

House File 1226
Commerce
Doyle, Chair
Millen
Jesse
Kreamer
Jordan

Pass 2/20

FEB 9 1976

Commerce

House File 1226 4/7, Pass 4/3
Commerce
Carr, Chairperson
Rabedeaux
Priebe

HOUSE FILE 1226

BY WELLS

Passed House, Date 4-2-76 (1554) Passed Senate, Date 4-14-76 (1311)
Vote: Ayes 85 Nays 0 Vote: Ayes 41 Nays 0
Approved 4-26-76

A BILL FOR

1 An Act relating to loans made by a credit union to its director.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section five hundred thirty-three point sixteen
2 (533.16), unnumbered paragraph one (1), Code 1975, as amended
3 by Acts of the Sixty-sixth General Assembly, 1975 Session,
4 chapter two hundred forty-one (241), section ten (10), is
5 amended to read as follows:

6 A credit union may loan to members. Loans must be for
7 a provident or productive purpose and are made subject to
8 the conditions contained in the bylaws. A borrower may repay
9 his loan in whole or in part any day the office of the credit
10 union is open for business. A director of a credit union
11 may borrow from that credit union under the provisions of
12 this chapter, but the loan shall not be made on terms more
13 favorable than those extended to other members ~~and shall be~~
14 ~~made only after the.~~ A director of a credit union may borrow
15 from that credit union to the extent and in the amount of
16 such director's holdings in the credit union in shares and
17 deposits. A director desiring to borrow from the credit union
18 an amount in excess of the director's holdings in shares and
19 deposits shall first submit application for approval by the
20 board of directors at a regular or special meeting. The
21 director making application for the loan shall not be in
22 attendance at the time the board of directors considers ~~his~~
23 the application and shall not take part in the consideration.
24 ~~The loan shall be made only if the director has submitted~~
25 Prior to consideration of such loan, the director must have
26 submitted to the board a detailed current financial statement.
27 The aggregate amount of director loans shall not exceed twenty
28 percent of the assets of the credit union. Loans secured
29 by a mortgage or deed of trust upon real property may be made
30 only on unencumbered property located in Iowa and in bordering
31 counties of adjacent states and every such loan shall comply
32 with one of the following conditions:

33 EXPLANATION

34 This bill allows a director of a credit union to borrow
35 from that credit union an amount up to the director's holdings

1 in it in shares and deposits without first receiving approval
2 by the board of directors. Approval by the board is only
3 required when a director desires to borrow an amount in excess
4 of such director's holdings in shares and deposits.

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HOUSE FILE 1226

AN ACT

RELATING TO LOANS MADE BY A CREDIT UNION TO ITS DIRECTOR.

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

Section 1. Section five hundred thirty-three point sixteen (533.16), unnumbered paragraph one (1), Code 1975, as amended by Acts of the Sixty-sixth General Assembly, 1975 Session, chapter two hundred forty-one (241), section ten (10), is amended to read as follows:

A credit union may loan to members. Loans must be for a provident or productive purpose and are made subject to the conditions contained in the bylaws. A borrower may repay his loan in whole or in part any day the office of the credit union is open for business. A director of a credit union may borrow from that credit union under the provisions of this chapter, but the loan shall not be made on terms more favorable than those extended to other members ~~and shall be made only after the~~. A director of a credit union may borrow from that credit union to the extent and in the amount of such director's holdings in the credit union in shares and deposits. A director desiring to borrow from the credit union an amount in excess of the director's holdings in shares and deposits shall first submit application for approval by the board of directors at a regular or special meeting. The director making application for the loan shall not be in attendance at the time the board of directors considers ~~his~~ the application and shall not take part in the consideration. ~~The loan shall be made only if the director has submitted~~ Prior to consideration of such loan, the director must have submitted to the board a detailed current financial statement. The aggregate amount of director loans shall not exceed twenty percent of the assets of the credit union. Loans secured

by a mortgage or deed of trust upon real property may be made only on unencumbered property located in Iowa and in bordering counties of adjacent states and every such loan shall comply with one of the following conditions:

DALE M. COCHRAN
Speaker of the House

ARTHUR A. NEU
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 1226, Sixty-sixth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved 4/26/94. 1976

ROBERT D. RAY
Governor