

FILED FEB 11 1971

Commerce 2/11/71, Pass 2/18
Hou " 3/22, Pass 3/25

SENATE FILE **209**

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Passed Senate, Date 3-12-71 Passed House, Date 4-2-71

Vote: Ayes 38 Nays 0 Vote: Ayes 90 Nays 0

Approved April 15, 1971

A BILL FOR

1 An Act relating to dissolution of credit unions.

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

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1 Section 1. Chapter five hundred thirty-three point twenty
2 (533.20), Code 1971, is amended by striking the section and
3 inserting in lieu thereof the following:

4 533.20 VOLUNTARY DISSOLUTION. The process of voluntary
5 dissolution shall be as follows:

6 1. At a special meeting called for the purpose, notice of
7 which purpose must be contained in the call, a credit union may
8 dissolve upon the affirmative vote of a majority of its members
9 eligible to vote at the special meeting. Any member eligible
10 to vote and not present at the meeting may, within twenty days
11 after the date on which the meeting was held, vote in favor of
12 dissolution by signing a statement in the form approved by the
13 superintendent of banking and the vote shall have the same
14 force and effect as if cast at the meeting.

15 2. The credit union shall cease to do business except for
16 the purposes of liquidation immediately upon the giving of notice
17 of the special meeting of the members to vote on dissolution
18 and the board of directors shall immediately notify the superin-
19 tendent of banking of the intention of the credit union to
20 dissolve. The credit union shall not resume business unless
21 the dissolution fails to receive the required vote of the members
22 or the members shall have revoked prior affirmative action to
23 dissolve as provided for in subsection four (4) of this section.

24 3. The board of directors shall have power to terminate and
25 settle the affairs of a credit union in voluntary dissolution.
26 The credit union shall continue in existence for the purpose of
27 discharging its liabilities, collecting and distributing its
28 assets, and doing all acts required in order to terminate its
29 affairs. The credit union may sue and be sued for the purpose
30 of enforcing such liabilities and collecting its assets until
31 its affairs are fully settled. During the course of dissolution
32 proceedings, the credit union shall make such reports and shall
33 be subject to such examinations as the superintendent of banking
34 may require. If at any time, after affirmative vote of a
35 majority of the members of a credit union to dissolve the credit

1 union, the superintendent of banking finds that the credit
2 union is not making reasonable progress toward terminating
3 its affairs or that the credit union is insolvent, he may apply
4 to the district court for a receiver to be appointed to
5 terminate the affairs of the credit union.

6 4. A credit union may, at any time prior to any distribution
7 of its assets, revoke voluntary dissolution proceedings upon
8 the affirmative vote of a majority of its members eligible to
9 vote at a special meeting called for that purpose in the manner
10 prescribed by the bylaws. The board of directors shall
11 immediately notify the superintendent of banking of any such
12 action to revoke voluntary dissolution proceedings.

13 5. Upon such proof as is satisfactory to the superintendent
14 of banking that all assets have been liquidated from which there
15 is a reasonable expectance of realization that the liabilities
16 of the credit union have been discharged and distribution made
17 to its members, and that the liquidation has been completed,
18 the superintendent of banking shall issue a certificate of
19 dissolution, which shall be filed and recorded in the county in
20 which the credit union has its principal place of business and
21 in the county in which its original articles of incorporation
22 were filed and recorded. Upon the issuance of a certificate
23 of dissolution, the existence of the credit union shall cease.

24 Sec. 2. Chapter five hundred thirty-three (533), Code 1971,
25 is amended by adding thereto the following new sections:

26 1. "INVOLUNTARY DISSOLUTION.

27 1. In all situations in which the superintendent has been
28 appointed as receiver as provided in section five hundred
29 thirty-three point six (533.6) and section five hundred
30 thirty-three point twenty (533.20) of the Code, he shall make
31 a diligent effort to collect and realize on the assets of the
32 credit union, and make distribution of the proceeds from time
33 to time to those entitled thereto in the order provided for
34 by law. The superintendent may execute assignments, releases,
35 and satisfactions to effectuate sales and transfers as receiver

1 or after the receivership has terminated. Upon the order of
2 the court in which the receivership is pending, the superinten-
3 dent may sell or compound all bad or doubtful debts, and, on
4 a like order, may sell all the real and personal property of
5 the credit union, on such terms as the court shall direct.

6 2. All expenses of the receivership and dissolution shall
7 be fixed by the superintendent, subject to the approval of the
8 district court, and shall be paid out of the assets of the
9 credit union.

10 3. At the termination of the receivership, the superinten-
11 dent shall file his final report containing the details of his
12 actions therein, together with such additional facts as the
13 court may require.

14 4. Upon the submission and approval of the final report,
15 the court shall enter a decree dissolving the credit union,
16 at which time the existence of the credit union shall cease.
17 If shall be the duty of the clerk of court to cause certified
18 copies of the decree to be filed with and recorded by the county
19 recorder of the county in which the credit union has its
20 principal place of business and by the county recorder of the
21 county in which its original articles of incorporation were
22 filed and recorded. No fee shall be charged by the county
23 recorder for the filing or recording of the decree."

24 2. "DISSOLUTION GENERALLY. The following shall apply to
25 dissolution of a credit union under this chapter, whether
26 voluntary or involuntary:

27 1. Distribution of the assets of the credit union shall be
28 made in the following order:

29 a. The payment of costs and expense of the administrator
30 of dissolution.

31 b. The payment of claims which are given priority by
32 applicable statutes and, if the assets are insufficient for
33 the payment in full of all such claims, in the order provided
34 by such statutes or, in the absence of contrary provisions, pro
35 rata.

1 c. The payment of deposits, including accrued interest,
2 up to the date of the special meeting of the members at which
3 voluntary dissolution was authorized or in the case of
4 involuntary dissolution, the date of appointment of a receiver.
5 d. The pro rate apportionment of the balance among the
6 members of record on the date of the special meeting of the
7 members at which voluntary dissolution was authorized or in
8 the case of involuntary dissolution, the members of record
9 on the date of appointment of a receiver.

10 2. All amounts due to members who are unknown, or who are
11 under a disability and there is no person legally competent
12 to receive such amounts, or who cannot be found after the
13 exercise of reasonable diligence shall be transmitted to the
14 treasurer of state who shall hold such amounts in the manner
15 prescribed by chapter five hundred fifty-six (556) of the Code.
16 All amounts due to creditors as described in section four
17 hundred ninety-six A point one hundred one (496A.101) of the
18 Code shall be transmitted to the treasurer of state in accordance
19 with the provisions of that section and shall be retained by
20 the treasurer of state and subject to claim as provided for in
21 that section.

22 3. The superintendent of banking shall assume custody of
23 the records of a credit union dissolved pursuant to this chapter
24 and shall retain them in accordance with the provisions of
25 section five hundred thirty-three point twenty-four (533.24)
26 of the Code. The superintendent may cause film, photographic,
27 photostatic, or other copies of such records to be made and
28 retain such copies in lieu of the original records.

29 4. The dissolution of a credit union shall not remove or
30 impair any remedy available to or against such credit union,
31 its directors, officers, or members for any right or claim
32 existing or any liability incurred prior to such dissolution
33 if an action or other proceeding to enforce the right or claim
34 is commenced within two years after the date of filing of a
35 certificate or decree of dissolution with the county recorder

1 in the county in which the credit union has its principal place
2 of business. Any such action or proceeding by or against the
3 credit union may be prosecuted or defended by the credit union
4 in its corporate name. The members, directors, and officers
5 shall have power to take such corporate or other action as
6 shall be appropriate to protect such remedy, right, or claim."

7 EXPLANATION

8 This bill provides for a more orderly method of dissolution
9 of a credit union in the best interests of the members. It
10 also gives the superintendent of banking more authority in
11 certain matters pertaining to dissolution.

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