

FILED MAY 20 1975

SENATE FILE Reprinted 536

BY COMMITTEE ON COMMERCE

Passed Senate, Date 6-2-75 (1677) Passed House, Date _____

Vote: Ayes 36 Nays 8 Vote: Ayes _____ Nays _____

Approved 6-27

*Motion to reconsider filed 6-2 (1677) / Lost 6-5 (1788)
" " " "*

A BILL FOR

1 An Act relating to the use of electronic facilities and
2 electronic transfers of funds by banks, credit unions
3 and savings and loan associations.

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

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1 Section 1. Section five hundred twenty-four point eight
2 hundred three (524.803), subsection one (1), Code 1975, is
3 amended by adding the following new paragraph:

4 NEW PARAGRAPH. Subject to the prior approval of the super-
5 intendent, acquire and hold shares in a corporation engaged
6 in providing and operating facilities through which banks
7 and customers may engage, by means of either the direct trans-
8 mission of electronic impulses to and from a bank or the
9 recording of electronic impulses or other indicia of a
10 transaction for delayed transmission to a bank, in transactions
11 in which such banks are otherwise permitted to engage pursuant
12 to applicable law.

13 Sec. 2. Chapter five hundred twenty-four (524), Code 1975,
14 is amended by adding to division eight (VIII) the following
15 new section:

16 NEW SECTION. ELECTRONIC TRANSMISSION OF FUNDS. A state
17 bank may engage in any transaction incidental to the conduct
18 of the business of banking and otherwise permitted by
19 applicable law, by means of either the direct transmission
20 of electronic impulses to or from customers and banks or the
21 recording of electronic impulses or other indicia of a
22 transaction for delayed transmission to a bank. Subject to
23 the provisions of sections six (6) through ten (10) of this
24 Act, a state bank may utilize, establish or operate, alone
25 or with one or more other banks, savings and loan associations
26 incorporated under the provisions of chapter five hundred
27 thirty-four (534) of the Code or the Home Owners' Loan Act
28 of 1933 (12 U.S.C. sections 1461-1468), credit unions
29 incorporated under the provisions of chapter five hundred
30 thirty-three (533) of the Code or the Federal Credit Union
31 Act (12 U.S.C. sections 1751-1790), or third parties, terminals
32 or other facilities adaptable to shared usage by means of
33 which customers and banks may transmit and receive electronic
34 impulses constituting transactions pursuant to this section.
35 Nothing in this section shall be construed as authority for

1 any person to engage in transactions not otherwise permitted
2 by applicable law.

3 Sec. 3. Section five hundred twenty-four point nine hundred
4 one (524.901), subsection three (3), paragraph d, Code 1975,
5 is amended to read as follows:

6 d. Shares in a corporation which the state bank is
7 authorized to acquire and hold pursuant to section 524.803,
8 subsection 1, paragraphs "c" and, "d" and section one (1)
9 of this Act.

10 Sec. 4. Section five hundred twenty-four point one thousand
11 two hundred four (524.1204), Code 1975, is amended by striking
12 the section and inserting in lieu thereof the following:

13 524.1204 CERTAIN TERMS DEFINED. As used in sections six
14 (6) through eleven (11) of this Act:

15 1. "Satellite facility" means a terminal or other facility
16 or installation, attended or unattended, which is not located
17 at the principal place of business or at an office of a bank
18 and through which customers and banks may engage, by means
19 of either the direct transmission of electronic impulses to
20 and from a bank or the recording of electronic impulses or
21 other indicia of a transaction for delayed transmission to
22 a bank, in transactions which are incidental to the conduct
23 of the business of banking and which are otherwise permitted
24 by law. The term "satellite facility" also includes all
25 equipment, regardless of location, which is interconnected
26 with a satellite facility, as described in this subsection,
27 and which is necessary to transmit, route and process elec-
28 tronic impulses in order to enable the satellite facility
29 to perform any function for which it is designed.

30 2. "Iowa bank" means a state bank as defined in section
31 five hundred twenty-four point one hundred three (524.103),
32 subsection nineteen (19) of the Code, or a national bank which
33 has its principal place of business within this state.

34 Sec. 5. Chapter five hundred twenty-four (524), Code 1975,
35 is amended by adding to division twelve (XII) sections six

1 (6) through eleven (11) of this Act.

2 Sec. 6. NEW SECTION. LOCATION OF SATELLITE FACILITIES.

3 Any state bank may utilize a satellite facility at any location
4 within this state, and at any other location permitted by
5 applicable law. A satellite facility authorized by sections
6 six (6) through ten (10) of this Act shall not be subject
7 to the restrictions on location or number set forth in section
8 five hundred twenty-four point one thousand two hundred two
9 (524.1202) of the Code, and shall not require the prior
10 approval of the superintendent, except to the extent required
11 by section eight (8) of this Act. Any transaction engaged
12 in through the use of a satellite facility shall be deemed
13 to take place at the principal place of business of a bank
14 whose accounts and records are affected by the transaction.

15 Sec. 7. NEW SECTION. UTILIZATION OF SATELLITE FACILITIES.

16 A satellite facility, located so as to be generally accessible
17 to persons other than employees of a bank or an affiliate
18 of a bank, may be utilized within this state only by an Iowa
19 bank, except that any other bank may utilize a satellite
20 facility which is so located with the consent of an Iowa bank
21 which is concurrently utilizing the same satellite facility.

22 Sec. 8. NEW SECTION. SATELLITE FACILITY REQUIREMENTS.

23 A satellite facility may be utilized by one or more banks
24 as authorized by sections six (6) through ten (10) of this
25 Act only if the satellite facility meets all of the following
26 requirements:

27 1. The satellite facility is available for use, on a
28 nondiscriminatory basis, by any Iowa bank and by all customers
29 designated by any bank which uses the satellite facility.

30 2. An informational statement has been filed and is
31 maintained on a current basis with the superintendent by the
32 owner or bank establishing any satellite facility which will
33 be available for use by customers of any bank, setting forth
34 all of the following:

35 a. The name and business address of the owner;

- 1 b. The name of each bank utilizing the satellite facility;
- 2 c. The location of the satellite facility;
- 3 d. A schedule of the charges which will be required to
- 4 be paid by any bank utilizing the satellite facility; and
- 5 e. An agreement with the superintendent that the owner
- 6 or bank filing the statement will comply with the provisions
- 7 of this section with respect to the satellite facility.

8 3. The satellite facility, if it is in a location generally
9 accessible to persons other than employees of a bank or an
10 affiliate of a bank, is not at any time operated by an employee
11 of any bank or of an affiliate of any bank except for the
12 purpose of instructing customers, on a temporary basis, in
13 the use of the satellite facility, for the purpose of testing
14 the facility, or for the purpose of transacting business with
15 the bank or another customer on the employee's own behalf.

16 4. The satellite facility, if it is in a location
17 accessible to persons other than employees of a bank or an
18 affiliate of a bank, bears a sign or label identifying each
19 bank or group of banks utilizing the terminal or other
20 facility, with the identification of each such bank or group
21 of banks being substantially similar in size and clarity.

22 5. The charges required to be paid by any bank which
23 utilizes the satellite facility shall not exceed a pro rata
24 portion of the costs, determined in accordance with generally
25 accepted accounting principles, of establishing, operating
26 and maintaining the satellite facility, plus a reasonable
27 return on these costs to the owner of the satellite facility.

28 6. If the superintendent finds grounds, under any appli-
29 cable law or rule, for denying utilization of a satellite
30 facility in accordance with the arrangement described in an
31 informational statement or amendment thereto filed in accor-
32 dance with subsection two (2) of this section, he shall notify
33 the person filing the informational statement or amendment,
34 within thirty days of the filing thereof, of the existence
35 of such grounds. If such notification is not given by the

1 superintendent, he shall be considered to have expressly
2 approved the utilization and arrangement described in the
3 informational statement or amendment, and utilization of the
4 satellite facility in accordance therewith may commence on
5 or after the thirtieth day following such filing.

6 7. The superintendent shall have the power to adopt and
7 promulgate rules pursuant to chapter seventeen A (17A) of
8 the Code as in his opinion will be necessary to properly and
9 effectively carry out and enforce the provisions of sections
10 six (6) through ten (10) of this Act.

11 Sec. 9. NEW SECTION. RECORDS MAINTAINED. All transactions
12 engaged in through a satellite facility utilized pursuant
13 to sections six (6) through ten (10) of this Act shall be
14 recorded in a form from which it will be possible to produce
15 a humanly readable record of any transaction, and these
16 recordings shall be retained by the utilizing bank for the
17 periods required by law. A written record of any transaction
18 shall be provided by any bank which is a party to the
19 transaction upon the request of a customer who is a party
20 to the transaction or upon the request of the superintendent.

21 Sec. 10. NEW SECTION. WHAT DEEMED AFFILIATES. For the
22 purposes of sections six (6) through ten (10) of this Act,
23 a corporation, trust, estate, association or other similar
24 organization shall be considered an affiliate of any bank
25 of which it would be an affiliate under section five hundred
26 twenty-four point one thousand one hundred one (524.1101)
27 of the Code if that bank were a state bank.

28 Sec. 11. NEW SECTION. PRIVILEGES EXTENDED TO NATIONAL
29 BANKS. The privileges extended to state banks by sections
30 five hundred twenty-four point one thousand two hundred one
31 (524.1201), five hundred twenty-four point one thousand two
32 hundred two (524.1202) of the Code, and sections six (6)
33 through ten (10) of this Act shall be available on the same
34 conditions to national banks to the extent that they are so
35 authorized by federal law.

1 Sec. 12. Section five hundred thirty-three point four
2 (533.4), Code 1975, is amended by adding the following new
3 subsections:

4 NEW SUBSECTION. Subject to the prior approval of the
5 superintendent, acquire and hold shares in a corporation
6 engaged in providing and operating facilities through which
7 a credit union and its members may engage, by means of either
8 the direct transmission of electronic impulses to and from
9 the credit union or the recording of electronic impulses or
10 other indicia of a transaction for delayed transmission to
11 the credit union, in transactions in which such credit union
12 is otherwise permitted to engage pursuant to applicable law.

13 NEW SUBSECTION. Engage in any transaction otherwise per-
14 mitted by this chapter and applicable law, by means of either
15 the direct transmission of electronic impulses to or from
16 the credit union or the recording of electronic impulses or
17 other indicia of a transaction for delayed transmission to
18 the credit union. Subject to such rules as may be promulgated
19 by the superintendent, a credit union may utilize, establish
20 or operate, alone or with one or more other credit unions,
21 banks incorporated under the provisions of chapter five hundred
22 twenty-four (524) of the Code or the national banking acts
23 (12 U.S.C. sections 21-95), savings and loan associations
24 incorporated under the provisions of chapter five hundred
25 thirty-four (534) of the Code or the Home Owners' Loan Act
26 of 1933 (12 U.S.C. sections 1461-1468) or third parties,
27 terminals or other facilities adaptable to shared usage, by
28 means of which the credit union may transmit to or receive
29 from any member electronic impulses constituting transactions
30 pursuant to this subsection. Nothing in this subsection shall
31 be construed as authority for any person to engage in transac-
32 tions not otherwise permitted by applicable law.

33 Sec. 13. Section five hundred thirty-four point seventeen
34 (534.17), Code 1975, is amended by adding the following new
35 subsection:

1 NEW SUBSECTION. Subject to the prior approval of the
2 supervisor, in shares in a corporation engaged solely in
3 providing and operating facilities through which an association
4 and its members may engage, by means of either the direct
5 transmission of electronic impulses to and from the association
6 or the recording of electronic impulses or other indicia of
7 a transaction for delayed transmission to the association,
8 in transactions in which such association is otherwise
9 permitted to engage pursuant to applicable law.

10 Sec. 14. Section five hundred thirty-four point nineteen
11 (534.19), Code 1975, is amended by adding the following new
12 subsection:

13 NEW SUBSECTION. Engage in any transaction otherwise per-
14 mitted by this chapter and applicable law, by means of either
15 the direct transmission of electronic impulses to or from
16 the association or the recording of electronic impulses or
17 other indicia of a transaction for delayed transmission to
18 the association. Subject to such rules as may be promulgated
19 by the supervisor, an association may utilize, establish or
20 operate, alone or with one or more other associations, banks
21 incorporated under the provisions of chapter five hundred
22 twenty-four (524) of the Code or the national banking acts
23 (12 U.S.C. sections 21-95), credit unions incorporated under
24 the provisions of chapter five hundred thirty-three (533)
25 of the Code or the Federal Credit Union Act (12 U.S.C. sections
26 1751-1790) or third parties, terminals or other facilities
27 adaptable to shared usage, by means of which the association
28 may transmit to or receive from any member electronic impulses
29 constituting transactions pursuant to this subsection. Nothing
30 in this subsection shall be construed as authority for any
31 association or other person to engage in transactions not
32 otherwise permitted by applicable law.

33 EXPLANATION

34 This bill authorizes banks, savings and loan associations
35 and credit unions to use satellite facilities, which employ

1 electronic impulses or other means of transmitting infor-
2 mation to, from or between institutions, as a means of engaging
3 in transactions with customers not physically present at the
4 institution. Thus, the present need for physical transfer
5 of checks or other documents can be eliminated, although the
6 bill does require that a written record of every transaction
7 be available to the customer.

8 This bill permits any state institution, and any national
9 institution located in Iowa and permitted by federal laws
10 or regulations to do so, to utilize satellite facilities.
11 If and when federal law so permits, out-of-state institutions
12 may also utilize satellite facilities in Iowa, but only if
13 the same facility is also being used by at least one Iowa
14 institution which consents to sharing the facility with the
15 out-of-state institution. Conditions under which satellite
16 facilities may be used are listed in section eight of the
17 bill.

18 Satellite facilities may be owned by a single institution
19 or group of institutions, and may be located at points which
20 are conveniently accessible to customers of the institutions
21 using the facilities. These points may be outside an office
22 of the institution, but in that case no institution may
23 permanently station an employee at the facility to operate
24 it.

25 Section eleven of the bill is identical to what now appears
26 as section 524.1204 of the Code, except that it is expanded
27 to apply to satellite facility operations as authorized by
28 this bill.

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S-4000

1 Amend the Hultman amendment S-3982 to Senate
2 File 536, on line 4 by striking the word "shall"
3 and inserting in lieu thereof the word "may".

S-4000 FILED & ADOPTED (1/74) BY CALVIN O. HULTMAN
JUNE 2, 1975

S-4004

1 Amend the Hultman amendment S-3997 to Senate File
2 536 in line 11 by striking the word "shall" and
3 inserting in lieu thereof the word "may".

S-4004 FILED & ADOPTED (1/76) BY CALVIN O. HULTMAN
JUNE 2, 1975
LOWELL L. JUNKINS
JAMES M. REDMOND

S-4005

1 Amend Senate File 536, page 5, by inserting after
2 line 11, the following:
3 "8. The satellite facility is so constructed or operated
4 that when a customer of the facility has made a
5 purchase in a retail establishment in which the facility
6 is located and a debit has resulted in the customer's
7 account and a credit to the account of the retail
8 establishment in which the facility is located, the
9 customer may within seven days rescind the debit and
10 credit by oral notification to the bank. The right
11 to rescind a debit shall apply to transactions which
12 result in either a withdrawal from the customer's
13 account at the bank or an extension of credit by the
14 bank.
15 If a customer has withdrawn cash from a satellite
16 facility for the purpose of making a purchase in the
17 retail establishment in which the satellite facility
18 is located and a cash purchase is immediately made,
19 the customer may order the bank to rescind
20 the debit and the credit in the amount of the purchase
21 price by oral order within seven days of the date of
22 purchase."

S-4005 FILED - *Last 6/2 (1676)* BY JAMES V. GALLAGHER
JUNE 2, 1975

S-4006

1 Amend the Gallagher amendment S-3993 to Senate File
2 536 as follows:
3 1. By striking lines 8 through 17.
4 2. Line 18, by striking the number "3" and inserting
5 in lieu thereof the number "2".
6 3. By striking lines 28 through 49.

S-4006 FILED & ADOPTED (1675) BY LOWELL L. JUNKINS
JUNE 2, 1975
WARREN E. CURTIS

S-4007

1 Amend the Gallagher amendment S-4005 to Senate File
2 536 as follows:
3 1. Line 9, by striking the word "seven" and inserting
4 in lieu thereof the word "three".
5 2. Line 21, by striking the word "seven" and inserting
6 in lieu thereof the word "three".

S-4007 FILED & ADOPTED (1676) BY JAMES V. GALLAGHER
JUNE 2, 1975

SENATE FILE 536

S-4010

1 Amend the Gallagher Amendment S-4005 to Senate File
2 536 by striking lines 15 through 22.

S-4010 FILED - *Adopted 6/2 (1676)* BY JAMES V. GALLAGHER
JUNE 2, 1975

S-4017

1 Amend Senate File 536, page 3, line 29, by inserting
2 the following after the period: "A retail establishment
3 in which a satellite facility is located shall not
4 offer a discount on the purchase of goods or services
5 to customers of the satellite facility which are not
6 offered to customers of the retail establishment who
7 pay by cash or check."

S-4017 FILED BY JAMES V. GALLAGHER
JUNE 3, 1975

S-3997

1 Amend Senate File 536 as follows:
2 1. Page 3, line 25, by inserting after "facility"
3 the words "is maintained in compliance with applicable
4 rules promulgated by the superintendent and".
5 2. Page 5, by inserting after the end of line
6 10 the following new sentence:
7 "In adopting, amending and repealing rules the
8 superintendent shall take into consideration any rules
9 maintained by federal agencies which are applicable
10 to the operation of satellite facilities by national
11 banks, and shall maintain uniformity of Iowa rules
12 with those federal rules, except to the extent
13 uniformity would be inconsistent with the purposes,
14 policies and provisions of this Act."

S-3997 FILED BY CALVIN O. HULTMAN
JUNE 2, 1975

DIV. A - ADOPTED (1673)

DIV. B - ADOPTED (1674)

S-3993

1 Amend Senate File 536 as follows:

2 1. Page 1, by striking line 16 and inserting in
3 lieu thereof the following:

4 "NEW SECTION. ELECTRONIC TRANSMISSION OF FUNDS--
5 RESTRICTIONS.

6 1. A state".

7 2. Page 2, by inserting after line 2 the following:

8 "2. Neither a state bank which utilizes the
9 authority granted by subsection one (1) of this section,
10 nor any business or other entity upon whose premises
11 there is located a satellite facility as defined in section
12 four (4), subsection one (1) of this Act, shall directly
13 or indirectly impose any charge for any transaction made
14 by means of the satellite facility unless the same charge
15 is made for the same type of transaction if conducted at
16 the bank's principal place of business or one of its
17 offices or otherwise without use of a satellite facility.

18 3. A state bank which offers its customers, or any
19 of them, the opportunity to engage in transactions with
20 or through the bank in the manner authorized by subsection
21 one (1) of this section shall not require any customer to
22 deal with or through the bank in that manner in lieu of
23 writing checks in the usual manner upon a conventional
24 checking account, nor impose any extraordinary charge
25 upon customers who choose to write checks in the usual
26 manner upon a conventional checking account maintained at
27 that bank."

28 3. Page 6, line 32, by inserting after the word "law"
29 the following:

30 ", and neither the credit union nor any business or
31 other entity upon whose premises there is located a
32 satellite facility, as defined in section four (4),
33 subsection one (1) of this Act, shall directly or indirectly
34 impose any charge for any transaction made by means of the
35 satellite facility unless the same charge is made for the
36 same type of transaction if conducted at the credit union's
37 place of business or otherwise without use of a satellite
38 facility".

39 4. Page 7, line 32, by inserting after the word "law"
40 the following:

41 ", and neither the association nor any business or
42 other entity upon whose premises there is located a
43 satellite facility, as defined in section four (4),
44 subsection one (1) of this Act, shall directly or indirectly
45 impose any charge for any transaction made by means of the
46 satellite facility unless the same charge is made for the
47 same type of transaction if conducted at the association's
48 principal place of business or one of its offices or otherwise
49 without use of a satellite facility".

S-3981

- 1 Amend Senate File 536 as follows:
 2 1. Page 1, line 32, by inserting after the word
 3 "facilities" the words "which must be".
 4 2. Page 1, line 32, by inserting after the word
 5 "usage" the word "and".
 6 3. Page 3, by striking lines 19 and 20, and
 7 inserting in lieu thereof the following:
 8 "bank, an Iowa savings and loan association in-
 9 corporated under chapter five hundred thirty-four
 10 (534) of the Code, or an Iowa credit union incorporated
 11 under chapter five hundred thirty-three (533) of the
 12 Code, except that any other bank, savings and loan
 13 association or credit union may utilize a satellite
 14 facility with the consent of an Iowa bank, Iowa savings
 15 and loan association or Iowa credit union".
 16 4. Page 3, by striking lines 28 and 29, and
 17 inserting in lieu thereof the following:
 18 "shared basis by any Iowa bank, Iowa savings and
 19 loan association incorporated under chapter five
 20 hundred thirty-four (534) of the Code, or Iowa credit
 21 union incorporated under chapter five hundred thirty-
 22 three (533) of the Code, and without discrimination
 23 by all customers designated by any of those
 24 institutions using the satellite facility. The
 25 superintendent shall provide by rule for the operation
 26 of satellite facilities such that each is made
 27 available for shared usage by banks, savings and loan
 28 associations and credit unions in substantially equal
 29 numbers to the extent that usage of a specific facility
 30 is requested by equal numbers of such institutions."
 31 5. Page 6, line 27, by inserting after the word
 32 "facilities" the words "which must be".
 33 6. Page 6, line 27, by inserting after the word
 34 "usage" the word "and".
 35 7. Page 7, line 26, by inserting after the word
 36 "facilities" the words "which must be".
 37 8. Page 7, line 27, by inserting after the word
 38 "usage" the word "and".

S-3981 FILED *Withdraw 6/2 (1975)* BY CALVIN O. HULTMAN
 MAY 29, 1975

S-4003

- 1 Amend Senate File 536 as follows:
 2 1. Page 3, line 5, by inserting after the word
 3 "law" the words ": However, a state bank shall not
 4 utilize any terminal or other facility or installa-
 5 tion which is designed or intended for the direct
 6 use of customers and which is located more than twenty-
 7 five miles from either the principal place of busi-
 8 ness of the bank or a bank office of that bank".

S-4003 FILED & WITHDRAWN
 JUNE 2, 1975 *(1975)*

BY ROBERT M. CARR
 WILLIAM E. GLUBA

S-3982

1 Amend Senate File 536 as follows:

2 1. Page 5, by inserting after line 20 the follow-
3 ing new paragraph:

4 "The superintendent shall provide by rule for the
5 recording and maintenance by any bank utilizing a
6 satellite facility of any amounts involved in a
7 transaction engaged in through the satellite facility
8 which are of a known tax consequence to the customer
9 initiating the transaction. For the purposes of this
10 paragraph "known tax consequences" means and includes
11 but shall not be limited to the following:

12 (1) An amount directly or indirectly received
13 from a customer and applied to a loan account of the
14 customer which represents interest paid by the customer
15 to the bank.

16 (2) In any transaction where the total amount
17 involved is deducted from funds in a customer's account
18 and is simultaneously paid either directly or
19 indirectly by the bank to the account of a third
20 party, any portion of the transaction amount which
21 represents a sales or other tax imposed upon or
22 included within the transaction and collected by that
23 third party from the customer, or any portion of the
24 transaction amount which represents interest paid
25 to the third party by the customer.

26 (3) Any other transaction which the superintendent
27 determines to have direct tax consequences to the
28 customer.

29 The superintendent also shall provide for the periodic
30 distribution of customers of summaries of transactions
31 having known tax consequences."

S-3982 FILED - *Adopted as amended* BY CALVIN O. HULTMAN
MAY 29, 1975 *by 4000 6/2 (1674)*

1 Amend Senate File 536 as amended, passed and re-
2 printed by the Senate as follows:

3 1. Page 1, by inserting after line 17 the following
4 new sections:

5 "Sec. ____ . NEW SECTION.

6 1. Except as provided in subsection two (2) of
7 this section, public funds which are required by
8 section four hundred fifty-three point one (453.1)
9 of the Code to be deposited in banks shall not be
10 deposited with any state
11 or federal bank which utilizes a satellite facility
12 as defined in section four (4) of this Act if that
13 satellite facility is located at a place other than
14 either the principal place of business or a lawful
15 business office of that bank. Upon a determination
16 by the treasurer of state that any state or federal
17 depository bank is in violation of this subsection,
18 the treasurer of state shall notify the affected
19 governing bodies specified in section four hundred
20 fifty-three point one (453.1) of the Code, and each
21 governing body shall forthwith approve and order
22 the transfer of public funds to another bank. A

23 2. The prohibition contained in subsection one
24 (1) of this section shall not apply to any bank
25 participating in an experimental plan approved by
26 the superintendent of banking. The superintendent
27 of banking or the supervisor of state chartered
28 savings and loan associations may approve a limited
29 number of experimental plans submitted by one or
30 more banks, savings and loan associations or credit
31 unions, or any combination thereof, for the
32 experimental operation on a limited scope of
33 satellite facilities as defined in section four (4)
34 of this Act which are located at places other than
35 the principal places of business and business
36 offices of such financial institutions. A plan may
37 not be approved by the superintendent of banking to
38 permit the operation of such satellite facilities
39 after the first day of January, 1976. Each bank
40 wishing to participate in such a plan shall agree
41 as a condition of that participation to disclose
42 to the superintendent of banking upon request any
43 information obtained by that bank as a result of
44 that participation which the superintendent of
45 banking deems useful to a determination of the
46 feasibility of authorizing the use of satellite
47 facilities in this state on a general basis.

48 3. The superintendent of banking shall submit
49 to the general assembly not later than the first day
50 of February, 1976, a report of the operation of any

1 experimental satellite facilities pursuant to sub-
2 section two (2) of this section, which report shall
3 include findings and recommendations of the
4 superintendent with respect to the potential uses
5 of satellite facilities in this state.

6 4. This section is repealed effective the first
7 day of July, 1976.

8 Sec. . . . NEW SECTION. PROHIBITED ACTIVITIES.
9 It shall be unlawful for any person other than a
10 bank, savings and loan association or credit union
11 incorporated or chartered under the laws of this
12 state or of the United States to possess, maintain
13 or permit on premises occupied by that person any
14 terminal or installation of a satellite facility
15 as defined in section four (4) of this Act if by
16 means of that facility customers of that person or
17 of a bank, savings and loan association or credit
18 union utilizing that satellite facility are enabled
19 to engage in transactions constituting or incidental
20 to the conduct of the business of a bank, savings and
21 loan association or credit union. This section shall
22 not apply to any person who has received express
23 approval from the superintendent of banking to
24 possess, maintain, use or permit the use of a
25 satellite facility pursuant to an experimental plan
26 of operation approved by the superintendent. The
27 superintendent of banking or the supervisor of
28 state chartered savings and loan associations may
29 approve a limited number of experimental plans sub-
30 mitted by one or more banks, savings and loan
31 associations or credit unions, or any combination
32 thereof, for the experimental operation on a limited
33 scope of satellite facilities as defined in section
34 four (4) of this Act which are located at places other
35 than the principal places of business and business
36 offices of such financial institutions. A plan may
37 not be approved by the superintendent of banking to
38 permit the operation of such satellite facilities
39 after the first day of January, 1976. This section
40 is repealed effective the first day of July, 1976."

41 2. Page 1, by inserting after line 35 the following
42 new sentence:

43 "No terminal or other facility utilized pursuant
44 to this section shall be designed in such a manner
45 as to be capable of providing a user thereof, other
46 than a bank, with information concerning the account
47 of any person with the bank, unless such information
48 is essential to complete or prevent the completion
49 of the transaction then being engaged in through the
50 use of that terminal or facility."

1 3. Page 2, line 3, by inserting after the word
2 "law" the words ", nor shall anything in this section
3 be deemed to repeal, replace or in any other way
4 affect any applicable law or rule regarding the
5 maintenance of or access to financial information
6 maintained by any bank".

7 4. Page 3, by striking line 28 and inserting
8 in lieu thereof the following:

9 "of a bank, may not be utilized within this
10 state by a bank other than an Iowa".

11 5. Page 5, by striking lines 22 through 28, and
12 inserting in lieu thereof the following:

13 "In adopting, amending and repealing rules the
14 superintendent shall maintain uniformity of Iowa
15 rules with federal statutes or rules maintained by
16 federal agencies with respect to the operation of
17 satellite facilities by national banks.

18 It is the intent of this Act that satellite
19 facilities be operated by banks, savings and loan
20 associations and credit unions incorporated in this
21 state only to the extent necessary to enable such
22 institutions to compete with federal institutions
23 to the same degree as existed prior to the promulga-
24 tion by federal agencies of authority for federally
25 chartered institutions to operate satellite facilities.
26 Notwithstanding the provisions of this Act, if federal
27 legislation is enacted limiting the establishment
28 by national banks of satellite facilities to the
29 extent of authority given by state law or rules as
30 they existed as of a date prior to the effective date
31 of this Act, the authority granted by this Act shall
32 be ineffective, and the superintendent shall repeal
33 any rule authorizing the operation by state banks
34 of satellite facilities, and further shall prohibit
35 by rule such satellite facilities. In addition, if
36 such federal legislation or rules provide for similar
37 limitations on the establishment of satellite
38 facilities by federal savings and loan associations
39 or federal credit unions or both, then the authority
40 granted by this Act to state incorporated savings
41 and loan associations and credit unions similarly
42 shall be ineffective with respect to state savings
43 and loan associations, state credit unions, or both."

44 6. Page 6, line 3, by inserting after the word
45 "superintendent" the following: ", provided that,
46 unless the superintendent is entitled by a rule or
47 law other than this section to obtain a written record
48 of a transaction, he or she shall not be provided
49 with such a written record without the written consent
50 of a customer who is a party to the transaction".

1 7. Page 6, line 25, by striking the word "shall"
2 and inserting in lieu thereof the word "may".

3 8. Page 6, line 26, by striking the words "of
4 customers" and inserting in lieu thereof the words
5 "to customers".

6 9. Page 7, by inserting after line 7 the follow-
7 ing new section:

8 "Sec. _____. Chapter five hundred twenty-four (524),
9 Code 1975, is amended by adding to division twelve-
10 (XII) the following new section:

11 NEW SECTION. A bank shall be liable to each of
12 its customers for all losses incurred by such customer
13 as a result of the transmission or recording of
14 electronic impulses as a part of a transaction not
15 authorized by such customer or to which the customer
16 was not a party, provided, however, that liability
17 pursuant to this section shall be limited to losses
18 in excess of fifty dollars in the event the bank has
19 provided the customer with a physical object or other
20 method of engaging in a transaction utilizing elec-
21 tronic impulses which is unique to the customer, and
22 the physical object or other method of engagement
23 has been lost, stolen or otherwise compromised without
24 the customer having notified the bank of such loss,
25 theft or compromise prior to the time of the
26 transaction causing the loss to the customer."

27 10. Page 8, line 2, by inserting after the period
28 the following new sentence:

29 "No terminal or other facility utilized pursuant
30 to this subsection shall be designed in such a manner
31 as to be capable of providing a user thereof, other
32 than a savings and loan association, with information
33 concerning the account of any person with the savings
34 and loan association, unless such information is
35 essential to complete or prevent the completion of
36 the transaction then being engaged in through the
37 use of that terminal or facility."

38 11. Page 8, line 4, by inserting after the word
39 "law" the words ", nor shall anything in this
40 subsection be deemed to repeal, replace or in any
41 other way affect any applicable law or rule regarding
42 the maintenance of or access to financial information
43 maintained by any savings and loan association".

44 12. Page 8, by inserting after line 4 the following:

45 "NEW SUBSECTION. A savings and loan association
46 shall be liable to each of its customers for all
47 losses incurred by such customer as a result of the
48 transmission or recording of electronic impulses as
49 a part of a transaction not authorized by such customer
50 or to which the customer was not a party, provided,

1 however, that liability pursuant to this subsection
2 shall be limited to losses in excess of fifty dollars
3 in the event the savings and loan association has
4 provided the customer with a physical object or other
5 method of engaging in a transaction utilizing
6 electronic impulses which is unique to the customer
7 and the physical object or other method of engagement
8 has been lost, stolen or otherwise compromised without
9 the customer having notified the savings and loan
10 association of such loss, theft or compromise prior
11 to the time of the transaction causing the loss to
12 the customer."

13 13. Page 8, line 19, by striking the word
14 "subsection" and inserting in lieu thereof the word
15 subsections".

16 14. Page 9, line 1, by inserting after the period
17 the following sentence:

18 "No terminal or other facility utilized pursuant
19 to this subsection shall be designed in such a manner
20 as to be capable of providing a user thereof, other
21 than a credit union, with information concerning the
22 account of any person with the credit union, unless
23 such information is essential to complete or prevent
24 the completion of the transaction then being engaged
25 in through the use of that terminal or facility."

26 15. Page 9, line 4, by inserting after the word
27 "law" the words ", nor shall anything in this
28 subsection be deemed to repeal, replace or in any
29 other way affect any applicable law or rule regarding
30 the maintenance of or access to financial information
31 maintained by any credit union".

32 16. Page 9, by inserting after line 4 the
33 following:

34 "NEW SUBSECTION. A credit union shall be liable
35 to each of its customers for all losses incurred by
36 such customer as a result of the transmission or
37 recording of electronic impulses as a part of a
38 transaction not authorized by such customer or to
39 which the customer was not a party, provided, however,
40 that liability pursuant to this subsection shall be
41 limited to losses in excess of fifty dollars in the
42 event the credit union has provided the customer with
43 a physical object or other method of engaging in a
44 transaction utilizing electronic impulses which is
45 unique to the customer and the physical object or
46 other method of engagement has been lost, stolen or
47 otherwise compromised without the customer having
48 notified the credit union of such loss, theft or
49 compromise prior to the time of the transaction causing
50 the loss to the customer."

S-4184
FILED
JUNE 12, 1975

RECEIVED FROM THE HOUSE

*Senate concurred in A, Refuse
to concur in B 6/13 (2035)
House received from 4184-B
6/14 (2547)*

S-4188

1 Amend S-4184, the House Amendment to Senate File
2 536 as amended, passed and reprinted by the Senate,
3 on page 3, by inserting after line 6 the following:
4 "____. Page 3, by striking lines 12 through 24 and
5 inserting in lieu thereof the following:
6 "Sec. ____ . NEW SECTION. LOCATION OF SATELLITE
7 FACILITIES. Any state bank may utilize a satellite
8 facility at any location in this state permitted by
9 applicable law. A satellite facility authorized by
10 sections six (6) through ten (10) of this Act shall be
11 subject to the approval of the superintendent of
12 banking.
13 Any transaction engaged in through the use of a
14 satellite facility shall be deemed to take place
15 at the principal place of business of a bank whose
16 accounts and records are affected by the transaction."."

S-4188 FILED - *Withdrawn 6/13(2034)* BY JAMES V. GALLAGHER
JUNE 12, 1975

S-4205

1 Amend S-4184 the House Amendment to Senate File
2 536 as amended, passed and reprinted by the Senate,
3 page 2, lines 39 and 40, by striking the sentence
4 "This section is repealed effective the first day of
5 July, 1976."

S-4205 FILED & LOST (2034) BY JAMES V. GALLAGHER
JUNE 13, 1975

S-4211

1 Amend the House Amendment, (S-4184) to Senate File
2 536 as amended, passed, and reprinted by the Senate
3 as follows:
4 1. Page 3, line 25, by inserting quotation marks
5 after the period.
6 2. Page 3, by striking lines 26 through 43.

S-4211 FILED & WITHDRAWN (2034) BY JOHN S. MURRAY
JUNE 13, 1975

(AS PASSED BY THE SENATE ON JUNE 2, 1975)

Passed Senate, Date ^{as amended by House 4184A} 6-13-75 (2035) Passed House, Date 6-12-75 (2392)
Vote: Ayes 38 Nays 7 Vote: Ayes 89 Nays 2

Approved _____

*Motion to reconsider lost 6-12 (2392)
Repassed House after reading from 4184B
6-14-75 (2548)
89-0*

A BILL FOR

1 An Act relating to the use of electronic facilities and
2 electronic transfers of funds by banks, credit unions
3 and savings and loan associations.

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

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New language by

the Senate = _____

1 Section 1. Section five hundred twenty-four point eight
2 hundred three (524.803), subsection one (1), Code 1975, is
3 amended by adding the following new paragraph:

4 NEW PARAGRAPH. Subject to the prior approval of the super-
5 intendent, acquire and hold shares in a corporation engaged
6 in providing and operating facilities through which banks
7 and customers may engage, by means of either the direct trans-
8 mission of electronic impulses to and from a bank or the
9 recording of electronic impulses or other indicia of a
10 transaction for delayed transmission to a bank, in transactions
11 in which such banks are otherwise permitted to engage pursuant
12 to applicable law.

13 Sec. 2. Chapter five hundred twenty-four (524), Code 1975,
14 is amended by adding to division eight (VIII) the following
15 new section:

16 NEW SECTION. ELECTRONIC TRANSMISSION OF FUNDS--
17 RESTRICTIONS.

18 1. A state bank may engage in any transaction incidental
19 to the conduct of the business of banking and otherwise
20 permitted by applicable law, by means of either the direct
21 transmission of electronic impulses to or from customers and
22 banks or the recording of electronic impulses or other indicia
23 of a transaction for delayed transmission to a bank. Subject
24 to the provisions of sections six (6) through ten (10) of
25 this Act, a state bank may utilize, establish or operate,
26 alone or with one or more other banks, savings and loan
27 associations incorporated under the provisions of chapter
28 five hundred thirty-four (534) of the Code or the Home Owners'
29 Loan Act of 1933 (12 U.S.C. sections 1461-1468), credit unions
30 incorporated under the provisions of chapter five hundred
31 thirty-three (533) of the Code or the Federal Credit Union
32 Act (12 U.S.C. sections 1751-1790), or third parties, terminals
33 or other facilities adaptable to shared usage by means of
34 which customers and banks may transmit and receive electronic
35 impulses constituting transactions pursuant to this section.

1 Nothing in this section shall be construed as authority for
2 any person to engage in transactions not otherwise permitted
3 by applicable law.

4 2. A state bank which offers its customers, or any of
5 them, the opportunity to engage in transactions with or through
6 the bank in the manner authorized by subsection one (1) of
7 this section shall not require any customer to deal with or
8 through the bank in that manner in lieu of writing checks
9 in the usual manner upon a conventional checking account,
10 nor impose any extraordinary charge upon customers who choose
11 to write checks in the usual manner upon a conventional
12 checking account maintained at that bank.

13 Sec. 3. Section five hundred twenty-four point nine hundred
14 one (524.901), subsection three (3), paragraph d, Code 1975,
15 is amended to read as follows:

16 d. Shares in a corporation which the state bank is
17 authorized to acquire and hold pursuant to section 524.803,
18 subsection 1, paragraphs "c" and, "d" and section one (1)
19 of this Act.

20 Sec. 4. Section five hundred twenty-four point one thousand
21 two hundred four (524.1204), Code 1975, is amended by striking
22 the section and inserting in lieu thereof the following:

23 524.1204 CERTAIN TERMS DEFINED. As used in sections six
24 (6) through eleven (11) of this Act:

25 1. "Satellite facility" means a terminal or other facility
26 or installation, attended or unattended, which is not located
27 at the principal place of business or at an office of a bank
28 and through which customers and banks may engage, by means
29 of either the direct transmission of electronic impulses to
30 and from a bank or the recording of electronic impulses or
31 other indicia of a transaction for delayed transmission to
32 a bank, in transactions which are incidental to the conduct
33 of the business of banking and which are otherwise permitted
34 by law. The term "satellite facility" also includes all
35 equipment, regardless of location, which is interconnected

1 with a satellite facility, as described in this subsection,
2 and which is necessary to transmit, route and process elec-
3 tronic impulses in order to enable the satellite facility
4 to perform any function for which it is designed.

5 2. "Iowa bank" means a state bank as defined in section
6 five hundred twenty-four point one hundred three (524.103),
7 subsection nineteen (19) of the Code, or a national bank which
8 has its principal place of business within this state.

9 Sec. 5. Chapter five hundred twenty-four (524), Code 1975,
10 is amended by adding to division twelve (XII) sections six
11 (6) through eleven (11) of this Act.

12 Sec. 6. NEW SECTION. LOCATION OF SATELLITE FACILITIES.
13 Any state bank may utilize a satellite facility at any location
14 within this state, and at any other location permitted by
15 applicable law. A satellite facility authorized by sections
16 six (6) through ten (10) of this Act shall not be subject
17 to the restrictions on location or number set forth in section
18 five hundred twenty-four point one thousand two hundred two
19 (524.1202) of the Code, and shall not require the prior
20 approval of the superintendent, except to the extent required
21 by section eight (8) of this Act. Any transaction engaged
22 in through the use of a satellite facility shall be deemed
23 to take place at the principal place of business of a bank
24 whose accounts and records are affected by the transaction.

25 Sec. 7. NEW SECTION. UTILIZATION OF SATELLITE FACILITIES.
26 A satellite facility, located so as to be generally accessible
27 to persons other than employees of a bank or an affiliate
28 of a bank, may be utilized within this state only by an Iowa
29 bank, except that any other bank may utilize a satellite
30 facility which is so located with the consent of an Iowa bank
31 which is concurrently utilizing the same satellite facility.

32 Sec. 8. NEW SECTION. SATELLITE FACILITY REQUIREMENTS.
33 A satellite facility may be utilized by one or more banks
34 as authorized by sections six (6) through ten (10) of this
35 Act only if the satellite facility is maintained in compliance

1 with applicable rules promulgated by the superintendent and
2 meets all of the following requirements:

3 1. The satellite facility is available for use, on a
4 nondiscriminatory basis, by any Iowa bank and by all customers
5 designated by any bank which uses the satellite facility.

6 2. An informational statement has been filed and is
7 maintained on a current basis with the superintendent by the
8 owner or bank establishing any satellite facility which will
9 be available for use by customers of any bank, setting forth
10 all of the following:

- 11 a. The name and business address of the owner;
- 12 b. The name of each bank utilizing the satellite facility;
- 13 c. The location of the satellite facility;
- 14 d. A schedule of the charges which will be required to
15 be paid by any bank utilizing the satellite facility; and
- 16 e. An agreement with the superintendent that the owner
17 or bank filing the statement will comply with the provisions
18 of this section with respect to the satellite facility.

19 3. The satellite facility, if it is in a location generally
20 accessible to persons other than employees of a bank or an
21 affiliate of a bank, is not at any time operated by an employee
22 of any bank or of an affiliate of any bank except for the
23 purpose of instructing customers, on a temporary basis, in
24 the use of the satellite facility, for the purpose of testing
25 the facility, or for the purpose of transacting business with
26 the bank or another customer on the employee's own behalf.

27 4. The satellite facility, if it is in a location
28 accessible to persons other than employees of a bank or an
29 affiliate of a bank, bears a sign or label identifying each
30 bank or group of banks utilizing the terminal or other
31 facility, with the identification of each such bank or group
32 of banks being substantially similar in size and clarity.

33 5. The charges required to be paid by any bank which
34 utilizes the satellite facility shall not exceed a pro rata
35 portion of the costs, determined in accordance with generally

1 accepted accounting principles, of establishing, operating
2 and maintaining the satellite facility, plus a reasonable
3 return on these costs to the owner of the satellite facility.

4 6. If the superintendent finds grounds, under any appli-
5 cable law or rule, for denying utilization of a satellite
6 facility in accordance with the arrangement described in an
7 informational statement or amendment thereto filed in accor-
8 dance with subsection two (2) of this section, he shall notify
9 the person filing the informational statement or amendment,
10 within thirty days of the filing thereof, of the existence
11 of such grounds. If such notification is not given by the
12 superintendent, he shall be considered to have expressly
13 approved the utilization and arrangement described in the
14 informational statement or amendment, and utilization of the
15 satellite facility in accordance therewith may commence on
16 or after the thirtieth day following such filing.

17 7. The superintendent shall have the power to adopt and
18 promulgate rules pursuant to chapter seventeen A (17A) of
19 the Code as in his opinion will be necessary to properly and
20 effectively carry out and enforce the provisions of sections
21 six (6) through ten (10) of this Act.

22 In adopting, amending and repealing rules the superintendent
23 shall take into consideration any rules maintained by federal
24 agencies which are applicable to the operation of satellite
25 facilities by national banks, and may maintain uniformity
26 of Iowa rules with those federal rules, except to the extent
27 uniformity would be inconsistent with the purposes, policies
28 and provisions of this Act.

29 Sec. 9. NEW SECTION. RECORDS MAINTAINED. All transactions
30 engaged in through a satellite facility utilized pursuant
31 to sections six (6) through ten (10) of this Act shall be
32 recorded in a form from which it will be possible to produce
33 a humanly readable record of any transaction, and these
34 recordings shall be retained by the utilizing bank for the
35 periods required by law. A written record of any transaction

1 shall be provided by any bank which is a party to the
2 transaction upon the request of a customer who is a party
3 to the transaction or upon the request of the superintendent.

4 The superintendent may provide by rule for the recording
5 and maintenance by any bank utilizing a satellite facility
6 of any amounts involved in a transaction engaged in through
7 the satellite facility which are of a known tax consequence
8 to the customer initiating the transaction. For the purposes
9 of this paragraph "known tax consequences" means and includes
10 but shall not be limited to the following:

11 (1) An amount directly or indirectly received from a
12 customer and applied to a loan account of the customer which
13 represents interest paid by the customer to the bank.

14 (2) In any transaction where the total amount involved
15 is deducted from funds in a customer's account and is
16 simultaneously paid either directly or indirectly by the bank
17 to the account of a third party, any portion of the transaction
18 amount which represents a sales or other tax imposed upon
19 or included within the transaction and collected by that third
20 party from the customer, or any portion of the transaction
21 amount which represents interest paid to the third party by
22 the customer.

23 (3) Any other transaction which the superintendent deter-
24 mines to have direct tax consequences to the customer. The
25 superintendent also shall provide for the periodic distribution
26 of customers of summaries of transactions having known tax
27 consequences.

28 Sec. 10. NEW SECTION. WHAT DEEMED AFFILIATES. For the
29 purposes of sections six (6) through ten (10) of this Act,
30 a corporation, trust, estate, association or other similar
31 organization shall be considered an affiliate of any bank
32 of which it would be an affiliate under section five hundred
33 twenty-four point one thousand one hundred one (524.1101)
34 of the Code if that bank were a state bank.

35 Sec. 11. NEW SECTION. PRIVILEGES EXTENDED TO NATIONAL

1 BANKS. The privileges extended to state banks by sections
2 five hundred twenty-four point one thousand two hundred one
3 (524.1201), five hundred twenty-four point one thousand two
4 hundred two (524.1202) of the Code, and sections six (6)
5 through ten (10) of this Act shall be available on the same
6 conditions to national banks to the extent that they are so
7 authorized by federal law.

8 Sec. 12. Section five hundred thirty-three point four
9 (533.4), Code 1975, is amended by adding the following new
10 subsections:

11 NEW SUBSECTION. Subject to the prior approval of the
12 superintendent, acquire and hold shares in a corporation
13 engaged in providing and operating facilities through which
14 a credit union and its members may engage, by means of either
15 the direct transmission of electronic impulses to and from
16 the credit union or the recording of electronic impulses or
17 other indicia of a transaction for delayed transmission to
18 the credit union, in transactions in which such credit union
19 is otherwise permitted to engage pursuant to applicable law.

20 NEW SUBSECTION. Engage in any transaction otherwise per-
21 mitted by this chapter and applicable law, by means of either
22 the direct transmission of electronic impulses to or from
23 the credit union or the recording of electronic impulses or
24 other indicia of a transaction for delayed transmission to
25 the credit union. Subject to such rules as may be promulgated
26 by the superintendent, a credit union may utilize, establish
27 or operate, alone or with one or more other credit unions,
28 banks incorporated under the provisions of chapter five hundred
29 twenty-four (524) of the Code or the national banking acts
30 (12 U.S.C. sections 21-95), savings and loan associations
31 incorporated under the provisions of chapter five hundred
32 thirty-four (534) of the Code or the Home Owners' Loan Act
33 of 1933 (12 U.S.C. sections 1461-1468) or third parties,
34 terminals or other facilities adaptable to shared usage, by
35 means of which the credit union may transmit to or receive

1 from any member electronic impulses constituting transactions
2 pursuant to this subsection. Nothing in this subsection shall
3 be construed as authority for any person to engage in transac-
4 tions not otherwise permitted by applicable law.

5 Sec. 13. Section five hundred thirty-four point seventeen
6 (534.17), Code 1975, is amended by adding the following new
7 subsection:

8 NEW SUBSECTION. Subject to the prior approval of the
9 supervisor, in shares in a corporation engaged solely in
10 providing and operating facilities through which an association
11 and its members may engage, by means of either the direct
12 transmission of electronic impulses to and from the association
13 or the recording of electronic impulses or other indicia of
14 a transaction for delayed transmission to the association,
15 in transactions in which such association is otherwise
16 permitted to engage pursuant to applicable law.

17 Sec. 14. Section five hundred thirty-four point nineteen
18 (534.19), Code 1975, is amended by adding the following new
19 subsection:

20 NEW SUBSECTION. Engage in any transaction otherwise per-
21 mitted by this chapter and applicable law, by means of either
22 the direct transmission of electronic impulses to or from
23 the association or the recording of electronic impulses or
24 other indicia of a transaction for delayed transmission to
25 the association. Subject to such rules as may be promulgated
26 by the supervisor, an association may utilize, establish or
27 operate, alone or with one or more other associations, banks
28 incorporated under the provisions of chapter five hundred
29 twenty-four (524) of the Code or the national banking acts
30 (12 U.S.C. sections 21-95), credit unions incorporated under
31 the provisions of chapter five hundred thirty-three (533)
32 of the Code or the Federal Credit Union Act (12 U.S.C. sections
33 1751-1790) or third parties, terminals or other facilities
34 adaptable to shared usage, by means of which the association
35 may transmit to or receive from any member electronic impulses

1 constituting transactions pursuant to this subsection. Nothing
2 in this subsection shall be construed as authority for any
3 association or other person to engage in transactions not
4 otherwise permitted by applicable law.

5 EXPLANATION

6 This bill authorizes banks, savings and loan associations
7 and credit unions to use satellite facilities, which employ
8 electronic impulses or other means of transmitting infor-
9 mation to, from or between institutions, as a means of engaging
10 in transactions with customers not physically present at the
11 institution. Thus, the present need for physical transfer
12 of checks or other documents can be eliminated, although the
13 bill does require that a written record of every transaction
14 be available to the customer.

15 This bill permits any state institution, and any national
16 institution located in Iowa and permitted by federal laws
17 or regulations to do so, to utilize satellite facilities.
18 If and when federal law so permits, out-of-state institutions
19 may also utilize satellite facilities in Iowa, but only if
20 the same facility is also being used by at least one Iowa
21 institution which consents to sharing the facility with the
22 out-of-state institution. Conditions under which satellite
23 facilities may be used are listed in section eight of the
24 bill.

25 Satellite facilities may be owned by a single institution
26 or group of institutions, and may be located at points which
27 are conveniently accessible to customers of the institutions
28 using the facilities. These points may be outside an office
29 of the institution, but in that case no institution may
30 permanently station an employee at the facility to operate
31 it.

32 Section eleven of the bill is identical to what now appears
33 as section 524.1204 of the Code, except that it is expanded
34 to apply to satellite facility operations as authorized by
35 this bill.

H-4210

1 Amend Senate File 536 as amended, passed and re-
2 printed by the Senate as follows:

3 1. Page 1, by inserting after line 17 the follow-
4 ing new section:

5 "Sec. __. NEW SECTION.

6 1. Except as provided in subsection two (2) of
7 this section, public funds which are required by
8 section four hundred fifty-three point one (453.1)
9 of the Code to be deposited in banks shall not be
10 deposited in or maintained on deposit with any state
11 or federal bank which utilizes a satellite facility
12 as defined in section four (4) of this Act if that
13 satellite facility is located at a place other than
14 either the principal place of business or a lawful
15 business office of that bank. Upon a determination
16 by the treasurer of state that any state or federal
17 depository bank is in violation of this subsection,
18 the treasurer of state shall notify the affected
19 governing bodies specified in section four hundred
20 fifty-three point one (453.1) of the Code, and each
21 governing body shall forthwith approve and order the
22 transfer of public funds to another bank.

23 2. The prohibition contained in subsection one
24 (1) of this section shall not apply to any bank
25 participating in an experimental plan approved by
26 the superintendent of banking. The superintendent
27 of banking may approve a limited number of experimental
28 plans submitted by one or more banks, savings and
29 loan associations or credit unions, or any combination
30 thereof, for the experimental operation on a limited
31 scope of satellite facilities as defined in section
32 four (4) of this Act which are located at places other
33 than the principal places of business and business
34 offices of such financial institutions. A plan may
35 not be approved by the superintendent of banking to
36 permit the operation of such satellite facilities
37 after the first day of January, 1976. Each bank
38 wishing to participate in such a plan shall agree
39 as a condition of that participation to disclose to
40 the superintendent of banking upon request any
41 information obtained by that bank as a result of that
42 participation which the superintendent of banking
43 deems useful to a determination of the feasibility
44 of authorizing the use of satellite facilities in
45 this state on a general basis.

46 3. The superintendent of banking shall submit
47 to the general assembly not later than the first day
48 of February, 1976, a report of the operation of any
49 experimental satellite facilities pursuant to
50 subsection two (2) of this section, which report shall

Page 2

1 include findings and recommendations of the
2 superintendent with respect to the potential uses
3 of satellite facilities in this state.

4 4. This section is repealed effective the first
5 day of July, 1976."

H-4210 FILED - *Adopted as amended by*
JUNE 11, 1975 *4/218, 4/219 6/12 (2396)0*

BY SMALL of Johnson
HANSEN of O'Brien
KRAUSE of Palo Alto
HARGRAVE of Johnson

H-4211

1 Amend Senate File 536 as amended, passed and
 2 reprinted by the Senate as follows:
 3 1. Page 1, by inserting after line 19 the following
 4 new section:
 5 "Sec. ____ . NEW SECTION. FAILURE BY FEDERAL
 6 INSTITUTION TO COMPLY. Public funds which are required
 7 by section four hundred fifty-three point one (453.1)
 8 of the Code to be deposited in banks shall not be
 9 deposited in or maintained on deposit with any
 10 federally chartered bank which utilizes satellite
 11 facilities if that bank fails to submit to all of
 12 the requirements, limitations and conditions imposed
 13 by this Act upon banks organized under the laws of
 14 this state and utilizing satellite facilities. Upon
 15 a determination by the superintendent of banking that
 16 a federally chartered bank is failing to comply with
 17 the provisions of this Act with respect to utilization
 18 of a satellite facility, the superintendent shall
 19 notify the treasurer of state. Upon receipt of that
 20 notice the treasurer of state shall notify any affected
 21 governing bodies specified in section four hundred
 22 fifty-three point one (453.1) of the Code, and each
 23 governing body shall forthwith approve and order the
 24 transfer of all public funds to another bank."

H-4211 FILED - Withdrawn 6/12 (2385)

BY SMALL of Johnson

JUNE 11, 1975

H-4218

1 Amend the Small amendment, H-4209, to page 1
 2 of Senate File 536 as follows:
 3 1. Page 1, line 23, by inserting after the
 4 word "banking" the words "or the supervisor of
 5 state chartered savings and loan associations".

H-4218 FILED, UNANIMOUS CONSENT BY HARVEY of Scott
 TO CONSIDER, ADOPTED (2384)

JUNE 12, 1975

H-4219

1 Amend the Small amendment, H-4210, to page 1
 2 of Senate File 536 as follows:
 3 1. Page 1, line 27, by inserting after the
 4 word "banking" the words "or the supervisor of state
 5 chartered savings and loan associations".

H-4219 FILED, UNANIMOUS CONSENT BY HARVEY of Scott
 TO CONSIDER, ADOPTED (2386)

JUNE 12, 1975

H-4237

1 Amend the Small, et al amendment H-4210, to
 2 Senate File 536, as amended, passed and reprinted
 3 by the Senate as follows:
 4 Page 1, line 10, by striking the words "in or
 5 maintained on deposit".

H-4237 FILED AND ADOPTED (2386)

BY SMALL of Johnson

JUNE 12, 1975

1 Amend Senate File 536, as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 2, by inserting after line 12 the following
4 new subsection:

5 "3. Any facilities operated pursuant to this
6 section and any transactions and accounts arising
7 through the operation of such facilities shall be
8 subject to the restrictions and penalties imposed
9 by sections fifteen (15) and sixteen (16) of this
10 Act."

11 2. Page 3, by inserting after line 8 the following
12 new subsections:

13 "3. "Satellite account holder" means a person
14 who is a record holder of an account on which
15 transactions may be engaged by means of a satellite
16 facility.

17 4. "Satellite account transaction card" means
18 any card or device which is electronically or
19 mechanically encoded and by means of which a person
20 may engage in satellite account transactions at a
21 satellite facility.

22 5. "Retail establishment" means any location of
23 a satellite facility, other than on premises owned
24 and occupied or occupied by the bank with which the
25 satellite account holder maintains that account, at
26 which the satellite account holder and the owner or
27 occupier of that location may engage in compound
28 transactions on that satellite account.

29 6. "Compound transaction" means a transaction
30 which results in a debit to the account of the
31 satellite account holder and a credit to an account
32 of a person other than the bank with which the
33 satellite account holder maintains that account."

34 3. Page 5, by inserting after line 28 the
35 following new subsections:

36 "8. Before issuing a satellite account transaction
37 card, a bank shall provide the account holder with
38 a written statement that clearly and conspicuously
39 sets forth all of the terms of satellite account
40 transaction card use, including, but not limited to,
41 the following information:

42 a. The specific transactions which may be performed
43 with the card.

44 b. The fixed charges, if any, for maintaining
45 a satellite account or using a transaction card.

46 c. The charges, if any, for individual satellite
47 account transactions, and the method of determining
48 those charges.

49 d. The minimum balance, if any, in the satellite
50 account required as a condition for using the trans-

- 1 action card.
- 2 e. The limitations, if any, imposed on the amount
- 3 or number of transactions permitted within a given
- 4 time period.
- 5 f. The interest rate, if any, payable on the
- 6 satellite account.
- 7 g. The right of the card holder to confidentiality
- 8 of financial data generated through use of satellite
- 9 terminals, and to recover a civil penalty for improper
- 10 disclosure.
- 11 h. The right of the card holder to be informed
- 12 whenever the bank has determined that unauthorized
- 13 access has been obtained to his or her financial data,
- 14 and to recover a civil penalty for failure to provide
- 15 such notice.
- 16 i. The right of the card holder to stop payment.
- 17 j. The limitation on card holder liability for
- 18 unauthorized use of the card.
- 19 k. The status of satellite terminal machine
- 20 receipts as legal proof of payment.
- 21 l. The right of the card holder to an account
- 22 statement that adequately describes satellite facility
- 23 transactions.
- 24 m. The right to obtain correction of satellite
- 25 account errors, and to recover a civil penalty from
- 26 a noncomplying bank.
- 27 9. Before entering into any agreement with the
- 28 owner or occupier of a retail establishment respecting
- 29 the location thereon of a satellite facility adapted
- 30 for compound transactions, a bank shall provide that
- 31 person with a written statement that clearly and
- 32 conspicuously discloses to that person the terms and
- 33 conditions upon which that person may be a party to
- 34 compound transactions, including but not limited to
- 35 the following:
 - 36 a. The rights of the satellite account holder
 - 37 specified in paragraphs g, h, i, j and k of subsection
 - 38 eight (8) of this section.
 - 39 b. The prohibition against the offering by that
 - 40 person of discounts on satellite terminal transactions
 - 41 as provided in subsection fourteen (14) of this
 - 42 section.
- 43 10. A bank shall provide each of its satellite
- 44 account holders with a periodic account statement
- 45 that shall contain a brief description of all satellite
- 46 terminal transactions sufficient to enable the account
- 47 holder to identify any transaction and to relate it
- 48 to machine receipts provided by satellite terminals.
- 49 When a periodic account statement includes both
- 50 satellite terminal transactions and other, non-

1 satellite terminal transactions, all satellite terminal
2 transactions shall be indicated as such, and shall
3 be accompanied by the description required by this
4 subsection.

5 11. a. When a bank receives notice from a satellite
6 account holder indicating the belief that his or her
7 periodic account statement contains an error in regard
8 to a satellite terminal transaction, the bank shall
9 within ten days send a written acknowledgement to
10 the account holder.

11 b. Within forty-five days of receipt of that
12 notice the bank shall either:

13 (1) Correct the person's account, and provide
14 the person with written notification of the correction;
15 and if the correction is not in the exact amount of
16 the alleged error, provide the person with a written
17 explanation of any difference between the alleged
18 error and the correction made; or

19 (2) Provide the person with a written explanation,
20 after having conducted an investigation of the matter,
21 stating the reason the bank believes the account is
22 correct.

23 c. A bank that has acted under paragraph b of
24 this subsection shall, upon request by the account
25 holder, provide the account holder without charge
26 written copies of documentary evidence of any
27 transaction that remains in dispute. The written
28 copies shall be provided within thirty days of receipt
29 of the request for such copies.

30 d. A bank that has received the notice specified
31 in paragraph a of this subsection may not, prior to
32 sending the account holder the written notification
33 or explanation required by paragraph b of this
34 subsection, close or restrict an account of the account
35 holder or impose any penalty.

36 e. When the correction of any error in a satel-
37 lite account relating to a satellite terminal trans-
38 action results in a credit to the account holder,
39 the bank shall immediately credit that account with
40 any interest that was lost as a result of the error.

41 f. A bank that fails to comply with any provi-
42 sion of this subsection shall be liable to the
43 aggrieved account holder for a civil penalty in the
44 amount of one hundred dollars.

45 12. The machine receipt provided to a satellite
46 account transaction card user by a satellite terminal
47 shall be admissible as evidence in any legal action
48 or proceeding and shall constitute prima facie proof
49 of the transaction evidenced by that receipt.

50 13. A bank shall not issue a satellite account

1 transaction card to any person except upon receipt
2 by the bank of a written application therefor.
3 Delivery of the card to a satellite account holder
4 shall be accompanied by delivery of the disclosure
5 statement required by subsection eight (8) of this
6 section.

7 14. Any agreement between a bank and a retail
8 establishment relating to the location and use of
9 a satellite terminal shall contain the express
10 condition that the retail establishment may not offer
11 a discount to a satellite account transaction card
12 holder in order to encourage purchases or other com-
13 mercial transactions through the use of the satellite
14 account rather than by cash or check.

15 15. a. Whenever any satellite account transaction
16 card holder has made a purchase in a retail
17 establishment by means of a compound transaction and
18 the purchase has resulted in a debit to the account
19 of the card holder and a credit to the account of
20 the retail establishment, the card holder may order
21 the bank to rescind the debit and the credit. The
22 right to rescind a debit shall apply to purchase
23 transactions which result in either a withdrawal
24 from the card holder's account at the bank or a direct
25 extension of credit by the bank. The order to rescind
26 must be given in writing, and must be received by
27 the bank within three banking days after the date
28 of the purchase.

29 b. Whenever any satellite account transaction
30 card holder has made a withdrawal of cash from his
31 or her account by means of a satellite terminal in
32 a retail establishment, and the withdrawal of cash
33 was accompanied by an immediate cash purchase at the
34 retail establishment, the card holder may order the
35 bank to rescind the debit and the credit in the amount
36 of the purchase. The order to rescind must be given
37 in writing, and must be received by the bank within
38 three banking days after the date of the purchase.

39 16. A satellite account transaction card holder
40 shall have limited liability for losses with respect
41 to unauthorized use of a transaction card issued on
42 any single satellite account as provided in this
43 subsection. A respective amount of liability shall
44 be applicable only if the account holder notifies
45 the bank issuing the transaction card of the loss
46 or theft of the card within thirty days following
47 such loss or theft. If the account holder fails to
48 provide the bank with timely notice as herein provided,
49 the account holder shall be liable only for the
50 respective amount of liability plus any amounts lost

1 in transactions occurring after the expiration of
2 thirty days following the loss or theft and before
3 the bank received notice from the account holder of
4 the loss or theft. The liability of the account
5 holder shall be limited as follows:

6 a. If the losses consist of debits to a deposit
7 account of the card holder, the card holder shall
8 be liable only for the first fifty dollars of losses
9 incurred prior to timely notice. Upon proof of losses
10 in excess of fifty dollars, the bank issuing the
11 transaction card shall be liable to the card holder
12 for the difference between the total amount of such
13 losses incurred prior to timely notice and fifty
14 dollars.

15 b. If the losses consist of direct extensions
16 of credit by the bank issuing the transaction card
17 to the satellite account, the card holder shall be
18 liable only for the first fifty dollars of losses
19 incurred prior to timely notice.

20 c. If the losses consist of both debits to a
21 deposit account and direct extensions of credit, the
22 card holder shall be liable only for the first fifty
23 dollars of losses incurred prior to timely notice.
24 If the balance of the deposit account at the time
25 of loss or theft of the transaction card exceeded
26 fifty dollars, upon proof of losses in excess of fifty
27 dollars the bank issuing the transaction card shall
28 be liable to the card holder for the difference between
29 the total loss to that deposit account incurred prior
30 to timely notice and fifty dollars. If the balance
31 of the deposit account was less than fifty dollars,
32 the card holder shall be liable to the bank only for
33 the difference between the first fifty dollars of
34 losses incurred prior to timely notice and the balance
35 of the deposit account.

36 17. A bank shall not use a satellite account
37 holder's federal social security number as the number
38 necessary to activate or identify any satellite
39 terminal or account."

40 4. Page 8, by inserting after line 4 the following
41 new paragraph:

42 "Any facilities operated pursuant to this section
43 and any transactions and accounts arising through
44 the operation of such facilities shall be subject
45 to the restrictions and penalties imposed by sections
46 fifteen (15) and sixteen (16) of this Act."

47 5. Page 9, by inserting after line 4 the following
48 new paragraph:

49 "Any facilities operated pursuant to this section
50 and any transactions and accounts arising through

1 the operation of such facilities shall be subject
2 to the restrictions and penalties imposed by sections
3 fifteen (15) and sixteen (16) of this Act."

4 6. Page 9, by inserting after line 4 the follow-
5 ing new section:

6 "Sec. 15. NEW SECTION. CONFIDENTIALITY OF RECORDS.

7 1. Satellite account information generated through
8 the use of satellite facilities as defined in section
9 four (4) of this Act shall not be disclosed to any
10 person other than the satellite account holder, except
11 upon the written consent of the account holder, or
12 except when ordered by a federal or state governmental
13 authority acting pursuant to federal or state law.
14 This prohibition against disclosure of information
15 shall apply to any person with authorized access to
16 such information, including but not limited to agents
17 and employees of a bank, savings and loan association
18 or credit union, a retail establishment as defined
19 in section four (4) of this Act, or data processors.

20 2. Any person with authorized access to satellite
21 account information who knowingly discloses that
22 information in violation of subsection one (1) of
23 this section shall be liable to any satellite account
24 holder whose financial data has been disclosed for
25 a civil penalty in an amount equal to the sum of:

26 a. One thousand dollars; and

27 b. In the case of a successful action to enforce
28 the foregoing liability, the costs of the action
29 together with a reasonable attorney's fee."

30 7. Page 9, by inserting after line 4 the following
31 new section:

32 "Sec. 16. NEW SECTION. UNAUTHORIZED ACCESS TO
33 SATELLITE ACCOUNTS--PENALTIES.

34 1. Any person who knowingly obtains unauthorized
35 access, or attempts to obtain unauthorized access,
36 to information generated through the use of or stored
37 in satellite facilities or satellite terminals as
38 defined in section four (4) of this Act shall upon
39 conviction be fined not more than ten thousand dollars
40 or imprisoned not more than ten years, or both.

41 2. Any bank, savings and loan association or
42 credit union which makes use of a computerized data
43 bank to store information generated through use of
44 satellite facilities as defined in section four (4)
45 of this Act shall, whenever it determines that
46 unauthorized access to such data bank has been
47 obtained, notify each affected satellite account
48 holder of this determination.

49 3. Any bank, savings and loan association or
50 credit union which fails to comply with subsection

1 two (2) of this section shall be liable to each of
2 its affected satellite account holders for a civil
3 penalty in an amount equal to the sum of:
4 a. One hundred dollars; plus
5 b. In the case of any successful action to enforce
6 the foregoing liability, the cost of the action
7 together with a reasonable attorney's fee."
8 8. By renumbering and correcting internal
9 references in conformity with this amendment.
10 9. Amend the title, line 3, by inserting after
11 the word "associations" the words "and providing
12 penalties".

H-4200 FILED - *Withdrawn 6/12 (2390)*
JUNE 11, 1975

BY HINES of Story
HARGRAVE of Johnson
O'HALLORAN of Black Hawk
HIGGINS of Scott
WALTER of Pottawattamie

Senate File 536

H-4209

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 1, by inserting after line 17 the following
4 new section:
5 "Sec. . NEW SECTION. PROHIBITED ACTIVITIES.
6 It shall be unlawful for any person other than a bank,
7 savings and loan association or credit union
8 incorporated or chartered under the laws of this state
9 or of the United States to possess, maintain or permit
10 on premises occupied by that person any terminal or
11 installation of a satellite facility as defined in
12 section four (4) of this Act if by means of that
13 facility customers of that person or of a bank, savings
14 and loan association or credit union utilizing that
15 satellite facility are enabled to engage in
16 transactions constituting or incidental to the conduct
17 of the business of a bank, savings and loan association
18 or credit union. This section shall not apply to
19 any person who has received express approval from
20 the superintendent of banking to possess, maintain,
21 use or permit the use of a satellite facility pursuant
22 to an experimental plan of operation approved by the
23 superintendent. The superintendent of banking may
24 approve a limited number of experimental plans
25 submitted by one or more banks, savings and loan
26 associations or credit unions, or any combination
27 thereof, for the experimental operation on a limited
28 scope of satellite facilities as defined in section
29 four (4) of this Act which are located at places other
30 than the principal places of business and business
31 offices of such financial institutions. A plan may
32 not be approved by the superintendent of banking to
33 permit the operation of such satellite facilities
34 after the first day of January, 1976. This section
35 is repealed effective the first day of July, 1976."

H-4209 FILED - *Adopted as amended by* BY SMALL of Johnson
JUNE 11, 1975 *4218 6/12 (2384)*

H-4204

1 Amend Senate File 536 as amended, passed and re-
2 printed by the Senate as follows:

3 1. Page 9, by inserting after line 4 the follow-
4 ing new section:

5 "Sec. . . . NEW SECTION. UNAUTHORIZED ACCESS TO
6 SATELLITE ACCOUNTS--PENALTIES.

7 1. Any person who intentionally obtains or who
8 knowingly attempts to obtain unauthorized access to
9 information generated through the use of or stored
10 in a satellite facility as defined in section four
11 (4) of this Act shall upon conviction be fined not
12 more than ten thousand dollars, or imprisoned for
13 a term of not more than ten years, or both.

14 2. Any bank, savings and loan association or
15 credit union which makes use of a computerized data
16 bank to store information generated through use of
17 satellite facilities as defined in section four (4)
18 of this Act shall, whenever it determines that
19 unauthorized access to such data bank has been
20 obtained, notify each affected account holder of this
21 determination.

22 3. Any bank, savings and loan association or
23 credit union which fails to comply with subsection
24 two (2) of this section shall be liable to each of
25 its affected account holders for a civil penalty in
26 an amount equal to the sum of:

27 a. One hundred dollars; plus

28 b. In the case of any successful action to enforce
29 the foregoing liability, the cost of the action to-
30 gether with a reasonable attorney's fee."

H-4204 FILED - *Withdrawn 6/12 (2385)* BY SMALL of Johnson
JUNE 11, 1975

H-4205

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 9, by inserting after line 4 the following
4 new section:

5 "Sec. . . . NEW SECTION. CONFIDENTIALITY OF RECORDS.

6 1. Satellite account information generated through
7 the use of satellite facilities as defined in section
8 four (4) of this Act shall not be disclosed to any
9 person other than the satellite account holder, except
10 upon the written consent of the account holder, or
11 except when ordered by a federal or state governmental
12 authority acting pursuant to federal or state law.
13 This prohibition against disclosure of information
14 shall apply to any person with authorized access to
15 such information, including but not limited to agents
16 and employees of a bank, savings and loan association
17 or credit union, a retail establishment as defined
18 in section four (4) of this Act, or data processors.

19 2. Any person with authorized access to satellite
20 account information who knowingly discloses that
21 information in violation of subsection one (1) of
22 this section shall be liable to any satellite account
23 holder whose financial data has been disclosed for
24 a civil penalty in an amount equal to the sum of:

25 a. One thousand dollars; and

26 b. In the case of a successful action to enforce
27 the foregoing liability, the costs of the action
28 together with a reasonable attorney's fee."

H-4205 FILED - *Withdrawn 6/12 (2385)* BY SMALL of Johnson
JUNE 11, 1975

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting after line 35 the following
4 new sentence:

5 "No terminal or other facility utilized pursuant
6 to this section shall be designed in such a manner
7 as to be capable of providing a user thereof, other
8 than a bank, with information concerning the account
9 of any person with the bank, unless such information
10 is essential to complete or prevent the completion
11 of the transaction then being engaged in through the
12 use of that terminal or facility."

13 2. Page 2, line 3, by inserting after the word
14 "law" the words ", nor shall anything in this section
15 be deemed to repeal, replace or in any other way
16 affect any applicable law or rule regarding the
17 maintenance of or access to financial information
18 maintained by any bank".

19 3. Page 6, line 3, by inserting after the word
20 "superintendent" the following: ", provided that,
21 unless the superintendent is entitled by a rule or
22 law other than this section to obtain a written record
23 of a transaction, he or she shall not be provided
24 with such a written record without the written consent
25 of a customer who is a party to the transaction".

26 4. Page 6, line 25, by striking the word "shall"
27 and inserting in lieu thereof the word "may".

28 5. Page 6, line 26, by striking the words "of
29 customers" and inserting in lieu thereof the words
30 "to customers".

31 6. Page 7, by inserting after line 7 the fol-
32 lowing new section:

33 "Sec. _____. Chapter five hundred twenty-four (524),
34 Code 1975, is amended by adding to division twelve
35 (XII) the following new section:

36 NEW SECTION. A bank shall be liable to each of
37 its customers for all losses incurred by such customer
38 as a result of the transmission or recording of
39 electronic impulses as a part of a transaction not
40 authorized by such customer or to which the customer
41 was not a party, provided, however, that liability
42 pursuant to this section shall be limited to losses
43 in excess of fifty dollars in the event the bank has
44 provided the customer with a physical object or other
45 method of engaging in a transaction utilizing elec-
46 tronic impulses which is unique to the customer, and
47 the physical object or other method of engagement
48 has been lost, stolen or otherwise compromised without
49 the customer having notified the bank of such loss,
50 theft or compromise prior to the time of the

1 transaction causing the loss to the customer."

2 7. Page 8, line 2, by inserting after the period
3 the following new sentence:

4 "No terminal or other facility utilized pursuant
5 to this subsection shall be designed in such a manner
6 as to be capable of providing a user thereof, other
7 than a savings and loan association, with information
8 concerning the account of any person with the savings
9 and loan association, unless such information is
10 essential to complete or prevent the completion of
11 the transaction then being engaged in through the
12 use of that terminal or facility."

13 8. Page 8, line 4, by inserting after the word
14 "law" the words ", nor shall anything in this
15 subsection be deemed to repeal, replace or in any
16 other way affect any applicable law or rule regarding
17 the maintenance of or access to financial information
18 maintained by any savings and loan association".

19 9. Page 8, by inserting after line 4 the following:

20 "NEW SUBSECTION. A savings and loan association
21 shall be liable to each of its customers for all
22 losses incurred by such customer as a result of the
23 transmission or recording of electronic impulses as
24 a part of a transaction not authorized by such customer
25 or to which the customer was not a party, provided,
26 however, that liability pursuant to this subsection
27 shall be limited to losses in excess of fifty dollars
28 in the event the savings and loan association has
29 provided the customer with a physical object or other
30 method of engaging in a transaction utilizing
31 electronic impulses which is unique to the customer
32 and the physical object or other method of engagement
33 has been lost, stolen or otherwise compromised without
34 the customer having notified the savings and loan
35 association of such loss, theft or compromise prior
36 to the time of the transaction causing the loss to
37 the customer."

38 10. Page 8, line 19, by striking the word
39 "subsection" and inserting in lieu thereof the word
40 "subsections".

41 11. Page 9, line 1, by inserting after the period
42 the following sentence:

43 "No terminal or other facility utilized pursuant
44 to this subsection shall be designed in such a manner
45 as to be capable of providing a user thereof, other
46 than a credit union, with information concerning the
47 account of any person with the credit union, unless
48 such information is essential to complete or prevent
49 the completion of the transaction then being engaged
50 in through the use of that terminal or facility."

1 12. Page 9, line 4, by inserting after the word
2 "law" the words ", nor shall anything in this
3 subsection be deemed to repeal, replace or in any
4 other way affect any applicable law or rule regarding
5 the maintenance of or access to financial information
6 maintained by any credit union".

7 13. Page 9, by inserting after line 4 the
8 following:

9 "NEW SUBSECTION. A credit union shall be liable
10 to each of its customers for all losses incurred by
11 such customer as a result of the transmission or
12 recording of electronic impulses as a part of a
13 transaction not authorized by such customer or to
14 which the customer was not a party, provided, however,
15 that liability pursuant to this subsection shall be
16 limited to losses in excess of fifty dollars in the
17 event the credit union has provided the customer with
18 a physical object or other method of engaging in a
19 transaction utilizing electronic impulses which is
20 unique to the customer and the physical object or
21 other method of engagement has been lost, stolen or
22 otherwise compromised without the customer having
23 notified the credit union of such loss, theft or
24 compromise prior to the time of the transaction causing
25 the loss to the customer."

H-4177 FILED - *Adopted 6/12 (2390)* BY PATCHETT of Johnson
JUNE 11, 1975

H-4181

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:

3 Page 3, by striking line 28 and inserting in
4 lieu thereof the following:

5 "of a bank, may not be utilized within this
6 state by a bank other than an Iowa"

H-4181 FILED - *Adopted 6/12 (2390)* BY NEWHARD of Jones
JUNE 11, 1975

H-4196

1 Amend Senate File 536 as amended, passed and re-
2 printed by the Senate as follows:

3 1. Page 5, by inserting after line 28 the follow-
4 ing new subsection:

5 " . A bank shall not issue a card or other device
6 electronically or mechanically encoded for use in
7 activating a transaction at a satellite facility
8 except upon receipt by the bank of a written
9 application therefor."

H-4196 FILED - *Withdrawn 6/12 (2385)* BY SMALL of Johnson
JUNE 11, 1975 HANSEN of O'Brien
KRAUSE of Palo Alto

H-4195

1 Amend Senate File 536 as amended, passed and re-
2 printed by the Senate as follows:

3 1. Page 5, by striking lines 22 through 28, and
4 inserting in lieu thereof the following:

5 "In adopting, amending and repealing rules the
6 superintendent shall maintain uniformity of Iowa rules
7 with federal statutes or rules maintained by federal
8 agencies with respect to the operation of satellite
9 facilities by national banks.

10 It is the intent of this Act that satellite
11 facilities be operated by banks, savings and loan
12 associations and credit unions incorporated in this
13 state only to the extent necessary to enable such
14 institutions to compete with federal institutions
15 to the same degree as existed prior to the promulgation
16 by federal agencies of authority for federally
17 chartered institutions to operate satellite facilities.
18 Notwithstanding the provisions of this Act, if federal
19 legislation is enacted limiting the establishment
20 by national banks of satellite facilities to the
21 extent of authority given by state law or rules as
22 they existed as of a date prior to the effective date
23 of this Act, the authority granted by this Act shall
24 be ineffective, and the superintendent shall repeal
25 any rule authorizing the operation by state banks
26 of satellite facilities, and further shall prohibit
27 by rule such satellite facilities. In addition, if
28 such federal legislation or rules provide for similar
29 limitations on the establishment of satellite
30 facilities by federal savings and loan associations
31 or federal credit unions or both, then the authority
32 granted by this Act to state incorporated savings
33 and loan associations and credit unions similarly
34 shall be ineffective with respect to state savings
35 and loan associations, state credit unions, or both."

H-4195 FILED - *Adopted 6/12 (239')*
JUNE 11, 1975

BY SMALL of Johnson
HANSEN of O'Brien
KRAUSE of Palo Alto
HARGRAVE of Johnson
CUSACK of Scott

H-4197

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 5, by inserting after line 28 the follow-
4 ing new subsection:
5 _____. Any agreement between a bank and a retail
6 establishment at which a satellite facility is to
7 be located which is to be used for transactions in
8 which amounts are to be debited from the account of
9 customers of the retail establishment and
10 contemporaneously credited to an account of the retail
11 establishment shall contain the express condition that
12 the retail establishment shall not offer a discount
13 or other inducement to any customer in order to
14 encourage purchases or other commercial transactions
15 by means of the satellite facility rather than by
16 cash or check."

H-4197 FILED - *Withdrawn 6/12 (2385)*
JUNE 11, 1975

BY SMALL of Johnson
HANSEN of O'Brien
KRAUSE of Palo Alto

H-4198

1 Amend Senate File 536 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 5, by inserting after line 28 the following
4 new subsection:
5 "_____. A bank shall not use either as the number
6 necessary to identify an account which is subject
7 to satellite facility transactions or as the code
8 for activating a satellite facility transaction the
9 federal social security number of the holder of that
10 account."

H-4198 FILED - *Withdrawn 6/12 (2385)*
JUNE 11, 1975

BY SMALL of Johnson
HANSEN of O'Brien
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AN ACT

RELATING TO THE USE OF ELECTRONIC FACILITIES AND ELECTRONIC TRANSFERS OF FUNDS BY BANKS, CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS.

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

Section 1. Section five hundred twenty-four point eight hundred three (524.803), subsection one (1), Code 1975, is amended by adding the following new paragraph:

NEW PARAGRAPH. Subject to the prior approval of the superintendent, acquire and hold shares in a corporation engaged in providing and operating facilities through which banks and customers may engage, by means of either the direct transmission of electronic impulses to and from a bank or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank, in transactions in which such banks are otherwise permitted to engage pursuant to applicable law.

Sec. 2.

1. Except as provided in subsection two (2) of this section, public funds which are required by section four hundred fifty-three point one (453.1) of the Code to be deposited in banks shall not be deposited with any state or federal bank which utilizes a satellite facility as defined in section six (6) of this Act if that satellite facility is located at a place other than either the principal place of business or a lawful business office of that bank. Upon a determination by the treasurer of state that any state or federal depository bank is in violation of this subsection, the treasurer of state shall notify the affected governing bodies specified in section four hundred fifty-three point one (453.1) of the Code, and each governing body shall forthwith approve and order the transfer of public funds to another bank.

2. The prohibition contained in subsection one (1) of this section shall not apply to any bank participating in an experimental plan approved by the superintendent of banking. The superintendent of banking or the supervisor of state chartered savings and loan associations may approve a limited number of experimental plans submitted by one or more banks, savings and loan associations or credit unions, or any combination thereof, for the experimental operation on a limited scope of satellite facilities as defined in section six (6) of this Act which are located at places other than the principal places of business and business offices of such financial institutions. A plan may not be approved by the superintendent of banking to permit the operation of such satellite facilities after the first day of January, 1976. Each bank wishing to participate in such a plan shall agree as a condition of that participation to disclose to the superintendent of banking upon request any information obtained by that bank as a result of that participation which the superintendent of banking deems useful to a determination of the feasibility of authorizing the use of satellite facilities in this state on a general basis.

3. The superintendent of banking shall submit to the general assembly not later than the first day of February, 1976, a report of the operation of any experimental satellite facilities pursuant to subsection two (2) of this section, which report shall include findings and recommendations of the superintendent with respect to the potential uses of satellite facilities in this state.

4. This section is repealed effective the first day of July, 1976.

Sec. 3. It shall be unlawful for any person other than a bank, savings and loan association or credit union incorporated or chartered under the laws of this state or of the United States to possess, maintain or permit on premises occupied by that person any terminal or installation of a satellite facility as defined in section six (6) of this Act if by means of that facility customers of that person or of

a bank, savings and loan association or credit union utilizing that satellite facility are enabled to engage in transactions constituting or incidental to the conduct of the business of a bank, savings and loan association or credit union. This section shall not apply to any person who has received express approval from the superintendent of banking to possess, maintain, use or permit the use of a satellite facility pursuant to an experimental plan of operation approved by the superintendent. The superintendent of banking or the supervisor of state chartered savings and loan associations may approve a limited number of experimental plans submitted by one or more banks, savings and loan associations or credit unions, or any combination thereof, for the experimental operation on a limited scope of satellite facilities as defined in section six (6) of this Act which are located at places other than the principal places of business and business offices of such financial institutions. A plan may not be approved by the superintendent of banking to permit the operation of such satellite facilities after the first day of January, 1976. This section is repealed effective the first day of July, 1976.

Sec. 4. Chapter five hundred twenty-four (524), Code 1975, is amended by adding to division eight (VIII) the following new section:

NEW SECTION. ELECTRONIC TRANSMISSION OF FUNDS--
RESTRICTIONS.

1. A state bank may engage in any transaction incidental to the conduct of the business of banking and otherwise permitted by applicable law, by means of either the direct transmission of electronic impulses to or from customers and banks or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank. Subject to the provisions of sections eight (8) through twelve (12) of this Act, a state bank may utilize, establish or operate, alone or with one or more other banks, savings and loan associations incorporated under the provisions of chapter five hundred thirty-four (534) of the Code or the Home Owners'

Loan Act of 1933 (12 U.S.C. sections 1461-1468), credit unions incorporated under the provisions of chapter five hundred thirty-three (533) of the Code or the Federal Credit Union Act (12 U.S.C. sections 1751-1790), or third parties, terminals or other facilities adaptable to shared usage by means of which customers and banks may transmit and receive electronic impulses constituting transactions pursuant to this section. No terminal or other facility utilized pursuant to this section shall be designed in such a manner as to be capable of providing a user thereof, other than a bank, with information concerning the account of any person with the bank, unless such information is essential to complete or prevent the completion of the transaction then being engaged in through the use of that terminal or facility. Nothing in this section shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this section be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any bank.

2. A state bank which offers its customers, or any of them, the opportunity to engage in transactions with or through the bank in the manner authorized by subsection one (1) of this section shall not require any customer to deal with or through the bank in that manner in lieu of writing checks in the usual manner upon a conventional checking account, nor impose any extraordinary charge upon customers who choose to write checks in the usual manner upon a conventional checking account maintained at that bank.

Sec. 5. Section five hundred twenty-four point nine hundred one (524.901), subsection three (3), paragraph d, Code 1975, is amended to read as follows:

d. Shares in a corporation which the state bank is authorized to acquire and hold pursuant to section 524.803, subsection 1, paragraphs "c" and, "d" and section one (1) of this Act.

Sec. 6. Section five hundred twenty-four point one thousand

two hundred four (524.1204), Code 1975, is amended by striking the section and inserting in lieu thereof the following:

524.1204 CERTAIN TERMS DEFINED. As used in sections eight (8) through thirteen (13) of this Act:

1. "Satellite facility" means a terminal or other facility or installation, attended or unattended, which is not located at the principal place of business or at an office of a bank and through which customers and banks may engage, by means of either the direct transmission of electronic impulses to and from a bank or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank, in transactions which are incidental to the conduct of the business of banking and which are otherwise permitted by law. The term "satellite facility" also includes all equipment, regardless of location, which is interconnected with a satellite facility, as described in this subsection, and which is necessary to transmit, route and process electronic impulses in order to enable the satellite facility to perform any function for which it is designed.

2. "Iowa bank" means a state bank as defined in section five hundred twenty-four point one hundred three (524.103), subsection nineteen (19) of the Code, or a national bank which has its principal place of business within this state.

Sec. 7. Chapter five hundred twenty-four (524), Code 1975, is amended by adding to division twelve (XII) sections eight (8) through thirteen (13) of this Act.

Sec. 8. NEW SECTION. LOCATION OF SATELLITE FACILITIES. Any state bank may utilize a satellite facility at any location within this state, and at any other location permitted by applicable law. A satellite facility authorized by sections eight (8) through twelve (12) of this Act shall not be subject to the restrictions on location or number set forth in section five hundred twenty-four point one thousand two hundred two (524.1202) of the Code, and shall not require the prior approval of the superintendent, except to the extent required by section ten (10) of this Act. Any transaction engaged in through the use of a satellite facility shall be deemed

to take place at the principal place of business of a bank whose accounts and records are affected by the transaction.

Sec. 9. NEW SECTION. UTILIZATION OF SATELLITE FACILITIES. A satellite facility, located so as to be generally accessible to persons other than employees of a bank or an affiliate of a bank, may not be utilized within this state by a bank other than an Iowa bank, except that any other bank may utilize a satellite facility which is so located with the consent of an Iowa bank which is concurrently utilizing the same satellite facility.

Sec. 10. NEW SECTION. SATELLITE FACILITY REQUIREMENTS. A satellite facility may be utilized by one or more banks as authorized by sections eight (8) through twelve (12) of this Act only if the satellite facility is maintained in compliance with applicable rules promulgated by the superintendent and meets all of the following requirements:

1. The satellite facility is available for use, on a nondiscriminatory basis, by any Iowa bank and by all customers designated by any bank which uses the satellite facility.
2. An informational statement has been filed and is maintained on a current basis with the superintendent by the owner or bank establishing any satellite facility which will be available for use by customers of any bank, setting forth all of the following:
 - a. The name and business address of the owner;
 - b. The name of each bank utilizing the satellite facility;
 - c. The location of the satellite facility;
 - d. A schedule of the charges which will be required to be paid by any bank utilizing the satellite facility; and
 - e. An agreement with the superintendent that the owner or bank filing the statement will comply with the provisions of this section with respect to the satellite facility.
3. The satellite facility, if it is in a location generally accessible to persons other than employees of a bank or an affiliate of a bank, is not at any time operated by an employee of any bank or of an affiliate of any bank except for the purpose of instructing customers, on a temporary basis, in

the use of the satellite facility, for the purpose of testing the facility, or for the purpose of transacting business with the bank or another customer on the employee's own behalf.

4. The satellite facility, if it is in a location accessible to persons other than employees of a bank or an affiliate of a bank, bears a sign or label identifying each bank or group of banks utilizing the terminal or other facility, with the identification of each such bank or group of banks being substantially similar in size and clarity.

5. The charges required to be paid by any bank which utilizes the satellite facility shall not exceed a pro rata portion of the costs, determined in accordance with generally accepted accounting principles, of establishing, operating and maintaining the satellite facility, plus a reasonable return on these costs to the owner of the satellite facility.

6. If the superintendent finds grounds, under any applicable law or rule, for denying utilization of a satellite facility in accordance with the arrangement described in an informational statement or amendment thereto filed in accordance with subsection two (2) of this section, he shall notify the person filing the informational statement or amendment, within thirty days of the filing thereof, of the existence of such grounds. If such notification is not given by the superintendent, he shall be considered to have expressly approved the utilization and arrangement described in the informational statement or amendment, and utilization of the satellite facility in accordance therewith may commence on or after the thirtieth day following such filing.

7. The superintendent shall have the power to adopt and promulgate rules pursuant to chapter seventeen A (17A) of the Code as in his opinion will be necessary to properly and effectively carry out and enforce the provisions of sections eight (8) through twelve (12) of this Act.

In adopting, amending and repealing rules the superintendent shall take into consideration any rules maintained by federal agencies which are applicable to the operation of satellite facilities by national banks, and may maintain uniformity

of Iowa rules with those federal rules, except to the extent uniformity would be inconsistent with the purposes, policies and provisions of this Act.

Sec. 11. NEW SECTION. RECORDS MAINTAINED. All transactions engaged in through a satellite facility utilized pursuant to sections eight (8) through twelve (12) of this Act shall be recorded in a form from which it will be possible to produce a humanly readable record of any transaction, and these recordings shall be retained by the utilizing bank for the periods required by law. A written record of any transaction shall be provided by any bank which is a party to the transaction upon the request of a customer who is a party to the transaction or upon the request of the superintendent, provided that, unless the superintendent is entitled by a rule or law other than this section to obtain a written record of a transaction, he or she shall not be provided with such a written record without the written consent of a customer who is a party to the transaction.

The superintendent may provide by rule for the recording and maintenance by any bank utilizing a satellite facility of any amounts involved in a transaction engaged in through the satellite facility which are of a known tax consequence to the customer initiating the transaction. For the purposes of this paragraph "known tax consequences" means and includes but shall not be limited to the following:

(1) An amount directly or indirectly received from a customer and applied to a loan account of the customer which represents interest paid by the customer to the bank.

(2) In any transaction where the total amount involved is deducted from funds in a customer's account and is simultaneously paid either directly or indirectly by the bank to the account of a third party, any portion of the transaction amount which represents a sales or other tax imposed upon or included within the transaction and collected by that third party from the customer, or any portion of the transaction amount which represents interest paid to the third party by the customer.

(3) Any other transaction which the superintendent determines to have direct tax consequences to the customer. The superintendent also may provide for the periodic distribution to customers of summaries of transactions having known tax consequences.

Sec. 12. NEW SECTION. WHAT DEEMED AFFILIATES. For the purposes of sections eight (8) through twelve (12) of this Act, a corporation, trust, estate, association or other similar organization shall be considered an affiliate of any bank of which it would be an affiliate under section five hundred twenty-four point one thousand one hundred one (524.1101) of the Code if that bank were a state bank.

Sec. 13. NEW SECTION. PRIVILEGES EXTENDED TO NATIONAL BANKS. The privileges extended to state banks by sections five hundred twenty-four point one thousand two hundred one (524.1201), five hundred twenty-four point one thousand two hundred two (524.1202) of the Code, and sections eight (8) through twelve (12) of this Act shall be available on the same conditions to national banks to the extent that they are so authorized by federal law.

Sec. 14. Chapter five hundred twenty-four (524), Code 1975, is amended by adding to division twelve (XII) the following new section:

NEW SECTION. A bank shall be liable to each of its customers for all losses incurred by such customer as a result of the transmission or recording of electronic impulses as a part of a transaction not authorized by such customer or to which the customer was not a party, provided, however, that liability pursuant to this section shall be limited to losses in excess of fifty dollars in the event the bank has provided the customer with a physical object or other method of engaging in a transaction utilizing electronic impulses which is unique to the customer, and the physical object or other method of engagement has been lost, stolen or otherwise compromised without the customer having notified the bank of such loss, theft or compromise prior to the time of the transaction causing the loss to the customer.

Sec. 15. Section five hundred thirty-three point four (533.4), Code 1975, is amended by adding the following new subsections:

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

NEW SUBSECTION. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the credit union. Subject to such rules as may be promulgated by the superintendent, a credit union may utilize, establish or operate, alone or with one or more other credit unions, banks incorporated under the provisions of chapter five hundred twenty-four (524) of the Code or the national banking acts (12 U.S.C. sections 21-95), savings and loan associations incorporated under the provisions of chapter five hundred thirty-four (534) of the Code or the Home Owners' Loan Act of 1933 (12 U.S.C. sections 1461-1468) or third parties, terminals or other facilities adaptable to shared usage, by means of which the credit union may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. No terminal or other facility utilized pursuant to this subsection shall be designed in such a manner as to be capable of providing a user thereof, other than a savings and loan association, with information concerning the account of any person with the savings and loan association, unless such information is essential to complete or prevent the completion of the transaction then being engaged in through the use of that terminal or facility.

Nothing in this subsection shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this subsection be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any savings and loan association.

NEW SUBSECTION. A savings and loan association shall be liable to each of its customers for all losses incurred by such customer as a result of the transmission or recording of electronic impulses as a part of a transaction not authorized by such customer or to which the customer was not a party, provided, however, that liability pursuant to this subsection shall be limited to losses in excess of fifty dollars in the event the savings and loan association has provided the customer with a physical object or other method of engaging in a transaction utilizing electronic impulses which is unique to the customer and the physical object or other method of engagement has been lost, stolen or otherwise compromised without the customer having notified the savings and loan association of such loss, theft or compromise prior to the time of the transaction causing the loss to the customer.

Sec. 16. Section five hundred thirty-four point seventeen (534.17), Code 1975, is amended by adding the following new subsection:

NEW SUBSECTION. Subject to the prior approval of the supervisor, in shares in a corporation engaged solely in providing and operating facilities through which an association and its members may engage, by means of either the direct transmission of electronic impulses to and from the association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association, in transactions in which such association is otherwise permitted to engage pursuant to applicable law.

Sec. 17. Section five hundred thirty-four point nineteen (534.19), Code 1975, is amended by adding the following new

subsections:

NEW SUBSECTION. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association. Subject to such rules as may be promulgated by the supervisor, an association may utilize, establish or operate, alone or with one or more other associations, banks incorporated under the provisions of chapter five hundred twenty-four (524) of the Code or the national banking acts (12 U.S.C. sections 21-95), credit unions incorporated under the provisions of chapter five hundred thirty-three (533) of the Code or the Federal Credit Union Act (12 U.S.C. sections 1751-1790) or third parties, terminals or other facilities adaptable to shared usage, by means of which the association may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. No terminal or other facility utilized pursuant to this subsection shall be designed in such a manner as to be capable of providing a user thereof, other than a credit union, with information concerning the account of any person with the credit union, unless such information is essential to complete or prevent the completion of the transaction then being engaged in through the use of that terminal or facility. Nothing in this subsection shall be construed as authority for any association or other person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this subsection be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any credit union.

NEW SUBSECTION. A credit union shall be liable to each of its customers for all losses incurred by such customer as a result of the transmission or recording of electronic impulses as a part of a transaction not authorized by such customer or to which the customer was not a party, provided,

however, that liability pursuant to this subsection shall be limited to losses in excess of fifty dollars in the event the credit union has provided the customer with a physical object or other method of engaging in a transaction utilizing electronic impulses which is unique to the customer and the physical object or other method of engagement has been lost, stolen or otherwise compromised without the customer having notified the credit union of such loss, theft or compromise prior to the time of the transaction causing the loss to the customer.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 536, Sixty-sixth General Assembly.

Approved June 27, 1975

CLARK R. RASMUSSEN
Secretary of the Senate

ROBERT D. RAY
Governor