred and nominations will be taken from the floor, then at the annual meeting, printed ballots shall be distributed to those in attendance after additional nominations are taken from the floor or the ballots shall have blank spaces to write in additional names. The ballots shall be deposited in ballot boxes placed in conspicuous locations by the election committee before the meeting.

b. After members have been given an opportunity to vote, balloting shall be closed, the ballot boxes opened and the vote tallied by the election committee.

c. The election committee shall immediately certify the vote count to the board. The chairperson of the election committee shall announce the result of the vote at the annual meeting.

12.4(5) *Nomination notification by newsletter.* The board of directors may determine that the entire credit union membership will be notified via newsletter or other written communication of the opportunity to nominate an individual for the board of directors.

a. If the membership is notified of nominations via newsletter or other written communication at least 90 days before the annual meeting, the secretary shall:

(1) Send the newsletter or other written communication to the entire membership via U.S. mail or electronic mail to members who have opted to receive notices or statements electronically and indicate a physical location or email address where nominations can be sent;

(2) Indicate in the notice that there will be no nominations from the floor at the annual meeting; and

(3) Indicate in the notice that the nominating committee will vet the candidates to confirm each candidate is eligible and present a list of the eligible candidates prior to the voting period.

b. If the board of directors utilizes the nomination notification by newsletter pursuant to this rule, then nominations shall not be taken from the floor at the annual meeting as set forth in subrule 12.4(4) and nomination notifications made pursuant to this rule are not subject to the nomination-by-petition process in subrule 12.4(2).

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 3734C**, IAB 4/11/18, effective 5/16/18; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.5(533) Specific election procedures for the board of directors elections.

12.5(1) *Vote by board of directors.* The board of directors shall, by majority vote, select the method of voting for the membership vote for the election of directors, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote. The board of directors shall vote to conduct the vote in whole by electronic voting only if all members have access to an electronic voting device. If the number of members who have opted to receive notices electronically is less than all members, the board may provide access to an electronic device in each credit union office for the members to vote electronically in order to satisfy the access requirement. Otherwise, the board shall also conduct the vote in part by mail-in ballot or in person at the annual meeting, pursuant to the requirements of this rule.

12.5(2) *Notice of balloting.* In addition to the requirements in subrule 12.2(3), the notice of balloting for board of directors elections shall include the following:

a. The notice of balloting shall state the names of the candidates for the board of directors. The name of each candidate shall be followed by a brief statement of the candidate's qualifications and biographical data in a form approved by the board of directors.

b. If the board of directors elected to accept additional nominations by petition, then the notice of balloting shall state that additional nominations shall not be taken from the floor at the annual meeting. In this event, the board may vote to conduct the election in any form permitted by Iowa Code section 533.203.

c. If the board of directors did not elect to accept additional nominations by petition, then the notice of balloting shall state that additional nominations will be taken from the floor at the annual meeting. In this event, the board may only vote to conduct the election in person at the annual meeting, and not by mail-in ballot, electronic voting, absentee voting, or any combination permitted by Iowa Code section 533.203.

12.5(3) *Preservation of ballots.* Ballots shall be preserved according to the provisions of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.5(4) *Publication of results.* Results of the election shall be reported to members according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date the results are certified to the board by the election committee.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 3734C**, IAB 4/11/18, effective 5/16/18; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.6(533) Vote to amend bylaws or articles of incorporation.

12.6(1) *Requirements.* Voting on amendments of bylaws and articles of incorporation shall be conducted in accordance with Iowa Code section 533.201. All amendments shall be approved by the superintendent before the amendments become effective.

12.6(2) *Vote by board of directors.* If the board of directors has elected upon a favorable vote of the majority that the board of directors shall vote on the amendment, then the amendment is adopted by a favorable vote of the majority of the board.

12.6(3) *Membership vote.* The board of directors may vote to conduct the vote on the amendment by a method other than a majority vote of the board of directors, as provided in Iowa Code section 533.201.

12.6(4) *Election committee.* If the board of directors votes to conduct the vote on the amendment by a method other than a majority vote of the board of directors, as provided in Iowa Code section 533.201, then the board shall appoint an election committee of not fewer than five members, none of whom may be directors.

12.6(5) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date of final approval or denial of the amendment by the superintendent.

12.6(6) *Submission to superintendent.* The board of directors shall submit the amendment to the superintendent for approval before the amendment becomes effective. The board shall submit the following documentation in support of its request for approval:

a. A certified copy of the board minutes which contain the recommendation to submit the amendment to a vote of the membership.

b. A certified copy of the notices provided to members.

c. A certified copy of any ballots provided to members.

d. A certified statement, including the vote count, that a majority of the eligible members voted in favor of the proposed amendment.

12.6(7) *Publication of results.* The board shall inform the membership of the results of the vote and whether the amendment received the approval of the superintendent, according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date of final approval or denial of the amendment by the superintendent.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.7(533) Specific voting requirements to modify, amend, or reverse an act of the board of directors or to instruct the board to take action.

12.7(1) *Vote of members at meeting.* 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 of incorporation, the bylaws, or the Iowa credit union Act or administrative rules.

12.7(2) *Subsequent vote of membership.* 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.

a. After a majority of members present at a meeting have voted to modify, amend, or reverse any act of the board of directors, or to instruct the board to take action not inconsistent with the articles, the bylaws, or the Iowa credit union Act or administrative rules, the board of directors shall meet to determine the method of voting for the membership vote and shall, within 60 days of the date of the meeting where the majority of members voted to modify, amend, or reverse an act of the board of directors, or to instruct the board to take action, submit the issue to all eligible voters of record as of the date of the meeting.

b. The board of directors shall, by majority vote, select the method of voting for the membership vote, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote. The board of directors shall vote to conduct the vote in whole by electronic voting only if all members have access to an electronic voting device. If the number of members who have opted to receive notices electronically is less than all members, the board may provide access to an electronic device in each credit union office for the members to vote electronically in order to satisfy the access requirement. Otherwise, the board shall also conduct the vote in part by mail-in ballot or in person at a meeting held for the purpose of voting, pursuant to the requirements of this rule.

c. If a simple majority of all eligible votes cast are in favor of the amendment, modification, reversal or instruction to take action, the vote of the members taken at the annual or special meeting shall be considered affirmed, and the board of directors shall take immediate action to comply with the directions of the membership. However, if a simple majority of all votes cast are not in favor of the amendment, modification, reversal or instruction to take action, the vote of the members taken at the annual or special meeting is not affirmed, and the prior action of the board of directors shall be considered upheld.

12.7(3) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.7(4) *Publication of results.* The board shall inform the membership of the results of the vote according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date the results are certified to the board by the election committee.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.8(533) Specific voting requirements regarding merger.

12.8(1) *Vote by board of directors.* A state credit union that seeks to merge with another credit union shall proceed pursuant to a plan agreed upon by a favorable vote of a majority of directors.

12.8(2) *Subsequent vote of the membership.* Following a vote by the board of directors to merge with another credit union, the board shall submit the merger to a vote of the membership of the merging credit union unless the superintendent finds that an emergency exists justifying the waiver of the membership vote.

a. The board of the continuing credit union shall, within ten days of voting to merge, notify the superintendent of the merger vote.

b. After the superintendent has given preliminary approval to the merger, the board of the merging credit union shall submit the issue within 60 days to all eligible voters of record as of the date of the vote by the board of directors.

c. The approval of the merger is not final until approved by the superintendent after the membership vote of the merging credit union.

12.8(3) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.8(4) *Submission to superintendent.* The board of directors shall submit the merger to the superintendent for approval before the merger becomes effective. The board shall submit the following documentation in support of its request for approval:

a. A certified copy of the board minutes which contain the vote of the board of directors to approve the merger and to submit the merger to a vote of the membership.

b. A certified copy of the notices provided to members.

c. A certified copy of any ballots provided to members.

d. A certified statement, including the vote count, that a majority of the eligible members voted in favor of the proposed merger.

12.8(5) *Publication of results.* The board shall inform the membership of the results of the vote according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date the results are certified to the board by the election committee.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.9(533) Specific voting requirements for voluntary dissolution.

12.9(1) *Vote of board of directors.* A state credit union that seeks to dissolve shall proceed pursuant to a plan agreed upon by a favorable vote of a majority of directors. Within ten days of the vote and prior to sending notice of the membership vote, the board of directors shall notify the superintendent of the intention to dissolve.

12.9(2) *Subsequent vote of the membership.* Following a vote by the board of directors to dissolve, the board shall submit the dissolution to a vote of the membership.

a. The board shall submit the issue to the membership within 60 days of voting to dissolve.

b. The board shall submit the issue to all eligible voters of record as of the date of the vote by the board of directors.

c. The board of directors shall, by majority vote, select the method of voting for the membership vote, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote. The board of directors shall vote to conduct the vote in whole by electronic voting only if all members have access to an electronic voting device. If the number of members who have opted to receive notices electronically is less than all members, the board may provide access to an electronic device in each credit union office for the members to vote electronically in order to satisfy the access requirement. Otherwise, the board shall also conduct the vote in part by mail-in ballot or in person at a meeting held for the purpose of voting, pursuant to the requirements of this rule.

d. The approval of the dissolution is not final until the superintendent issues a certificate of dissolution.

12.9(3) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.9(4) *Submission to superintendent.* The board of directors shall submit the dissolution to the superintendent for review before the dissolution becomes effective. The state credit union shall cease existence when the superintendent issues a certificate of dissolution. The board shall submit the following documentation:

a. A certified copy of the board minutes which contain the vote of the board of directors to approve the plan and to submit the dissolution to a vote of the membership.

b. A certified copy of the notices provided to members.

c. A certified copy of any ballots provided to members.

d. A certified statement, including the vote count, that a majority of the eligible members voted in favor of the proposed dissolution.

e. Proof that 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.

12.9(5) *Publication of results.* The board shall inform the membership of the results of the vote according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date the results are certified to the board by the election committee.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.10(533) Specific voting requirements to remove or reinstate an officer, director, or member of the auditing committee.

12.10(1) *Auditing committee vote.* If the auditing committee deems the action to be necessary to the proper conduct of the state credit union, the auditing committee may suspend, by majority vote, any officer, director, or member of the auditing committee.

12.10(2) *Subsequent vote of membership.* Following a vote by the auditing committee to suspend an officer, director, or member of the auditing committee, the suspension shall be put to a vote of the membership.

a. The members may vote to sustain the suspension and remove the officer, director, or auditing committee member permanently or may vote to reinstate the officer, director, or auditing committee member.

b. The board of directors shall meet to determine the method of voting for the membership vote and shall, within 30 days of the date of the auditing committee's vote, submit the issue to all eligible voters of record as of the date of the auditing committee's meeting. The board of directors shall, by majority vote, select the method of voting for the membership vote, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote.

12.10(3) *Election committee.* The board shall appoint an election committee of not fewer than five members, no more than two of whom may be from the board of directors and none of whom may be from the auditing committee.

12.10(4) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.10(5) *Publication of results.* The board shall inform the membership of the results of the vote according to the provisions of rule 189—12.12(533). The 60-day posting period required by subrule 12.12(1) shall run from the date the results are certified to the board by the election committee.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.11(533) Preservation of ballots.

12.11(1) Immediately upon certification of the results of the vote by the election committee, any written ballots shall be sealed and appropriately labeled. Electronic vote results shall be saved electronically.

12.11(2) All ballots and voting results shall be retained by the credit union for at least 60 days, and until any disputes are resolved.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.12(533) Reporting the results of the vote to the membership.

12.12(1) *Posting of results.* Except as otherwise provided for a membership vote, the board shall inform the membership of the results of the vote by conspicuously posting notice in each credit union office for a period of 60 days.

12.12(2) *Publication of results.* Except as otherwise provided for a membership vote, in addition to posting the results in each credit union office, the board shall also communicate the results to the membership by at least one of the following methods:

a. Include the results in the next mailing of the member's statement of account.

b. Include the results in the credit union newsletter.

c. Include the results in the sponsor's newsletter.

d. Post a notice on the credit union's website.

e. Place a notice in a newspaper of general circulation within the geographic area of operation of the credit union.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.13(533) Specific voting requirements for the sale of assets by corporate central credit union.

12.13(1) *Board of directors' vote.* A corporate central credit union that seeks to sell all of its assets to another corporate credit union shall proceed pursuant to a plan agreed upon by a favorable vote of a majority of directors. The board shall notify the superintendent within ten days.

12.13(2) *Subsequent vote of the membership.* Following a vote by the board of directors to approve a plan to sell all of the corporate central credit union's assets to another corporate credit union, the board shall submit the plan to a vote of the membership.

a. The board shall submit the issue within 60 days of voting to approve the plan to all eligible voters of record as of the date of the vote by the board of directors.

b. The board of directors shall, by majority vote, select the method of voting for the membership vote, in accordance with Iowa Code section 533.203. Each credit union member shall have a meaningful opportunity to vote in a membership vote.

c. The approval of the sale is not final until approved by the superintendent after the membership vote.

12.13(3) *Preservation of ballots.* Ballots shall be preserved according to the requirements of rule 189—12.11(533). The 60-day retention period required by subrule 12.11(2) shall run from the date the results are certified to the board by the election committee.

12.13(4) *Submission to superintendent.* The board of directors shall submit the plan to the superintendent for approval before the plan to sell all of the assets of the corporate central credit union becomes effective. The board shall submit the following documentation in support of its request for approval:

a. A certified copy of the board minutes which contain the vote of the board of directors to approve the plan and to submit the sale to a vote of the membership.

b. A certified copy of the notices provided to members.

c. A certified copy of any ballots provided to members.

d. A certified statement, including the vote count, that a majority of the eligible members voted in favor of the proposed sale.

12.13(5) *Publication of results.* The board shall inform the membership of the results of the vote within ten days of certification of the results of the vote by the election committee. The board shall communicate the results to the membership by at least two of the following methods:

a. By mail.

b. By email.

c. By posting a notice on the corporate central credit union's website.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

189—12.14(533) Vote on conversion of an Iowa-chartered credit union to another charter type. An Iowa-chartered credit union that seeks to convert to another charter type shall comply with the conversion procedures, including a vote of the membership, as provided in 189—Chapter 3.

[**ARC 0938C**, IAB 8/7/13, effective 9/15/13; **ARC 6091C**, IAB 12/15/21, effective 1/19/22]

These rules are intended to implement Iowa Code sections 533.201, 533.203, 533.203A, 533.204, 533.208, 533.213, 533.401, 533.403, and 533.405.

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[Filed ARC 6091C (Notice ARC 5882C, IAB 8/25/21), IAB 12/15/21, effective 1/19/22]

CHAPTER 13
POWERS OF SUPERINTENDENT IN CONTROL OF CREDIT UNION

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—13.1(533) Powers of superintendent or special deputy superintendent. When the superintendent takes control of a credit union pursuant to Iowa Code sections 533.501 and 533.502, the superintendent or the superintendent's special deputy shall have the power to operate and direct the affairs of the credit union in its regular course of business which shall include, but not be limited to:

1. Approval, disapproval and administration of loans;
2. Approval, disapproval and administration of deposits and investments;
3. Approval, disapproval and administration of borrowing;
4. Making, administering and terminating contracts;
5. Purchase, sale and disposal of real and personal property;
6. Filing and defending legal actions and claims;
7. Hiring, supervising and firing employees, agents and consultants;
8. Causing examinations and audits; and
9. Taking any actions necessary to maintain insurance and protect property.

189—13.2(533) Surrender of control. The superintendent shall determine when the superintendent's control shall cease unless such right to control expires as provided by Iowa Code sections 533.501 and 533.502. Upon determining that control shall cease, the superintendent shall either turn the control of the credit union back to the board of directors of the credit union or shall seek a receivership.

These rules are intended to implement Iowa Code sections 533.501 and 533.502.

[Filed 9/29/89, Notice 7/26/89—published 10/18/89, effective 11/22/89]
[Filed 12/10/08, Notice 11/5/08—published 12/31/08, effective 2/4/09]

CHAPTER 14
EXAMINATION REVIEWS AND INVESTIGATIONS

Note: Chapter 14, "Contested Case Proceedings," rescinded, IAB 2/21/90, effective 3/28/90.

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—14.1(533) Definitions.

"Division officer" means the superintendent, deputy superintendent or any division employee authorized by the superintendent under Iowa Code section 533.505 to subpoena witnesses, to compel their attendance, to administer oaths, to examine any person under oath and to require the production of books and records.

"Examination review" means the review of a division field examination before the superintendent at the division's office.

"Formal investigative proceeding" means the taking of subpoenaed testimony of a witness by a division officer.

"Formal order of investigation" means the written order of the superintendent which indicates the reason for the formal investigation as well as the division personnel appointed division officers.

"Warning" means a written direction by the superintendent, or by a division employee on behalf of the superintendent, to cease acts or practices violative of Iowa Code chapter 533 or which threaten the safety and soundness of a credit union.

189—14.2(533) Application of rules. The rules of this chapter shall apply only to examination reviews and investigations conducted by the division. They do not apply to inquiries conducted by the division regarding chartering or employee group applications, or to hearings, appeals or rule-making proceedings. Further, these rules in no way limit the authority granted to the division or the superintendent by Iowa Code chapter 533.

189—14.3(533) Examination reviews.

14.3(1) Based on the division's examination of a credit union, the superintendent may, by written notice, request a credit union or its directors to appear at an examination review at the division's office.

14.3(2) If a credit union or its directors fail to appear at an examination review, the superintendent may: institute a formal investigation and issue subpoenas; or institute a contested case hearing.

14.3(3) At any time, including during an examination or an examination review, the superintendent may issue a written warning directing a credit union or an officer, director or employee of a credit union, to take action as deemed consistent with Iowa Code chapter 533 or as necessary for the safety and soundness of the credit union.

14.3(4) If a credit union fails to comply with a warning of the superintendent, the superintendent may institute a formal investigation or a contested case hearing.

14.3(5) If an officer, director or employee of a credit union fails to comply with the superintendent's warning, the superintendent may: institute a formal investigation; initiate a contested case hearing regarding removal of the officer, director or employee of the credit union; or refer the matter for criminal prosecution.

189—14.4(533) Preliminary informal investigations. An informal investigation may be conducted if the division receives an indication that there may be a violation of Iowa Code chapter 533 or that the safety and soundness of a credit union may be threatened based on any of the following: information received from a member of a credit union, from a member of the public, or from a federal or a state agency; from the examination of filings, financial reports, or credit union business records; from an examination review, or from some other occurrence or fact. In a preliminary informal investigation, no process shall be issued or testimony compelled.

189—14.5(533) Nonpublic proceedings and transcripts of examination reviews or informal preliminary investigatory proceedings. Examination reviews and preliminary informal investigations shall be nonpublic. Transcripts of any examination review or informal investigatory proceeding may be officially recorded as provided for in subrule 14.6(4).

189—14.6(533) Formal investigations.

14.6(1) *Initiation of formal investigations.* Formal investigations shall begin only upon the issuance of a formal order of investigation signed by the superintendent. Subpoenas for testimony and documents may be issued only after a formal investigation has begun.

14.6(2) *Issuance of formal order.* A formal order of investigation may be issued by the superintendent, and a formal investigation may be made if the superintendent has a reasonable basis to believe that there may be a violation of Iowa Code chapter 533 or that the safety and soundness of a credit union may be threatened based on any of the following: information received from a member of a credit union, from a member of the public, from a federal or a state agency; from the examination of filings, financial reports, or credit union business records; from an examination review, or from some other occurrence or fact. A formal order of investigation shall set forth the possible violations of law as well as a general statement describing the factual basis for the violations. A formal order shall also specify the division officers authorized to issue subpoenas in the formal investigation.

14.6(3) *Presiding officers.* Formal investigatory proceedings may be held before the superintendent, a deputy superintendent, or any division officer so designated by the superintendent in the formal order of investigation.

14.6(4) *Transcripts.* Transcripts, if any, of formal investigative proceedings shall be recorded solely by the official reporter, or by any other person or means designated by the division officer conducting the investigation. Any witness, upon proper identification, shall have the right to inspect the official transcript of the witness's own testimony at the division's offices. A person who has submitted documentary evidence or has testified as a witness in a formal investigative proceeding shall be entitled, upon written request, and at the person's expense, to procure a copy of the documentary evidence produced by the witness or a transcript of the witness's testimony. However, the division may, for good cause, deny the request.

14.6(5) *Rights of witnesses.*

a. Any person who is compelled or requested to furnish documentary evidence or testimony at a formal investigative proceeding shall upon request be shown the division's formal order of investigation. Copies of formal orders of investigation shall not be furnished for their retention to those persons except with the express approval of the superintendent. The superintendent shall not grant approval unless the superintendent is satisfied that there exist reasons for approval which are consistent both with the protection of privacy of persons involved in the investigation and with the unimpeded conduct of the investigation.

b. Any person compelled to appear, or who appears by request or permission of the division, at a formal investigative proceeding may be accompanied, represented and advised by counsel. This means that a witness testifying shall have the right to have an attorney present with the witness during any formal investigative proceeding and to have the attorney:

(1) Advise before, during, and after the conclusion of the examination,

(2) Question the client/witness briefly at the conclusion of the examination to clarify any of the answers the client/witness has given, and

(3) Make summary notes during the examination.

c. Witnesses shall be sequestered and, unless otherwise permitted in the discretion of the division officer conducting the investigation, no person other than the witness's counsel shall be permitted to be present during the witness's examination.

14.6(6) *Service of subpoenas.* Service of subpoenas issued in formal investigative proceedings shall be effected by personal service or by restricted certified mail.

14.6(7) *Nonpublic proceedings.* Except as otherwise provided by law, all formal investigative proceedings shall be nonpublic.

14.6(8) *Enforcement of subpoenas.* If a subpoenaed party fails to comply with a subpoena, the division may enforce the subpoena in district court.

189—14.7(533) Action following an examination, examination review or an informal or formal investigation. After an examination, an examination review, or an informal or formal investigation, the division may take one or more of the following actions as consistent with Iowa Code chapter 533: issue a warning; conduct an examination review or an informal or formal investigation; institute a contested case hearing looking to the imposition of remedial sanctions; or refer the matter for criminal prosecution.

189—14.8(533) Voluntary submission of information. Any person who becomes involved in an examination review or in a preliminary or formal investigation may, on the person's own initiative, submit a written statement to the division which sets forth the person's interests and position with regard to the subject matter involved.

189—14.9(533) Effect of disposition and settlement on criminal proceedings. In the course of the division's examinations or investigations, contested cases, or lawsuits, the division staff, with the superintendent's authorization, may discuss the disposition of the matters with persons involved. A disposition may be by consent, by settlement, or in some other manner; however, it is the policy of the division that the disposition of any matter may not expressly or impliedly extend to any criminal charges that have been or may be brought against any person, and may not affect any recommendation with respect thereto. Accordingly, any person involved in an enforcement matter of the division who consents or agrees to consent to any judgment or order, does so solely for the purpose of resolving the claims against the person in a division's investigation, contested case, or civil suit, and not for the purpose of resolving any criminal charges that have been or might be brought against the person. This policy reflects the fact that neither the division nor its staff has the authority or responsibility for instituting, conducting, settling or otherwise disposing of criminal proceedings. This authority and responsibility are vested in the county attorneys, the attorney general, or representatives of the U.S. Department of Justice.

These rules are intended to implement Iowa Code chapter 533.

[Filed 2/2/90, Notice 11/15/89—published 2/21/90, effective 3/28/90]
[Filed 12/10/08, Notice 11/5/08—published 12/31/08, effective 2/4/09]

CHAPTER 15
FOREIGN CREDIT UNION BRANCH OFFICES

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—15.1(17A) Definitions. The definition of terms included in Iowa Code section 17A.2 and 189—1.1(533) shall apply to such terms used in this chapter. In addition, as used in this chapter:

"Account insurance" means either the federal NCUA insurer or a state guaranty corporation which has been approved by the regulator who supervises the foreign credit union.

"Foreign credit union" means a credit union chartered by a state regulator other than the Iowa regulator.

"Reciprocal state" means a state whose statute allows Iowa's state chartered credit unions to establish branch offices in that state.

189—15.2(533) Application of foreign credit union.

15.2(1) An application for a credit union organized and duly qualified as a credit union in a reciprocal state to establish a branch office in Iowa shall be submitted on a form furnished by the superintendent.

15.2(2) The application may be obtained by writing the Superintendent, Credit Union Division, 200 East Grand Avenue, Suite 370, Des Moines, Iowa 50309; or calling (515)725-0505.

[**ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—15.3(533) Exhibits. Attached to the application submitted pursuant to 15.2(1) shall be the following exhibits:

15.3(1) Reserved.

15.3(2) A schedule of interest rates to be charged on loans to be made to the residents of this state, a statement that the applicant understands the provisions of Iowa Code chapter 537, and a copy of that portion of the applicable law under which the credit union operates establishing maximum interest rates.

15.3(3) Evidence that the credit union members' share and deposit accounts are insured by Title II of the Federal Credit Union Act (12 U.S.C. Secs. 1781 et seq.) or other comparable insurance acceptable to the superintendent. (See rule 189—15.1(17A).)

15.3(4) Evidence that the credit union has obtained surety bond coverage and fidelity bond coverage as required by the laws of the state under which the credit union operates.

15.3(5) A letter from the supervisory agency indicating the credit union is in good standing in the state where the principal office is located.

15.3(6) A copy of the last report, audit or examination by the applicable regulatory or supervisory agency and response to that report, audit or examination, if such response was required.

15.3(7) If the credit union operates on a fiscal year different from the calendar year, a statement indicating the period covered by the credit union's last fiscal year.

15.3(8) A copy of the audited balance sheet and income statement, prepared by an independent accountant or certified public accountant, for the most recently completed calendar or fiscal year.

15.3(9) A copy of the most recent month-end balance sheet and income statement.

15.3(10) Statistics indicating the present number of members in the credit union, the total number of persons eligible for membership, the number of persons eligible for membership in Iowa, and the number of members residing in Iowa.

15.3(11) A statement of exact present field of membership and the location of any branch offices in Iowa as well as any proposed field of membership, if a change is to be made concurrently with the establishment of the branch office.

15.3(12) Copy of articles of incorporation.

15.3(13) Copy of official bylaws.

15.3(14) An analysis of delinquent loans prepared as of the date of the most recent financial statements.

15.3(15) A report of the names, addresses and telephone numbers of the person(s) managing each branch office in this state.

15.3(16) The language to be used in connection with the credit union's name in Iowa.

15.3(17) A copy of a resolution of the board of directors agreeing to keep the superintendent or the superintendent's duly designated representative advised at all times of the address at which the books, accounts, papers, records, files, safes and vaults are located in Iowa and the office hours of the credit union. (See 189—15.8(533)).

189—15.4 Reserved.

189—15.5(533) Annual reporting requirements. By resolution, a copy of which shall be furnished to the superintendent, the board of directors shall commit the credit union to furnish to the superintendent the following:

15.5(1) The names of the officers, within 15 days after the board of directors elects the officers of the credit union. At this time, the credit union shall also notify the superintendent of the names of the board of directors, the members and alternate members of the credit committee and the members of the supervisory committee. Such reporting may be done by providing copies of the oath of directors or whatever form the credit union uses to report such information to the regulator of their state.

15.5(2) The names of the directors, officers, members and alternate members of the credit committee and members of the supervisory committee within 15 days of any change. Such reporting shall be done as outlined in 15.5(1).

15.5(3) The names, addresses and telephone numbers of the person(s) managing each branch office in this state within 15 days of any change.

15.5(4) Reports of annual audits or examinations, on a continuing basis, performed by the applicable regulatory or supervisory agency within 30 days of receipt by the credit union and copies of any responses to those reports at the time they are sent to the agency.

15.5(5) All amendments to the articles of incorporation, bylaws and the field of membership within 30 days of adoption and approved by the applicable regulatory or supervisory agency.

15.5(6) Should the branch office be closed such action shall be reported to the superintendent at least 30 days prior to the actual closing.

189—15.6(533) Fees.

15.6(1) Each credit union operating in this state pursuant to these rules and Iowa Code section 533.115 shall pay an annual registration fee of $1,000 plus $250 for each branch or office located in Iowa to the superintendent on or before February 1 of each year.

15.6(2) If payment is not made to the superintendent by the due date, the certificate then in effect stating that the foreign credit union has been approved to operate a branch office in Iowa may by order be summarily suspended or revoked by the superintendent ten days after giving of notice by the superintendent that such amount is due and unpaid.

15.6(3) If, after such an order as described in subrule 15.6(2) is made, a request for hearing is filed in writing and a hearing is not held within 60 days thereafter, the order is rescinded as of its effective date.
[**ARC 6092C**, IAB 12/15/21, effective 1/19/22]

189—15.7(533) Certificate of approval.

15.7(1) Within 60 days of the receipt of the application and all required exhibits the superintendent shall transmit in writing a decision granting or denying the application.

15.7(2) In the case of approval of the application the superintendent shall issue a Certificate of Approval for the foreign credit union to operate a branch office in the state of Iowa. Said certificate shall be suitable for framing and shall be displayed in the branch office.

189—15.8(533) Change of location of a branch office.

15.8(1) A foreign credit union desiring to move its branch office within the state of Iowa shall be required by 15.3(17) and this rule to notify the superintendent at least 60 days prior to the date the office is moved; except in the event of dissolution of the credit union the 60-day notice requirement shall be automatically waived by the superintendent.

15.8(2) Notification of the proposed change in location shall be submitted on an Application to Relocate a Branch Office. The rules governing the establishment of a branch office by a foreign credit union shall also govern the relocation of a branch office.

These rules are intended to implement Iowa Code section 533.115.

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CHAPTER 16
MERGERS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—16.1(533) Spin-offs. A spin-off occurs during a merger process when, by agreement of the parties to the merger, a portion of the field of membership, assets, liabilities, shares, and capital of one credit union is transferred to another credit union. A spin-off of a well-defined segment or branch of a credit union's membership to another credit union is an option undertaken to benefit the members of both credit unions. This process may occur with the physical transfer of one or more branches from one credit union to another credit union, but less than a complete merger of the two credit unions occurs. A spin-off is unique in that one credit union has a field of membership expansion and the other loses a portion of its field of membership.
[**ARC 1896C**, IAB 3/4/15, effective 4/8/15]

189—16.2(533) Plan requirements. All credit unions proposing a merger plan that would result in a spin-off must file, in addition to other merger documents detailed by the division, a plan that addresses the following points, at a minimum, in support for their spin-off plan:

16.2(1) Why the spin-off is being requested.

16.2(2) What part of the field of membership is to be spun off.

16.2(3) Which assets, liabilities, shares, and capital are to be transferred.

16.2(4) The financial impact of the spin-off on the affected credit unions.

16.2(5) The ability of the acquiring credit union effectively to serve the new members.

16.2(6) The proposed spin-off date.

16.2(7) Disclosure to the members of the requirements set forth in this rule.

[**ARC 1896C**, IAB 3/4/15, effective 4/8/15]

189—16.3(533) Additional requirements. In addition to the plan, the credit unions must include the most current monthly financial statements from both credit unions and a copy of the proposed voting ballot.

16.3(1) Membership notice and voting requirements shall be the same as for regular mergers under rule 189—12.6(533), with certain exceptions. Only those members directly affected by a spin-off, that is, those members whose shares are to be transferred to the other credit union, are permitted to vote. A quorum is determined according to the quorum size for the credit union as a whole. In the notice of balloting sent to the members affiliated with any affected branch and field of membership, the credit union shall give notice of the right of any member who wants to remain as a member of the credit union to opt out of participating in the merger vote by giving written notice to the credit union at any time prior to the merger vote. The shares of members who opt out will not be transferred in the event the merger vote is successful. All other members of the group to be spun off, whether they voted in favor, against, or not at all, will be transferred if the spin-off is approved by the voting membership.

16.3(2) Members of the credit union who are not affiliated with the branch and field of membership being spun off and whose shares are not being transferred will not be afforded the opportunity to vote.

16.3(3) Spin-offs involving federally insured credit unions in different regions of the National Credit Union Administration must be approved by all regional directors where the credit unions are headquartered and by state regulators, as applicable.

[**ARC 1896C**, IAB 3/4/15, effective 4/8/15]

These rules are intended to implement Iowa Code section 533.401.

[Filed ARC 1896C (Notice ARC 1816C, IAB 1/7/15), IAB 3/4/15, effective 4/8/15]

CHAPTER 17
INVESTMENT AND DEPOSIT ACTIVITIES FOR CREDIT UNIONS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—17.1(533) Authority and purpose.

17.1(1) These rules implement the authority of credit unions organized in accordance with Iowa Code chapter 533 to engage in investment and deposit activities which would be permitted if the credit union were federally chartered in accordance with Iowa Code sections 533.301(5)*"j"* and 533.301(25), and are promulgated under the authority of Iowa Code section 533.104.

17.1(2) These rules identify certain investments and deposit activities permissible under the Federal Credit Union Act, 12 U.S.C. Section 1757, and National Credit Union Administration (NCUA) rules and regulations, 12 CFR Part 703, and prescribe the rules governing those investments and deposit activities on the basis of safety and soundness concerns. Additionally, these rules identify and prohibit certain investments and deposit activities, which may or may not be permitted for federal credit unions and which are considered inconsistent with state law or unsafe or unsound investment for Iowa state-chartered credit unions. Finally, these rules address investment authority granted to Iowa state-chartered credit unions in Iowa Code chapter 533, which may or may not be permitted for federal credit unions.

17.1(3) Exceptions. These rules do not apply to:

a. Investment in loans to members and other activities pursuant to Iowa Code sections 533.301(2), 533.301(3), 533.301(15) and 533.301(16);

b. Investment in real estate-secured loans to members pursuant to Iowa Code section 533.315(4);

c. Investment in credit union service organizations pursuant to Iowa Code section 533.301(5)*"f"*;

d. Investment in fixed assets pursuant to Iowa Code section 533.301(10).

189—17.2(533) Definitions. The definition of terms included in Iowa Code section 17A.2 and 189—1.1(533) applies to such terms used in this chapter unless otherwise provided in this rule. In addition, the following definitions apply as used in these rules:

"Adjusted trading" means selling an investment to a counterparty at a price above its current fair value and simultaneously purchasing or committing to purchase from the counterparty another investment at a price above its current fair value.

"Associated personnel" means a person engaged in the investment banking or securities business who is directly or indirectly controlled by a National Association of Securities Dealers (NASD) member, whether or not the person is registered or exempt from registration with NASD. "Associated personnel" includes every sole proprietor, partner, officer, director, or branch manager of any NASD member.

"Banker's acceptance" means a time draft that is drawn on and accepted by a bank and that represents an irrevocable obligation of the bank.

"Bank note" means a direct, unconditional, and unsecured general obligation of a bank that ranks equally with all other senior unsecured indebtedness of the bank, except deposit liabilities and other obligations that are subject to any priorities or preferences.

"Borrowing repurchase transaction" means a transaction in which the credit union agrees to sell a security to a counterparty and to repurchase the same or an identical security from that counterparty at a specified future date and at a specified price.

"Call" means an option that gives the holder the right to buy a specified quantity of a security at a specified price during a fixed time period.

"Collateralized mortgage obligation" means a multiclass mortgage-related security.

"Collective investment fund" means a fund maintained by a national bank under Comptroller of the Currency regulations, 12 CFR Part 9.

"Commercial mortgage-related security" means a mortgage-related security, as defined in this rule, except that it is collateralized entirely by commercial real estate, such as a warehouse or office building, or a multifamily dwelling consisting of more than four units.

"Commercial paper" means a debt obligation of a United States-chartered corporation with a maturity date of 270 days or less, which may be interest-bearing or discount-purchased.

"Corporate bonds" means a debt obligation of a United States-chartered corporation with a maturity date greater than 270 days, which may be interest-bearing or discount-purchased.

"Counterparty" means the party on the other side of the transaction.

"Custodial agreement" means a contract in which one party agrees to hold securities in safekeeping for others.

"Delivery versus payment" means payment for an investment must occur simultaneously with its delivery.

"Deposit note" means an obligation of a bank that is similar to a certificate of deposit but is rated.

"Derivatives" means any derivative instrument, as defined under generally accepted accounting principles (GAAP).

"Embedded option" means a characteristic of an investment that gives the issuer or holder the right to alter the level and timing of the cash flows of the investment. Embedded options include call and put provisions and interest rate caps and floors. Since a prepayment option in a mortgage is a type of call provision, a mortgage-backed security composed of mortgages that may be prepaid is an example of an investment with an embedded option.

"Eurodollar deposit" means a U.S. dollar-denominated deposit in a foreign branch of a United States depository institution.

"European financial options contract" means an option that can be exercised only on its expiration date.

"Exchangeable collateralized mortgage obligation" means a class of a collateralized mortgage obligation (CMO) that, at the time of purchase, represents beneficial ownership interests in a combination of two or more underlying classes of the same CMO structure. The holder of an exchangeable CMO may pay a fee and take delivery of the underlying classes of the CMO.

"Fair value" means the amount at which an instrument could be exchanged in a current, arm's-length transaction between willing parties, as opposed to a forced or liquidation sale.

"Financial options contract" means an agreement to make or take delivery of a standardized financial instrument upon demand by the holder of the contract as specified in the agreement.

"Immediate family member" means a spouse or other family member living in the same household.

"Industry-recognized information provider" means an organization that obtains compensation by providing information to investors and receives no compensation for the purchase or sale of investments.

"Investment" means any security, obligation, account, deposit, or other item authorized for purchase by a federal credit union under the Federal Credit Union Act, 12 U.S.C. Section 1757(7), 1757(8), or 1757(15), or NCUA rules and regulations, 12 CFR Part 703, other than loans to members and the exceptions specified in 189—subrule 17.1(3).

"Investment grade" means the issuer of a security has an adequate capacity to meet the financial commitments under the security for the projected life of the asset or exposure, even under adverse economic conditions. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest on the security is expected. A credit union may consider any or all of the following factors, to the extent appropriate, with respect to the credit risk of a security: credit spreads; securities-related research; internal or external credit risk assessments; default statistics; inclusion on an index; priorities and enhancements; price, yield, and/or volume; and asset class-specific factors. This list of factors is not meant to be exhaustive or mutually exclusive.

"Investment portfolio" means the amount invested by a credit union pursuant to Iowa Code sections 533.301(5), 533.301(25), 533.304 and 533.305, excluding any investment in nonearning assets such as real estate, premises and equipment, the capitalization deposit in the National Credit Union Share Insurance Fund (NCUSIF), and any other investment which does not generate a regular dividend or interest or receive or accrue added value.

"Investment repurchase transaction" means a transaction in which an investor agrees to purchase a security from a counterparty and to resell the same or an identical security to that counterparty at a specified future date and at a specified price.

"Maturity" means the date the last principal amount of a security is scheduled to come due and does not mean the call date or the weighted average life of a security.

"Mortgage-related security" means a security as defined in Section 3(a)(41) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(41)).

"Mortgage servicing rights" means a contractual obligation to perform mortgage servicing and the right to receive compensation for performing those services. Mortgage servicing is the administration of a mortgage loan, including collecting monthly payments and fees, providing record-keeping and escrow functions, and, if necessary, curing defaults and foreclosing.

"Negotiable instrument" means an instrument that may be freely transferred from the purchaser to another person or entity by delivery, or endorsement and delivery, with full legal title becoming vested in the transferee.

"Net worth" means the retained earnings balance of the credit union at quarter end as determined under generally accepted accounting principles and as further defined in NCUA rules and regulations, 12 CFR Part 702.2(f).

"Official" means any member of a credit union's board of directors, credit committee, auditing/supervisory committee, or investment-related committee.

"Ordinary care" means the degree of care that an ordinarily prudent and competent person engaged in the same line of business or endeavor should exercise under similar circumstances.

"Pair-off transaction" means an investment purchase transaction that is closed or sold on or before the settlement date. In a pair-off transaction, an investor commits to purchase an investment, but then pairs off the purchase with a sale of the same investment on or before the settlement date.

"Put" means an option that gives the holder the right to sell a specified quantity of a security at a specified price during a fixed time period.

"Registered investment company" means an investment company that is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a). Examples of registered investment companies are mutual funds and unit investment trusts.

"Regular way settlement" means delivery of a security from a seller to a buyer within the time frame that the securities industry has established for immediate delivery of that type of security. For example, regular way settlement of a Treasury security includes settlement on the trade date (cash), the business day following the trade date (regular way), and the second business day following the trade date (skip day).

"Residual interest" means the remainder cash flows from collateralized mortgage obligations/real estate mortgage investment conduits (CMOs/REMICs), or other mortgage-backed security transaction, after payments due bondholders and trust administrative expenses have been satisfied.

"Securities lending" means lending a security to a counterparty, either directly or through an agent, and accepting collateral in return.

"Security" means a share, participation, or other interest in property or in an enterprise of the issuer or an obligation of the issuer that:

1. Either is represented by an instrument issued in bearer or registered form or, if not represented by an instrument, is registered in books maintained to record transfers by or on behalf of the issuer;
2. Is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment; and
3. Either is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations.

"Senior management employee" means a credit union's chief executive officer (typically this individual holds the title of president or manager), an assistant chief executive officer, and the chief financial officer.

"Small business-related security" means a security as defined in Section 3(a)(53) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(53)). This definition does not include Small Business Administration securities permissible under the Federal Credit Union Act, 12 U.S.C. Section 1757(7).

"Superintendent" means the superintendent of credit unions appointed by the governor to direct and regulate credit unions pursuant to Iowa Code chapter 533.

"Weighted average life" means the weighted average time to the return of a dollar of principal, calculated by multiplying each portion of principal received by the time at which it is expected to be received (based on a reasonable and supportable estimate of that time) and then summing and dividing by the total amount of principal.

"When-issued trading of securities" means the buying and selling of securities in the period between the announcement of an offering and the issuance and payment date of the securities.

"Yankee dollar deposit" means a deposit in a United States branch of a foreign bank licensed to do business in the state in which it is located, or a deposit in a state-chartered, foreign-controlled bank.

"Zero coupon investment" means an investment that makes no periodic interest payments but instead is sold at a discount from its face value. The holder of a zero coupon investment realizes the rate of return through the gradual appreciation of the investment, which is redeemed at face value on a specified maturity date.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14]

189—17.3(533) Investment policies. A state-chartered credit union's board of directors must establish written investment policies consistent with Iowa Code chapter 533, the Federal Credit Union Act, these rules, and other applicable laws and regulations and must review the policies at least annually. These policies may be part of a broader, asset-liability management policy. Written investment policies must address, at a minimum, the following:

17.3(1) The purposes and objectives of the credit union's investment activities;

17.3(2) The characteristics of the investments the credit union may make, including the issuer, maturity, index, cap, floor, coupon rate, coupon formula, call provision, average life, and interest rate risk;

17.3(3) How the credit union will manage interest rate risk;

17.3(4) How the credit union will manage liquidity risk;

17.3(5) How the credit union will manage credit risk including specifically listing institutions, issuers, and counterparties that may be used, or criteria for the credit union's selection, and limits on the amounts that may be invested with each;

17.3(6) How the credit union will manage concentration risk, which can result from dealing with a single issuer or related issuers, lack of geographic distribution, holding obligations with similar characteristics like maturities and indexes, holding bonds having the same trustee, and holding securitized loans having the same originator, packager, or guarantor;

17.3(7) Who has investment authority and the extent of that authority. Those with authority must be qualified by education or experience to assess the risk characteristics of investments and investment transactions. Only officials or employees of the credit union may be voting members of an investment-related committee;

17.3(8) The name of the broker-dealer(s) the credit union may use;

17.3(9) The name of the safekeeper(s) the credit union may use;

17.3(10) How the credit union will handle an investment that, after purchase, is outside of board policy or fails a requirement of these rules; and

17.3(11) How the credit union will conduct investment trading activities, if applicable, including addressing:

a. Who has purchase and sale authority;

b. Limits on trading account size;

c. Allocation of cash flow to trading accounts;

d. Stop loss or sale provisions;

e. Dollar size limitations of specific types, quantity and maturity to be purchased;

f. Limits on the length of time an investment may be inventoried in a trading account; and

g. Internal controls, including segregation of duties.

189—17.4(533) Record keeping and documentation requirements.

17.4(1) State-chartered credit unions with assets of $10 million or greater must comply with generally accepted accounting principles (GAAP) in reports filed with the superintendent and maintained by the credit union. State-chartered credit unions with assets less than $10 million may comply with GAAP or other regulatory accounting principles in reports filed with the superintendent and maintained by the credit union.

17.4(2) A credit union must maintain documentation for each investment transaction for as long as it holds the investment and until the documentation has been audited in accordance with Iowa Code section 533.208 or NCUA rules and regulations, 12 CFR Part 701.12, or both, and examined by the superintendent or the NCUA, or both. The documentation should include, where applicable, bids and prices at purchase and sale and for periodic updates, relevant disclosure documents or a description of the security from an industry-recognized information provider, financial data, and tests and reports required by the credit union's investment policy and these rules.

17.4(3) A credit union must maintain documentation that its board of directors used to approve a broker-dealer or a safekeeper for as long as the broker-dealer or safekeeper is approved and until the documentation has been audited in accordance with Iowa Code section 533.208 or NCUA rules and regulations, 12 CFR Part 701.12, or both, and examined by the superintendent or the NCUA, or both.

17.4(4) A credit union must obtain an individual confirmation statement from each broker-dealer for each investment purchased or sold.

[**ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—17.5(533) Discretionary control over investments and investment advisers.

17.5(1) Except as provided in 17.5(2), 17.5(3) and 17.5(4), a credit union must retain discretionary control over its purchase and sale of investments. A credit union has not delegated discretionary control to an investment adviser when the credit union reviews all recommendations from investment advisers and is required to authorize a recommended purchase or sale transaction before its execution.

17.5(2) A credit union may delegate discretionary control over the purchase and sale of investments to a person other than a credit union official or employee:

a. Provided the person is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 (15 U.S.C. 80b); and

b. Provided the amount of investment authority does not exceed 100 percent of the credit union's net worth, in the aggregate, at the time of delegation.

17.5(3) At least annually, the credit union must adjust the amount of funds held under discretionary control to comply with the 100 percent of net worth cap. The credit union's board of directors must receive notice as soon as possible, but no later than the next regularly scheduled monthly board meeting, of the amount exceeding the net worth cap and notify in writing the superintendent within five days after the board meeting. The credit union must develop a plan to comply with the cap within a reasonable period of time.

17.5(4) Before transacting business with an investment adviser, a credit union must analyze the investment adviser's background and information available from state or federal securities regulators, including any enforcement actions against the adviser, associated personnel, or the firm for which the adviser works.

17.5(5) A credit union may not compensate an investment adviser with discretionary control over the purchase and sale of investments on a per-transaction basis or based on capital gains, capital appreciation, net income, performance relative to an index, or any other incentive basis.

17.5(6) A credit union must obtain a report from its investment adviser at least monthly that details the investments under the adviser's control and the investments' performance.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14]

189—17.6(533) Credit analysis. A credit union must conduct and document a credit analysis on an investment and the issuing entity before purchasing it, except for investments issued or fully guaranteed as to principal and interest by the U.S. government or its agencies, enterprises, or corporations or fully insured (including accumulated interest) by the National Credit Union Administration or the Federal Deposit Insurance Corporation. A credit union must update this analysis at least annually for as long as it holds the investment.

189—17.7(533) Notice of noncompliant investments. A credit union's board of directors must receive notice, no later than the next regularly scheduled monthly board meeting, of any investment that either is outside of board policy after purchase or has failed a requirement of these rules. The board of directors must document its action regarding the investment in the minutes of the board meeting, including a detailed explanation of any decision not to sell the investment. The credit union must notify the superintendent in writing of an investment that has failed a requirement of these rules within five days after the board meeting.

189—17.8(533) Broker-dealers.

17.8(1) A credit union may purchase and sell investments through a broker-dealer as long as the broker-dealer is registered as a broker-dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a, et seq.) or is a depository institution whose broker-dealer activities are regulated by a federal or state regulatory agency.

17.8(2) Before purchasing an investment through a broker-dealer, a credit union must analyze and annually update the following:

a. The background of any sales representative with whom the credit union is doing business;

b. Information available from state or federal securities regulators and securities industry self-regulatory organizations, such as the National Association of Securities Dealers and the North American Securities Administrators Association, about any enforcement actions against the broker-dealer, its affiliates, or associated personnel; and

c. If the broker-dealer is acting as the credit union's counterparty, the ability of the broker-dealer and its subsidiaries or affiliates to fulfill commitments, as evidenced by capital strength, liquidity, and operating results. The credit union should consider current financial data, annual reports, external assessments of creditworthiness, relevant disclosure documents, and other sources of financial information.

17.8(3) The requirements of 17.8(1) do not apply when the credit union purchases a certificate of deposit or share certificate directly from a bank, credit union, or other depository institution.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14]

189—17.9(533) Safekeeping of investments.

17.9(1) A credit union's purchased investments and repurchase collateral must be in the credit union's possession, recorded as owned by the credit union through the Federal Reserve Book Entry System, or held by a board of directors-approved safekeeper under a written custodial agreement that requires the safekeeper to exercise, at least, ordinary care.

17.9(2) Any safekeeper used by a credit union must be regulated and supervised by either the Securities and Exchange Commission, a federal or state depository institution regulatory agency, or a state trust company regulatory agency.

17.9(3) A credit union must obtain and reconcile monthly a statement of purchased investments and repurchase collateral held in safekeeping.

17.9(4) Annually, the credit union must analyze the ability of the safekeeper to fulfill the safekeeper's custodial responsibilities, as evidenced by capital strength, liquidity, and operating results. The credit union should consider current financial data, annual reports, external assessments of creditworthiness, relevant disclosure documents, and other sources of financial information.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14]

189—17.10(533) Monitoring nonsecurity investments.

17.10(1) At least quarterly, a credit union must prepare a written report listing all of its shares and deposits in banks, credit unions, and other depository institutions, that have one or more of the following features:

a. Embedded options;

b. Remaining maturities greater than three years; or

c. Coupon formulas that are related to more than one index or are inversely related to, or are multiples of, an index.

17.10(2) The requirement of 17.10(1) does not apply to shares and deposits that are securities.

17.10(3) If a credit union does not have an investment-related committee, then each member of its board of directors must receive a copy of the report described in 17.10(1). If a credit union has an investment-related committee, then each member of the committee must receive a copy of the report, and each board member must receive a summary of the information in the report.

189—17.11(533) Valuing securities.

17.11(1) Before purchasing or selling a security, a credit union must obtain either price quotations on the security from at least two broker-dealers or a price quotation on the security from an industry-recognized information provider. This requirement to obtain price quotations does not apply to new issues purchased at par or at original issue discount.

17.11(2) At least monthly, a credit union must determine the fair value of each security it holds. It may determine fair value by obtaining a price quotation on the security from an industry-recognized information provider, a broker-dealer, or a safekeeper.

17.11(3) At least annually, the credit union's auditing/supervisory committee or its external auditor must independently assess the reliability of monthly price quotations received from a broker-dealer or safekeeper. The credit union's auditing/supervisory committee or external auditor must follow generally accepted auditing standards, which require either recomputation or reference to market quotations.

17.11(4) If a credit union is unable to obtain a price quotation required by this rule for a particular security, then it may obtain a quotation for a security with substantially similar characteristics.

189—17.12(533) Monitoring securities.

17.12(1) At least monthly, a credit union must prepare a written report setting forth, for each security held, the fair value and dollar change since the prior month end, with summary information for the entire portfolio.

17.12(2) At least quarterly, a credit union must prepare a written report setting forth the sum of the fair values of all fixed and variable rate securities held that have one or more of the following features:

a. Embedded options;

b. Remaining maturities greater than three years; or

c. Coupon formulas that are related to more than one index or are inversely related to, or are multiples of, an index.

17.12(3) When the amount calculated in 17.12(2) is greater than a credit union's net worth, the report described in that subrule must provide a reasonable and supportable estimate of the potential impact, in percentage and dollar terms, of an immediate and sustained parallel shift in market interest rates of plus and minus 300 basis points on:

a. The fair value of each security in the credit union's portfolio;

b. The fair value of the credit union's portfolio as a whole; and

c. The credit union's net worth.

17.12(4) If the credit union does not have an investment-related committee, then each member of its board of directors must receive a copy of the reports described in 17.12(1) through 17.12(3). If the credit union has an investment-related committee, then each member of the committee must receive copies of the reports, and each member of the board of directors must receive a summary of the information in the reports.

189—17.13(533) Permissible investment activities.

17.13(1) *Regular way settlement and delivery versus payment basis.* A credit union may only contract for the purchase or sale of a security as long as the delivery of the security is by regular way settlement and the transaction is accomplished on a delivery versus payment basis.

17.13(2) *Federal funds.* A credit union may sell federal funds to a national bank; or to a state bank, trust company or mutual savings bank operating in accordance with Iowa law or the laws of any state where it operates a credit union office; or in banks and institutions, the accounts of which are insured by the Federal Deposit Insurance Corporation; or to credit unions, the accounts of which are insured by the National Credit Union Administration; and as long as the interest or other consideration received from the financial institution is at the market rate for federal funds transactions.

17.13(3) *Investment repurchase transaction.* A credit union may enter into an investment repurchase transaction so long as:

a. Any securities the credit union receives are permissible investments for federal and Iowa credit unions; the credit union, or its agent, either takes physical possession or control of the repurchase securities or is recorded as owner of them through the Federal Reserve Book Entry Securities Transfer System; the credit union, or its agent, receives a daily assessment of the securities' market value, including accrued interest; and the credit union maintains adequate margins that reflect a risk assessment of the securities and the term of the transaction; and

b. The credit union has entered into signed contracts with all approved counterparties.

17.13(4) *Borrowing repurchase transaction.* A credit union may enter into a borrowing repurchase transaction so long as:

a. The transaction meets the requirements of 17.13(3);

b. Any cash the credit union receives, when aggregated with all other credit union borrowings, is subject to the borrowing limit in accordance with Iowa Code section 533.306 or to any lesser amount specified by policy of the board of directors, and any investments the credit union purchases with that cash are permissible for federal credit unions; and

c. The investments referenced in 17.13(4)*"b"* mature no later than the maturity of the borrowing repurchase transaction.

17.13(5) *Securities lending transaction.* A credit union may enter into a securities lending transaction so long as:

a. The credit union receives written confirmation of the loan;

b. Any collateral the credit union receives is a legal investment for federal credit unions; the credit union, or its agent, obtains a first priority security interest in the collateral by taking physical possession or control of the collateral, or is recorded as owner of the collateral through the Federal Reserve Book Entry Securities Transfer System; and the credit union, or its agent, receives a daily assessment of the market value of the collateral, including accrued interest; and maintains adequate margin that reflects a risk assessment of the collateral and the term of the loan;

c. Any cash the credit union receives, when aggregated with all other credit union borrowings, is subject to the borrowing limit in accordance with Iowa Code section 533.306 or to any lesser amount specified by policy of the board of directors, and any investments the credit union purchases with that cash are permissible for federal credit unions and mature no later than the maturity of the transaction; and

d. The credit union has executed a written loan and security agreement with the borrower.

17.13(6) *Trading securities.*

a. A credit union may trade securities, including engaging in when-issued trading and pair-off transactions, so long as the credit union can show that it has sufficient resources, knowledge, systems, and procedures to handle the risks.

b. A credit union must record any security it purchases or sells for trading purposes at fair value on the trade date. The trade date is the date the credit union commits, orally or in writing, to purchase or sell a security.

c. At least monthly, the credit union must give its board of directors or investment-related committee a written report listing all purchase and sale transactions of trading securities and the resulting gain or loss on an individual basis.

189—17.14(533) Permissible investments.

17.14(1) *Variable rate investment.* A credit union may invest in a variable rate investment, as long as the index is tied to domestic interest rates. Except in the case of U.S. Treasury inflation-protected securities, the variable rate investment cannot, for example, be tied to foreign currencies, foreign interest rates, domestic or foreign commodity prices, equity prices, or inflation rates. For purposes of this subrule, the U.S. dollar-denominated London Interbank Offered Rate (LIBOR) is a domestic interest rate.

17.14(2) *Corporate credit union shares or deposits.* A credit union may purchase shares or deposits in a corporate credit union, except when the superintendent or the NCUA has notified it that the corporate credit union is not operating in compliance with NCUA rules and regulations, 12 CFR Part 704. A credit union's aggregate amount of paid-in capital and membership capital, as defined in NCUA rules and regulations, 12 CFR Part 704, in one corporate credit union is limited to 2 percent of its assets measured at the time of investment or adjustment. A credit union's aggregate amount of paid-in capital and membership capital in all corporate credit unions is limited to 4 percent of its assets measured at the time of investment or adjustment.

17.14(3) *Registered investment company.* A credit union may invest in a registered investment company or collective investment fund, as long as the prospectus of the company or fund restricts the investment portfolio to investments and investment transactions that are permissible for federal credit unions.

17.14(4) *Collateralized mortgage obligation/real estate mortgage investment conduit.* A credit union may invest in a fixed or variable rate collateralized mortgage obligation/real estate mortgage investment conduit.

17.14(5) *Municipal security.* A credit union may purchase and hold a municipal security, as defined in the Federal Credit Union Act, 12 U.S.C. Section 1757(7)(K), only if the credit union conducts and documents an analysis that reasonably concludes the security is at least investment grade. The credit union must also limit its aggregate municipal securities holdings to no more than 75 percent of the credit union's net worth and limit its holdings of municipal securities issued by any single issuer to no more than 25 percent of the credit union's net worth.

17.14(6) *Instruments issued by institutions described in the Federal Credit Union Act, 12 U.S.C. Section 1757(8).* A credit union may invest in the following instruments issued by an institution described in Section 1757(8) of the Federal Credit Union Act:

a. Yankee dollar deposits;

b. Eurodollar deposits;

c. Banker's acceptances;

d. Deposit notes; and

e. Bank notes with weighted average maturities of less than five years.

17.14(7) *European financial options contract.* A credit union may purchase a European financial options contract or a series of European financial options contracts only to fund the payment of dividends on member share certificates or interest on member certificates of deposit when such dividend or interest rate is tied to an equity index provided:

a. The option and dividend/interest rate are based on a domestic equity index;

b. Proceeds from the options are used only to fund dividends/interest on the equity-linked certificates;

c. Dividends or interest, or both, on the certificates are derived solely from the change in the domestic equity index over a specified period;

d. The options' expiration dates are no later than the maturity date of the certificate;

e. The certificate may be redeemed prior to the maturity date only upon the member's death or termination of the corresponding option;

f. The total costs associated with the purchase of the option is known by the credit union prior to effecting the transaction;

g. The options are purchased at the same time the certificate is issued to the member;

h. The counterparty to the transaction is a domestic counterparty and has been approved by the credit union's board of directors;

i. The counterparty to the transaction meets the minimum credit quality standards as approved by the credit union's board of directors;

j. Any collateral posted by the counterparty is a permissible investment for federal credit unions and is valued daily by an independent third party along with the value of the option;

k. The aggregate amount of equity-linked member share certificates does not exceed 50 percent of the credit union's net worth;

l. The terms of the certificate include a guarantee that there can be no loss of principal to the member regardless of changes in the value of the option unless the certificate is redeemed prior to maturity; and

m. The credit union provides its board of directors with a monthly report detailing, at a minimum:

(1) The dollar amount of outstanding equity-linked certificates;

(2) The certificates' maturities; and

(3) The fair value of the options as determined by an independent third party.

17.14(8) *Debt obligations of U.S.-chartered corporations.* An Iowa state-chartered credit union may invest in unsecured notes and acceptances, commonly referred to as "commercial paper" and "corporate bonds," of U.S.-chartered corporations pursuant to Iowa Code section 533.301(5)*"h"* and *"i"* and this rule, only if:

a. The investment in a corporate bond debt obligation is investment grade and has a maturity of less than five years;

b. The investment in a commercial paper debt obligation is investment grade and has a maturity of less than one year;

c. An investment in a nonrated equivalent value issue of a commercial paper debt obligation shall be investment grade. A credit union shall retain documentation supporting its determination and the current and previous two years of year-end financial statements which indicate acceptable operating performance of the issuing U.S. corporation;

d. If, subsequent to the date of purchase but prior to the date of maturity, the investment no longer meets the investment grade standard and the investment exceeds the credit union's net worth by 5 percent or more, the credit union shall have no more than 30 days to divest of the security unless the credit union seeks and receives a waiver from the superintendent as provided by rule;

e. The total investment by a credit union in debt obligations in a lone U.S. corporation and its subsidiaries shall not exceed 25 percent of the credit union's net worth;

f. The total aggregate investment by a credit union in debt obligations of U.S. corporations and their subsidiaries shall not exceed the lesser of 100 percent of the credit union's net worth or 20 percent of the credit union's investment portfolio;

g. An investment will be considered speculative and unauthorized if it contains any of the following characteristics, and the credit union shall be required to divest of the security in accordance with 17.14(8)*"d"* without an opportunity of waiver:

(1) It is issued by a business entity not recognized in the market place or by other than a U.S.-chartered corporation, or by both;

(2) It has a maturity that exceeds that established in this subrule; or

(3) It is issued to cover or underwrite foreign market operations, or for new-line products or services, or both, which exceed 25 percent of the investment offering;

h. If the net worth level of a credit union falls or remains below an amount which causes the limitations of this subrule to be exceeded for two consecutive quarters and the amount of difference is 5 percent or more of the net worth, the credit union shall divest of a sufficient amount of debt obligations so the credit union no longer exceeds the limitations or seek a waiver from the superintendent as provided by rule;

i. A corporate credit union chartered in accordance with Iowa Code chapter 533 is exempt from the provisions and limitations of this subrule and, instead, shall have the powers, restrictions and obligations contained in NCUA rules and regulations, 12 CFR Part 704, for federally insured corporate credit unions.

17.14(9) *Mortgage note repurchase transactions.* A credit union may invest in securities that are offered and sold pursuant to Section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), only as a part of an investment repurchase agreement under subrule 17.13(3), subject to all of the following conditions:

a. The aggregate of the investments with any one counterparty is limited to 25 percent of the credit union's net worth and 50 percent of its net worth with all counterparties.

b. At the time the credit union purchases the securities, the counterparty, or a party fully guaranteeing the counterparty, must meet the minimum credit quality standards as approved by the credit union's board of directors.

c. The credit union must obtain a daily assessment of the market value of the securities under paragraph 17.13(3)*"a"* using an independent qualified agent.

d. The mortgage note repurchase transaction is limited to a maximum of 90 days.

e. All mortgage note repurchase transactions will be conducted under triparty custodial agreements.

f. A credit union must obtain an undivided interest in the securities.

17.14(10) *Zero-coupon investments.* A credit union may only purchase a zero-coupon investment with a maturity date that is no greater than ten years from the related settlement date, unless authorized by the superintendent.

17.14(11) *Commercial mortgage-related security (CMRS).* A credit union may purchase a CMRS that would be a permissible investment for a federal credit union under 12 U.S.C. Section 1756(7)(E) or Section 1756(15)(B) subject to all of the following conditions:

a. The credit union conducts and documents a credit analysis that reasonably concludes the CMRS is at least investment grade.

b. The CMRS meets the definition of commercial mortgage security in 189—17.2(533).

c. The CMRS's underlying pool of loans contains more than 50 loans with no one loan representing more than 10 percent of the pool.

d. The aggregate amount of private label CMRS purchased by the credit union does not exceed 25 percent of its net worth, unless otherwise authorized by the superintendent.

17.14(12) *Charitable donation accounts.* An Iowa-chartered credit union may apply to the superintendent for authorization to fund a charitable donation account (CDA) as approved by the National Credit Union Administration. The request to the superintendent should address the items listed in 17.19(2) *"a"* to *"c."*

a. If the superintendent grants the request, the CDA must satisfy all of the conditions in 12 CFR 721.3(b)(2)(i) to (vii), including but not limited to the following:

(1) The book value of investments in all CDAs in the aggregate must be limited to 5 percent of a credit union's net worth at all times as measured at every call report.

(2) The assets must be held in a segregated custodial account and be specifically identified as a CDA.

(3) If a trust is chosen as the vehicle for the CDA, the trustee must be regulated by the Office of the Comptroller of the Currency (OCC), the U.S. Securities and Exchange Commission (SEC), another federal regulatory agency, or a state regulatory agency. A regulated trustee or other person or entity that is authorized to make investment decisions for a CDA, other than the credit union itself, must be either a registered investment adviser or regulated by the OCC.

(4) The parties to the CDA, typically the funding credit union and trustee or other manager of the account, must document the terms and conditions controlling the account in a written agreement. The terms of the agreement must be consistent with the federal rule. The credit union's board of directors must adopt written policies governing the creation, funding, and management of the CDA that are consistent with the federal rule, must review the policies annually, and may amend them from time to time. Charitable contributions and donations can only be made to organizations that are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(5) Credit unions utilizing CDAs are required to distribute 51 percent of the total return on investment to one or more qualified charities no less frequently than every five years.

b. CDAs are investments that carry risk. It is expected that any credit union that makes this type of investment will conduct the necessary due diligence and retain the due diligence documentation for examiner review. The board must also document the investment strategies and risk tolerances and must account for the CDA in accordance with generally accepted accounting principles.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14; **ARC 3734C**, IAB 4/11/18, effective 5/16/18]

189—17.15(533) Prohibited investment activities. A credit union may not engage in adjusted trading or short sales.

189—17.16(533) Prohibited investments.

17.16(1) *Derivatives.* A credit union may not purchase or sell financial derivatives, such as futures, options, interest rate swaps, or forward rate swaps. This prohibition does not apply to:

a. Any derivatives permitted under NCUA rules and regulations, 12 CFR 701.21(i) and 189—subrule 17.14(7);

b. Embedded options not required under GAAP to be accounted for separately from the host contract; and *c.* Interest rate lock commitments or forward sales commitments made in connection with a loan originated by the credit union.

17.16(2) *Zero coupon investments.* Rescinded IAB 10/15/14, effective 11/19/14.

17.16(3) *Mortgage servicing rights.* A credit union may not purchase mortgage servicing rights as an investment but may perform mortgage servicing functions as a financial service for a member as long as the mortgage loan is owned by a member.

17.16(4) *Commercial mortgage-related security.* Rescinded IAB 10/15/14, effective 11/19/14.

17.16(5) *Stripped mortgage-backed securities.* A credit union may not invest in stripped mortgage-backed securities (SMBS) or securities that represent interests in SMBS except as described in 17.16(5)*"a"* and *"c."*

a. A credit union may invest in and hold exchangeable collateralized mortgage obligations (exchangeable CMOs) representing beneficial ownership interests in one or more interest-only classes of a CMO (IO CMOs) or principal-only classes of a CMO (PO CMOs), but only if:

(1) At the time of purchase, the ratio of the market price to the remaining principal balance is between .8 and 1.2, meaning that the discount or premium of the market price to par must be less than 20 points;

(2) The offering circular or other official information available at the time of purchase indicates that the notional principal on each underlying IO CMO declines at the same rate as the principal on one or more of the underlying non-IO CMOs, and the principal on each underlying PO CMO declines at the same rate as the principal, or notional principal, on one or more of the underlying non-PO CMOs; and

(3) The credit union staff has the expertise dealing with exchangeable CMOs to apply the conditions in 17.16(5)*"a"*(1) and 17.16(5)*"a"*(2).

b. A credit union that invests in an exchangeable CMO may exercise the exchange option only if all of the underlying CMOs are permissible investments for that credit union.

c. A credit union may accept an exchangeable CMO representing beneficial ownership interests in one or more IO CMOs or PO CMOs as an asset associated with an investment repurchase transaction or as collateral in a securities lending transaction. When the exchangeable CMO is associated with one of these two transactions, it need not conform to the conditions in 17.16(5)*"a"*(1) and 17.16(5)*"a"*(2).

17.16(6) *Insurance company annuity product.* A credit union may not purchase an insurance company annuity product as an investment of the credit union. However, a credit union, in its capacity as an employer, may establish retirement or defined employee benefit programs, which may include the purchase of an annuity for the specific purpose of funding an employee benefit plan, provided that:

a. The plan is usually entirely funded by the credit union and the underlying investments are owned by the credit union;

b. There is a direct connection between the purchase of the investment and the employee benefit obligation;

c. If an employee leaves the credit union before the specified time, fails to exercise an option or to vest in the plan, dies, or in some manner forfeits the right to the planned benefit, the credit union must take the steps necessary to dispose of any investment(s) not needed to meet an actual or potential obligation under the employee benefit plan; and

d. A credit union may, under certain circumstances, hold an otherwise impermissible investment purchased to fund an employee benefit plan after an employee retires or separates from the credit union. For example, when a qualified employee is allowed to exercise an investment option following separation, the investment may be held in order to satisfy this benefit plan provision. In most cases this is an acceptable practice provided the option period is reasonable. Upon the employee's exercise of the option or the expiration of the exercise period, the credit union must divest itself of any remaining impermissible investment(s).

17.16(7) *Other prohibited investments.* A credit union may not purchase residual interests in collateralized mortgage obligations, real estate mortgage investment conduits, or small business-related securities.

[**ARC 1678C**, IAB 10/15/14, effective 11/19/14]

189—17.17(533) Conflicts of interest.

17.17(1) A credit union's officials and senior management employees, and their immediate family members, may not receive anything of value in connection with their investment transactions. This prohibition also applies to any other employee, such as an investment officer, if the employee is directly involved in investments, unless the credit union's board of directors determines that the employee's involvement does not present a conflict of interest. This prohibition does not include compensation for employees.

17.17(2) A credit union's officials and employees must conduct all transactions with business associates or family members that are not specifically prohibited by 17.17(1) at arm's length and in the credit union's best interest.

189—17.18 Reserved.

189—17.19(533) Investment pilot program.

17.19(1) Under an investment pilot program, the credit union division will permit a limited number of credit unions to engage in investment activities prohibited by this rule but otherwise permitted by the Federal Credit Union Act, 12 U.S.C. Section 1757.

17.19(2) Except as provided in 17.19(4), before a credit union may engage in an additional activity it must obtain written approval from the superintendent. To obtain approval, a credit union must submit its written request to the superintendent that addresses the following items:

a. Certification that the credit union is "well-capitalized" under NCUA rules and regulations, 12 CFR Part 702;

b. Board policies approving the activities and establishing limits on them;

c. A complete description of the activities, with specific examples of how they will benefit the credit union and how they will be conducted;

d. A demonstration of how the activities will affect the credit union's financial performance, risk profile, and asset-liability management strategies;

e. Examples of reports the credit union will generate to monitor the activities;

f. Projections of the associated costs of the activities, including personnel, computer, and audit;

g. Descriptions of the internal systems that will measure, monitor, and report the activities;

h. Qualifications of the staff and officials responsible for implementing and overseeing the activities; and

i. Internal control procedures that will be implemented, including audit requirements.

17.19(3) If the superintendent supports the credit union's request to engage in the additional activity as provided in 17.19(2), the superintendent will forward the request to the NCUA regional director for review and nonobjection. If the regional director determines that the additional activity would be approved for the credit union if it were federally chartered and does not object otherwise, the superintendent may approve the credit union's request.

17.19(4) Subsequent to the publication date of these rules, a credit union will not need to seek written approval of the superintendent to engage in an investment activity prohibited by the rules but permitted by the Federal Credit Union Act if the activity is part of a third-party investment program the NCUA approves for federal credit unions after the third party submits a request to the NCUA Director of the Office of Strategic Program Support and Planning that addresses the following items:

a. A complete description of the activities with specific examples of how a federal credit union will conduct and account for them, and how the activities will benefit a federal credit union;

b. A description of any risks to a federal credit union from participating in the program; and

c. Contracts that must be executed by the federal credit union.

189—17.20(533) Responsibility placed upon the credit union to show cause.

17.20(1) A state-chartered credit union that engages in an investment activity that it believes to be permissible for federal credit unions, whether or not addressed by these rules, must provide the superintendent, when requested, satisfactory documentation that the activity is not prohibited by the Iowa Code or by the NCUA, or both.

17.20(2) If a credit union engages in an investment activity, whether expressly permitted by these rules or an investment activity that the credit union believes, in good faith, is permitted, and which at the time of engagement is not or thought not to be prohibited by the Iowa Code or the NCUA, or both, but subsequently becomes or is found to have been prohibited, the credit union must develop a plan to become compliant within a reasonable period of time.

17.20(3) Although automatic authority is granted to Iowa credit unions by Iowa Code sections 533.301(5)*"j"* and 533.301(25) and these rules, such authority may be withheld or withdrawn by the superintendent for safety and soundness concerns or for blatant disregard for these rules, in whole or in part, by a credit union.

189—17.21(533) Director, officer, or employee overdraft. A state credit union may pay an overdraft of a director, officer, or employee of the state credit union on an account at the state credit union when the payment of funds is made in accordance with any of the following:

1. A written, preauthorized, interest-bearing extension of credit plan that specifies a method of repayment.
2. A written, preauthorized transfer of collected funds from another account of the account holder at the state credit union.
3. The overdraft is paid pursuant to an overdraft protection plan or courtesy pay program. Such payment is limited to one time per quarter, and the overdraft shall last no longer than ten days. Each credit union board of directors shall enact a policy regarding failure to comply with the provisions of this rule.

This rule is intended to implement Iowa Code section 533.205(7).

[**ARC 3734C**, IAB 4/11/18, effective 5/16/18]

These rules are intended to implement Iowa Code section 533.301(5).

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CHAPTER 18
MAINTENANCE OF ALLOWANCE FOR LOAN AND LEASE LOSSES ACCOUNT

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—18.1(533) Definitions. The following words and terms, when used in these rules, shall have the meaning shown below:

"Allowance for loan and lease losses" means an estimate of loan and lease losses in the entire loan portfolio, including estimated inherent losses. Credit unions with assets of $10 million or greater must conform with generally accepted accounting principles and meet regulatory requirements for full and fair disclosure of the financial statements. Credit unions with less than $10 million in assets must conform with these rules and meet regulatory requirements for full and fair disclosure or generally accepted accounting principles.

"Legal reserve" means the statutory reserve account of the credit union set aside from gross earnings as a regular reserve against losses on loans and other contingencies, in accordance with Iowa Code chapter 533.

"Provision for loan and lease losses" means an expense account of the general ledger to which debit or credit adjustments to the allowance for loan and lease losses are charged.

"Special reserve" means an additional regular reserve account of the credit union, established and required by the superintendent, to be set aside against losses from loans or other contingencies, in accordance with Iowa Code chapter 533.

[**ARC 9777B**, IAB 10/5/11, effective 11/9/11; **ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—18.2(533) Legal reserve required.

18.2(1) Each credit union shall establish and maintain a legal reserve for contingencies as provided by Iowa Code chapter 533. The totals of the legal reserve and the allowance for loan losses account shall be combined for determining the applicable percentage of gross income to be transferred to the legal reserve.

18.2(2) Nothing in this rule shall preclude the requirements of Iowa Code chapter 533 relating to the maintenance of the legal reserve or to the authority of the superintendent to approve a plan for distribution of the reserve or to the requiring of additional amounts to be set aside as a special reserve.

189—18.3(533) Generally accepted accounting principles.

18.3(1) Credit unions with assets of $10 million or greater must prepare financial statements in accordance with generally accepted accounting principles (GAAP). Credit unions with assets of less than $10 million may prepare financial statements in accordance with authorized intentional regulatory accounting principles (RAP). All credit union financial statements shall provide for the complete and accurate disclosure of all assets, liabilities, and equity, including any valuation allowance accounts as may be necessary to correctly present the financial position; and all income and expenses necessary to correctly present the results of operations for the period concerned.

18.3(2) The financial statement shall be prepared and made available within 15 days after the end of each month and shall show the condition of the credit union as of the close of business on the last business day of the month.

18.3(3) Complete and accurate disclosure shall be required of a credit union so as to provide for a level of disclosure to any person or entity in order to clearly and objectively inform them of the financial condition and the results of operations of the credit union.

[**ARC 9777B**, IAB 10/5/11, effective 11/9/11; **ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—18.4(533) Allowance for loan and lease losses.

18.4(1) The amount carried in this account shall represent an amount at least equal to reasonably foreseeable loan and lease losses. Each credit union is required to establish and maintain a methodology to determine the amount needed in the allowance for loan and lease losses account. Credit unions with $10 million or greater in assets must determine allowance for loan and lease losses account in accordance with generally accepted accounting principles (GAAP).

18.4(2) The credit union's board of directors must adopt a policy ensuring that loans are charged off in a timely manner.

18.4(3) At a minimum, the account shall be adjusted at least quarterly or prior to the end of each dividend period, or more often as required. The amount of the periodic adjustments shall be determined by the credit union after all charge-offs and recoveries applicable to the period have been recorded. Periodic adjustments to the allowance for loan and lease losses account will be charged to the provision for loan and lease losses.

18.4(4) The credit union shall maintain full and complete documentation of the determination of the balance in the allowance for loan and lease losses account.

18.4(5) The maintenance of an allowance for loan and lease losses account shall not eliminate the requirement for transferring the percentage of gross income before the payment of a dividend to the credit union's regular reserves as required by Iowa Code chapter 533.

[**ARC 9777B**, IAB 10/5/11, effective 11/9/11; **ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—18.5(533) Allowance for loan and lease losses computation.

18.5(1) Credit unions are responsible for determining an adequate allowance for loan and lease losses account and adopting a reasonable methodology for doing so. Credit unions with assets $10 million or greater shall follow generally accepted accounting principles (GAAP). In determining the appropriate allowance, each credit union with less than $10 million in assets shall:

a. Separate the loan portfolio into homogenous loan pools based on common risk factors;

b. Calculate the net loss percentage of each pool, using the historical loss or adjusted loss method which includes consideration of: loan delinquency status; collection experience of the credit union; economic conditions that may affect collectibility; availability of pledged shares; collateral, security, or endorsers; insured or guaranteed status; and the general credit reputation of the borrowers;

c. Individually classify loans with unique characteristics;

d. Add the resulting amounts to determine the amount needed in the allowance for loan and lease losses account.

18.5(2) If a credit union fails to determine an adequate and reasonable allowance for loan and lease losses which will result in the fair presentation of its financial statement, the superintendent may require additional amounts to be set aside as provided by Iowa Code chapter 533.

[**ARC 9777B**, IAB 10/5/11, effective 11/9/11; **ARC 6553C**, IAB 10/5/22, effective 11/9/22]

189—18.6(533) Accounting treatment.

18.6(1) The allowance for loan and lease losses account shall be charged with the amount of the uncollectible loans which have been authorized for charge-off by the board of directors or as directed by the superintendent. Likewise, recoveries on loans charged off shall be credited to this account.

18.6(2) Routine periodic adjustments to the allowance for loan and lease losses account, accomplished during an accounting or dividend period within the current fiscal year, shall be made by a charge to the provision for loan and lease losses account.

18.6(3) Prior period adjustments to the allowance for loan and lease losses account, within the current fiscal year, may be permitted only in relation to the correction of an error in a prior period financial statement. These corrections shall be accounted for and reported in the same manner as routine periodic adjustments, and shall be charged to the current period expenses through the provision for loan and lease losses.

18.6(4) Prior period adjustments to the allowance for loan and lease losses account, outside of the current fiscal year, may be permitted only in relation to the correction of an error in the previous fiscal year financial statement. These corrections shall be accounted for and reported as a charge to the undivided earnings account. If the result of this correction would create a deficit balance in the undivided earnings account, the deficiency so created may be transferred to other segregations of undivided earnings or to the legal reserve account, subject to the prior approval of the superintendent.

18.6(5) If a deficit is created in the legal reserve account, through the establishment or maintenance of the allowance for loan and lease losses account, the deficit shall be transferred first to undivided earnings and, if this shall cause a deficit in undivided earnings, then to other segregations of undivided earnings that may exist, exclusive of the special reserve account should it be required by the superintendent.

18.6(6) The superintendent may waive, in whole or in part, the requirement for the maintenance of the allowance for loan and lease losses account which is in excess of the statutory reserve requirements of Iowa Code chapter 533 but is required under this chapter. Such waiver shall be as a result of written application from the directors of a credit union and shall set forth their justification for the requested waiver.

[**ARC 9777B**, IAB 10/5/11, effective 11/9/11]

These rules are intended to implement Iowa Code chapter 533.

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CHAPTER 19
AMEND, MODIFY OR REVERSE ACTS OF THE BOARD OF DIRECTORS—MAILED BALLOT VOTING PROCEDURE

Rescinded **ARC 0938C**, IAB 8/7/13, effective 9/15/13

CHAPTER 20
PETITIONS FOR RULE MAKING

Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026. See Uniform Rules on Agency Procedure at 7—Chapters 2500 through 2506 and any corresponding rules adopted by this agency.

CHAPTER 21
DECLARATORY ORDERS

Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026. See Uniform Rules on Agency Procedure at 7—Chapters 2500 through 2506 and any corresponding rules adopted by this agency.

CHAPTER 22
CONTESTED CASES

Prior to 2/21/90, see 189—Chapter 14.

Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026. See Uniform Rules on Agency Procedure at 7—Chapters 2500 through 2506 and any corresponding rules adopted by this agency.

CHAPTER 23
UNIFORM WAIVER RULES

Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026. See Uniform Rules on Agency Procedure at 7—Chapters 2500 through 2506 and any corresponding rules adopted by this agency.

CHAPTER 24
ELECTRONIC TRANSFER OF FUNDS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—24.1(527) Scope. Iowa Code section 527.3 authorizes the administrator to issue rules applicable to financial institutions regarding the operation or control of a satellite terminal or pertaining to a financial transaction engaged in through a satellite terminal. Iowa Code section 527.11 empowers the administrator to adopt and promulgate rules which are necessary to properly and effectively carry out and enforce Iowa Code chapter 527. When the term "administrators" appears in this chapter, it signifies that joint action or enforcement may be taken by the administrators specified in Iowa Code sections 527.2 and 527.3.

189—24.2(527) Terms defined. For the purpose of these rules, the following terms shall have the meaning indicated in this chapter. The definitions set out in Iowa Code section 527.2 shall be considered to be incorporated verbatim in these rules.

"Cardholder" means a person who has received an access device from a cardholder financial institution to access a customer asset account or customer asset accounts maintained at that financial institution by means of a satellite terminal.

"Cardholder financial institution" means the financial institution maintaining the customer asset account(s) of a cardholder which is accessible by means of an access device issued by that financial institution.

"Certification" means the process by which a central routing unit ensures that access devices, satellite terminals, software vendors, and the data processing center of an establishing or cardholder financial institution meet certain minimum operational standards established by the central routing unit to ensure that the central routing unit and electronic funds transfer system are in compliance with Iowa Code chapter 527. The certification process may be performed by a central routing unit prior to initial operation of a satellite terminal or data processing center and at any subsequent time as determined appropriate by a central routing unit to ensure continued compliance with Iowa Code chapter 527.

"Customer card number" means a unique number assigned to each cardholder to identify the cardholder financial institution, the cardholder, and the particular business location or office of the cardholder financial institution where the cardholder's customer asset account(s) is maintained which may be accessed by the access device issued by the cardholder financial institution.

"Electronic funds transfer system" means the electronic system which is used to process transactions initiated at a satellite terminal and includes the access device, the satellite terminal, the cardholder financial institution and its data processing center, the establishing financial institution and its data processing center, and a central routing unit.

"Establishing financial institution" means the financial institution that owns or retains control of a satellite terminal.

"Front-end processor" means a data processing facility directly connected to an on-line point-of-sale terminal, as defined by Iowa law, which is utilized in an electronic funds transfer system in conjunction with another data processing facility that is certified by an approved central routing unit. A front-end processor and certified data processing facility that are directly connected constitute a single data processing center, as defined by Iowa law, only if the following specified conditions are satisfied: (1) All on-line point-of-sale satellite terminal transactions received by the front-end processor of the certified data processing facility that cannot be immediately authorized or rejected by the certified data processing facility must be immediately transmitted to an approved central routing unit, subject to the exceptions expressed in Iowa Code subsection 527.5(9); and (2) All on-line point-of-sale satellite terminal transactions received by the front-end processor of the certified data processing facility which are capable of being immediately authorized or rejected by the certified data processing facility must be transactions initiated by cardholders of financial institutions directly serviced by the certified data processing facility and must be immediately authorized or rejected by the certified data processing facility.

"Reversal" means the procedure implemented to cancel a previously transmitted transaction from a satellite terminal initiated by a cardholder through the use of an access device. A reversal may be cardholder-generated or system-generated.

"Switch-behind" means an electronic funds transfer system configuration in which a satellite terminal is directly connected to the establishing financial institution's data processing center, which is directly connected to a central routing unit.

"Switch-in-front" means an electronic funds transfer system configuration in which a satellite terminal is directly connected to a central routing unit.

"Transaction" means each separate, identifiable financial function as authorized by Iowa Code chapter 527, performed at a satellite terminal capable of completing the financial function, by a cardholder properly using an access device and an electronic personal identifier at the satellite terminal.

189—24.3(527) Applications to operate a central routing unit.

24.3(1) *Approval required.* A central routing unit shall not be operated in the state of Iowa unless written approval for that operation has been obtained from the administrators.

24.3(2) *Application requirements.* A person desiring to operate a central routing unit shall submit to the administrators an application which shall contain all of the information and shall be accompanied by all documentation expressly provided for in Iowa Code section 527.9. The administrators will notify the applicant in writing whether the application is considered complete.

24.3(3) *Incomplete applications.* If the application is found by the administrators to be incomplete, the applicant will be notified within a reasonable period of that fact and of the specific deficiencies. Anytime after 30 days following any such notification, the application may be denied for lack of information, if requested supplemental information is not timely submitted by the applicant.

24.3(4) *Final notice.* Upon receiving a complete application, the administrators shall approve or disapprove an application for operation of a central routing unit within 60 days after the date of written notice to the applicant that the application is determined to be complete. The administrators shall notify the applicant in writing as to the decision to approve or disapprove.

This rule is intended to implement Iowa Code section 527.9.

189—24.4(527) Compliance examinations of a central routing unit.

24.4(1) *Performance examinations.* A central routing unit shall be subject to examination by the administrators for the purpose of determining compliance with Iowa Code chapter 527. Such an examination may be conducted after the central routing unit is operating under the approval of the administrators and shall be conducted at the time the approval of the administrators is sought in accordance with rule 24.3(527).

24.4(2) *Compliance factors.* A compliance examination of a central routing unit conducted by the administrators shall consider the following factors to ensure that the central routing unit and all other components of an electronic funds transfer system are in full compliance with the requirements of Iowa Code chapter 527:

a. Transaction charges. The transaction charges paid to the central routing unit by each financial institution which utilizes the central routing unit must be consistent with the schedule of charges set forth in the application to operate a central routing unit and must be consistent with the requirements of Iowa Code subsection 527.5(6).

b. Transmission capabilities. The central routing unit must be capable of accepting and routing and, if approved to operate, is being operated to accept and route transmissions of transaction data originating at any satellite terminal located in the state, whether receiving transaction data from a satellite terminal or from a data processing center or other central routing unit.

c. Connections with data processing centers. The central routing unit must be directly connected to every data processing center that is directly connected to a satellite terminal located in the state.

d. Transaction requirements. A central routing unit must ensure that an electronic funds transfer system consistently complies with the following transaction requirements:

(1) All cardholders initiating transactions at satellite terminals must use an access device and an electronic personal identifier issued by the cardholder financial institution, unless the use of an electronic

personal identifier is not required by Iowa Code chapter 527 for transactions initiated at specified types of satellite terminals.

(2) All transactions must originate at satellite terminals certified by a central routing unit. Satellite terminals located in this state must meet all applicable state and federal requirements.

(3) All transactions shall be authorized either on an on-line real time basis or on a batch basis through a data processing center or a central routing unit.

(4) If the establishing financial institution's data processing center cannot authorize or reject a particular transaction, then the transaction must be routed to a central routing unit.

e. Validation. A central routing unit must validate and edit all transaction messages flowing through the electronic funds transfer system to ensure transaction integrity.

f. Error recovery. A central routing unit must be responsible for error recovery of all of the central routing unit's owned or controlled hardware, software, and communication facilities and must define all necessary interface requirements for data processing centers, satellite terminals, and financial institutions.

g. Authorization services. A central routing unit shall provide authorization services for all cardholder financial institutions which have agreed to such authorization services if:

(1) The cardholder financial institution's data processing center is unavailable or is responding slowly; or

(2) The cardholder financial institution's cardholder information is retained at the central routing unit for card authorization services.

h. Third-party audits. Third-party audits of an electronic funds transfer system, including a central routing unit, must be conducted at least annually to ensure adequate security and controls and must be documented for review by the administrators, upon request.

i. Duplication of critical processing hardware. A central routing unit must provide duplication of critical processing hardware to ensure functional integrity of the central routing unit.

j. Electronic funds transfer system reliability standards. A central routing unit must be available for processing transactions 99 percent of the time, on an annual basis, during the schedule of operation established by the central routing unit. To provide this continuous service to cardholders and the respective cardholder financial institution, a central routing unit must provide for data processing center backup service for all cardholder financial institutions which utilize a data processing center. This may be accomplished by either of the following:

(1) Cardholder financial institutions may maintain a cardholder authorization file at the central routing unit; or

(2) A central routing unit may authorize transactions based on cardholder financial institution's established parameters when the cardholder financial institution's data processing center is responding slowly or is in an inoperative state.

k. Confidentiality.

(1) A central routing unit shall not divulge specific transaction information to any person or financial institution concerning any cardholder, or an establishing or cardholder financial institution, unless such person or financial institution is part of, or is necessary to effect, the specific transaction, or unless disclosure of such information is required by applicable state or federal law.

(2) A central routing unit shall not divulge any statistics on the operations of any establishing or cardholder financial institution to any third party without the written consent of the particular financial institution.

(3) A central routing unit may disclose total terminal statistics that are generic to the central routing unit and which do not identify any particular financial institution or the operations of any particular financial institution.

(4) A central routing unit may disclose transaction(s) data to any federal or state regulatory authority as required by law.

24.4(3) *Certification processes of a central routing unit to demonstrate compliance.* To assist the administrators with compliance examinations of a central routing unit, a central routing unit shall certify financial institutions, satellite terminals located in the state, and data processing centers directly connected to the central routing unit located in this state or directly connected to cardholder financial institutions, to demonstrate that satellite terminals located in this state and the central routing unit are performing in accordance with the requirements of Iowa Code sections 527.5 and 527.9.

a. Certification of financial institutions. All establishing financial institutions and their data processing centers must comply with the following procedures, which shall be confirmed and certified by a central routing unit:

(1) The establishing financial institution and its data processing center must ensure that all transaction data transmitted by the establishing financial institution's data processing center conforms to the central routing unit's electronic communication format standards.

(2) The establishing financial institution's data processing center must be certified or recertified to support new terminal types or models, to utilize any new satellite terminal vendor, or to perform terminal hardware upgrades or software version updates, prior to actual transmission of transaction data by that data processing center to the central routing unit.

(3) Use of any satellite terminal located in this state must be available to all cardholders of cardholder financial institutions and other establishing financial institutions on a nondiscriminatory basis. A cardholder financial institution shall have the right to offer to its cardholders any type of transaction which is supported by a central routing unit. Establishing financial institutions must offer to all cardholders of any establishing or cardholder financial institution the same type of transactions at their satellite terminals located off the premises of the establishing financial institution as are offered to cardholders of the establishing financial institution.

(4) An electronic personal identifier must be issued by a cardholder financial institution for each cardholder access device. A central routing unit must provide for cardholder entry of the electronic personal identifier for all transactions transmitted to the central routing unit. The requirement to issue an electronic personal identifier is not applicable to access devices which are only for use at a limited function terminal, as defined by Iowa Code section 527.2.

(5) A central routing unit must approve access devices displaying its logo or trade name which are issued by cardholder financial institutions, including any access devices that are redesigned, so that the central routing unit may control the operational quality of the access devices and ensure uniform implementation of changes of such access devices.

(6) A control record must be maintained by a central routing unit for every satellite terminal deployed by an establishing financial institution which participates with the central routing unit.

(7) The establishing financial institution's data processing center must be responsible for forwarding transactions which it cannot authorize or reject to a central routing unit for further routing. The establishing financial institution's data processing center must set a timer for that particular transaction at the time the transaction is forwarded to the central routing unit. If the establishing financial institution's data processing center does not receive a transaction transmission response from the central routing unit within the time frames established by the central routing unit, then the establishing financial institution's data processing center must immediately generate and transmit a reversal for that particular transaction. The cardholder financial institution's data processing center must accept the reversal from a central routing unit and the cardholder financial institution must post valid reversals to the particular cardholder's customer asset account. To monitor such reversals, a central routing unit must log each transaction routed through the central routing unit, validate each transaction's completion and ensure that all transactions are sent to and received by the appropriate data processing centers for both the cardholder financial institution and the establishing financial institution.

(8) A central routing unit must certify all satellite terminals (whether switch-in-front or switch-behind) that an establishing financial institution proposes to use in conjunction with the central routing unit. This certification process shall test each satellite terminal for its ability to satisfactorily perform all transaction functions supported by the central routing unit in accordance with operational standards for satellite terminals as established by the central routing unit.

(9) An establishing financial institution must ensure that each of its satellite terminals provides a record of all approved or denied transactions at the satellite terminal by either an audit journal or the creation of duplicate receipts held within the satellite terminal and must ensure that the satellite

terminal generates a customer receipt in compliance with 12 CFR 205.9 (Regulation E) and requirements established by the central routing unit.

(10) Proper maintenance and service of satellite terminals on both a regular and emergency basis are the responsibilities of the establishing financial institution.

b. Certification of data processing centers. All data processing centers connected to a central routing unit must comply with the following procedures and requirements, which shall be confirmed by a central routing unit:

(1) A data processing center shall operate in such a manner as to comply with all requirements established in Iowa Code chapter 527.

(2) A data processing center shall conform to a central routing unit's standards including, but not limited to, the following:

1. Format and message content.
2. Electronic personal identifier encryption.
3. Communications protocol.
4. Certification of on-line transaction transmissions for data processing centers, new terminals, and all establishing and cardholder financial institutions directly or indirectly connected to the central routing unit.

(3) A data processing center must meet minimum response time goals established by a central routing unit. Satellite terminal transactions shall be handled on a first-in, first-out basis. No data processing center may prioritize satellite terminal transactions.

(4) Rescinded IAB 10/25/06, effective 11/29/06.

(5) If a satellite terminal located in the state is not directly connected to an approved central routing unit, then the satellite terminal must be directly connected to a data processing center which is directly connected to an approved central routing unit. A data processing center or central routing unit is directly connected to a satellite terminal when a transaction transmission from the satellite terminal is received by the data processing center or central routing unit prior to being received or processed by or routed to any other data processing center or facility which categorizes, separates or routes the transaction transmission. A data processing facility certified by a central routing unit and a front-end processor directly connected to an on-line point-of-sale satellite terminal and directly linked to the data processing facility both constitute a data processing center for purposes of this paragraph.

(6) This subrule does not limit the authority of a data processing center to authorize or reject transactions requested by cardholders of a cardholder financial institution pursuant to an agreement whereby the data processing center authorizes or rejects requested transactions on behalf of the cardholder financial institution and provides to the cardholder financial institution, on a batch basis and not on an on-line real time basis, information concerning authorized or rejected transactions of cardholders of the cardholder financial institution.

c. Nonsupport of a satellite terminal by a central routing unit. A central routing unit has the authority to refuse or discontinue support of any satellite terminal (either switch-in-front or switch-behind) that is not established or maintained by the establishing financial institution in accordance with the certification procedures and requirements of this subrule if the central routing unit reasonably determines that initial or continued support of the noncomplying satellite terminal may jeopardize the safety and soundness of the operation of an electronic funds transfer system. If such action is contemplated by a central routing unit, written notice of the intended action and the reasons for not supporting particular satellite terminals shall be sent by the central routing unit to the appropriate establishing financial institution by certified or restricted certified mail, with a copy provided to the administrator, within 30 days of the date such action to discontinue support is to be taken, or within 10 days from the date the central routing unit determines it appropriate to refuse initial support of a newly established satellite terminal.

d. Appeals to division administrator.

(1) Whenever a central routing unit provides notice concerning the nonsupport of any satellite terminal located in the state upon the determination that the satellite terminal will not be, or is not being, maintained by the establishing financial institution in accordance with the requirements of this subrule and Iowa Code chapter 527, the establishing financial institution has the right to file a written appeal to the administrator within 30 days from the date the central routing unit issued a written notice of such action.

The written appeal shall set forth any facts in dispute and shall state the reasons why the decision of the central routing unit to refuse initial or continued support of its satellite terminal or terminals should be reversed by the administrator. If the establishing financial institution fails to file a written appeal to the administrator, the financial institution is deemed to have consented to the nonsupport of its satellite terminal or terminals by the central routing unit.

(2) The administrator shall conduct hearings and exercise any other appropriate authority conferred by Iowa Code sections 527.3 and 527.5 regarding the operation or control of a satellite terminal which a central routing unit has initially determined to be operating in a manner inconsistent with the requirements of this subrule and Iowa Code chapter 527.

(3) Upon appeal, the administrator may affirm, modify, or reverse the initial determination of a central routing unit that a satellite terminal located in Iowa is not being operated or controlled in accordance with the requirements of this subrule and Iowa Code chapter 527.

(4) In the event of consent by the establishing financial institution, or if upon the record made at the hearing the administrator affirms the initial determination of the central routing unit, the administrator may initiate proceedings to revoke the privilege of the establishing financial institution to continue operation and control of the satellite terminal or terminals determined to be in noncompliance in accordance with the procedures established in paragraph *"e"* of this subrule, or may deny the initial application to establish or operate such noncomplying satellite terminals in accordance with rule 24.5(527).

(5) If the initial determination of the central routing unit is either reversed or modified, the administrator shall document the reasons for determining that the satellite terminals in question comply with the requirements of this subrule and Iowa Code chapter 527 or why the initial determination of the central routing unit has been modified and shall deliver a copy of these findings to the establishing financial institution and the appropriate central routing unit. Any further proceedings or hearings on the same subject matter shall be governed by the provisions of Iowa Code chapter 17A relating to contested cases.

e. Revocation of privilege.

(1) Whenever the administrator determines, upon notice and hearing pursuant to Iowa Code chapter 17A, that a satellite terminal located in this state, a data processing center, or a central routing unit is being operated within an electronic funds transfer system in violation of Iowa Code chapter 527 or the compliance procedures and standards established by this subrule, the administrator may revoke the approval to operate within the electronic funds transfer system. If the administrator does not have any direct authority over the facility because of the provisions of Iowa Code section 527.3, the administrator may revoke with respect to any financial institution over which the administrator does have direct authority the privilege to engage in transactions through or with that facility. With respect to revocation of the approval to operate a central routing unit, all of the administrators specified in Iowa Code section 527.3 may jointly participate, since all types of financial institutions may be served by the central routing unit. All references to the term "administrator" in this paragraph *"e"* shall signify all of the administrators with respect to revocation of the approval to operate a central routing unit.

(2) The administrator shall have additional authority to cause such revocations as established in Iowa Code section 527.12.

(3) If a central routing unit or satellite terminal of an establishing financial institution is determined by the administrator to fail to comply with the requirements of Iowa Code chapter 527 or this subrule at the time of application to the administrator, then the application may be denied by the administrator without the need for notice or opportunity for hearing.

(4) A revocation by the administrator performed pursuant to this subrule shall be effective when ordered by the administrator, anything in Iowa Code chapter 17A to the contrary notwithstanding.

(5) The administrator may bring an action in the district court in the name of the state to enjoin any financial institution or other person who continues to utilize or to operate a satellite terminal, data processing center, or central routing unit after the approval has been revoked.

(6) The administrator may bring an action to enjoin any person who fails to obtain any approval required by Iowa Code chapter 527.

189—24.5(527) Applications to establish a satellite terminal.

24.5(1) *Approval required.* A satellite terminal shall not be established or operated in the state of Iowa unless written approval for that establishment and operation has been obtained from the administrator. Exceptions to this requirement may exist based upon judicial rulings on applicability of Iowa Code subsections 527.5(3) and 527.5(7) to certain federally chartered financial institutions.

24.5(2) *Application requirements.* A person desiring to establish and operate a satellite terminal shall submit to the administrator an application which shall contain all of the information and shall be accompanied by all documentation expressly provided for in Iowa Code subsection 527.5(3).

24.5(3) *Incomplete applications.* If the application is found by the administrator to be incomplete, the applicant will be notified within a reasonable period of that fact and of the specific deficiencies. Anytime after 30 days following any such notification, the application may be denied for lack of information if requested supplemental information is not timely submitted by the applicant.

24.5(4) *Final notice.* Upon receiving a complete application, the administrator shall approve or disapprove an application for the establishment and operation of a satellite terminal within 30 days after the date of written notice to the applicant that the application is determined to be complete. The administrator shall notify the applicant in writing as to the decision to approve or disapprove.

24.5(5) *Denial of application.* If the administrator finds grounds, under any applicable law or rule, for denying establishment of a satellite terminal, the administrator shall notify the person filing the informational statement or an amendment thereto within 30 days of the filing thereof of the existence of such grounds. If such notification is not given by the administrator, the administrator shall be considered to have expressly approved the establishment and operation of the satellite terminal as described in the informational statement or amendment and according to the agreements attached thereto, and operation of the satellite terminal in accordance therewith may commence on or after the thirtieth day following such filing. However, this subrule shall not be construed to prohibit the administrator from enforcing the provisions of this chapter or Iowa Code chapter 527, nor shall it be construed to constitute a waiver of any prohibition, limitation or obligation imposed by this chapter or Iowa Code chapter 527.

24.5(6) *Failure to establish.* If the applicant fails to establish a satellite terminal within 60 days after the date of written notification of approval by the administrator or within 90 days of filing of the application if such notice is not given by the administrator and expressed approval is presumed, the application to establish and operate a satellite terminal in this state shall be considered to be withdrawn by the applicant and the satellite terminal shall not be established and operated in Iowa without reapplication or extension of the application period by the administrator.

24.5(7) *Notice to terminate satellite terminal operation.* If an establishing financial institution determines, for whatever reasons, that a satellite terminal it operates shall no longer be made available for continued use in the state of Iowa, written notice of such termination of service shall be provided to the administrator, with a copy to the central routing unit, at least 15 business days prior to such discontinuance of service.

This rule is intended to implement Iowa Code subsection 527.5(7).

189—24.6(527) Customer instruction in the use of a satellite terminal. Iowa Code subsection 527.5(4) prohibits employees of the establishing financial institution or affiliate from attending or operating a satellite terminal except on a temporary basis for the purpose of instructing customers in the proper use of the satellite terminal. For purposes of this rule, such temporary basis shall be defined to be no more than 30 calendar days from the date of initial operation of the satellite terminal. Satellite terminals located on the premises of the establishing financial institution are exempt from this restriction.

This rule is intended to implement Iowa Code subsection 527.5(4).

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CHAPTER 25
PUBLIC RECORDS AND
FAIR INFORMATION PRACTICES

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

189—25.1(17A,22) Definitions. As used in this chapter:

"Agency" in these rules means the Iowa credit union division.

189—25.3(17A,22) Requests for access to records. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.6(17A,22) Procedure by which additions, dissents, or objections may be entered into certain records. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.9(17A,22) Disclosure without the consent of the subject. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.10(17A,22) Routine use. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.11(17A,22) Consensual disclosure of confidential records. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.12(17A,22) Release to subject. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.13(17A,22) Availability of records. Rescinded by 2026 Iowa Acts, Senate File 2463, section 4, effective July 1, 2026.

189—25.14(17A,22) Personally identifiable information. This rule describes the nature and extent of personally identifiable information that is collected, maintained, and retrieved by the agency by personal identifier in record systems as defined in rule 189—25.1(17A,22). The credit union division does not currently have a data processing system which matches, collates, or permits the comparison of personally identifiable information in another record system. The record systems maintained by the agency which may contain personally identifiable information are the files of current and former agency employees. This information is collected pursuant to Iowa Code section 533.106.

189—25.15(17A,22) Other groups of records routinely available for public inspection. This rule describes groups of records maintained by the agency other than record systems as defined in rule 189—25.1(17A,22). These records are routinely available to the public. However, the agency's files of these records may contain confidential information as discussed in rule 25.13(17A,22). In addition, the records listed in subrules 25.15(1) to 25.15(4) may contain information about individuals. All records are stored on paper.

25.15(1) *Rule making.* Rule-making records may contain information about individuals making written or oral comments on proposed rules. This information is collected pursuant to Iowa Code section 17A.4. This information is not stored in an automated data processing system.

25.15(2) *Credit union review board records.* Agendas, minutes, and materials presented to the credit union review board are available from the office of the credit union division, except those records concerning closed sessions which are exempt from disclosure under Iowa Code section 21.5 or which are otherwise confidential by law. Credit union review board records contain information about people who participate in meetings. This information is collected pursuant to Iowa Code section 21.3. This information is not retrieved by individual identifier and is not stored in an automated data processing system.

25.15(3) *Publications.* News releases, annual reports, project reports, agency newsletters, etc., are available from the office of the credit union division.

Agency news releases, project reports, and newsletters may contain information about individuals, including agency staff or members of agency councils or committees. This information is not retrieved by individual identifier and is not stored in an automated data processing system.

25.15(4) *Orders issued by the superintendent.* All findings of fact, conclusions of law, and orders issued by the superintendent of credit unions subsequent to a public hearing under the provisions of Iowa Code chapter 17A. These records may contain information about individuals making written or oral comments at the public hearing.

25.15(5) *Published materials.* The agency uses many legal and technical publications in its work. The public may inspect these publications upon request. Some of these materials may be protected by copyright law.

25.15(6) *Policy manuals.* The agency's employees' manual, containing the policies and procedures for programs administered by the agency, is available in the office of the agency. Subscriptions to all or part of the employees' manual are available at the cost of production and handling. Requests for subscription information should be addressed to Iowa Credit Union Division, 200 E. Grand Avenue, Suite 370, Des Moines, Iowa 50309. Policy manuals do not contain information about individuals.

25.15(7) *Reports to superintendent.* Reports obtained by the superintendent of credit unions pursuant to the provisions of Iowa Code section 533.330. These reports are considered open reports.

25.15(8) *Officers, directors and shareholders.* Lists filed with the superintendent of credit unions pursuant to the provisions of Iowa Code section 533.204. These reports are considered open records.

25.15(9) *Other records.* All other records that are not exempted from disclosure by law.

These rules are intended to implement Iowa Code section 22.11.

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