

State Govt. 2/23 Do pass 3/21 (p. 884)

SENATE FILE 137

2/25

State Government
Carr, Chairperson
Ashcraft
Slater

FILED FEB 22 1977

SENATE FILE 137

By ROBINSON and MURRAY

Has State Govt. 4/29

Passed Senate, Date 4-20-77 (p. 1117) Passed House, Date 5-12-77 (p. 2119)

Vote: Ayes 34 Nays 10 Vote: Ayes 73 Nays 23

Approved 6-26-78 - Stem Veto

Motion to reconsider (1117) res. d. 4/25 (1183) Motion to reconsider (p. 2158) Res 5/13

A BILL FOR

1 An Act relating to the establishment and operation of an
2 agency for the regulation of credit unions, and provid-
3 ing penalties.

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

Conference Committee Appointed

7 Reps. Chiodo (chair), Small, Hines, Jankin, Brackett 5/19 (p. 2451)

8 Senators Rusk (chair), Culver, Robinson, Drake, Murray 5/20 (p. 1765)

Second Conference Committee

11 Senator Slater, chair, Carr, Junkins, Staff, Ashcraft 3/21 (p. 615)

12 Representatives Monroe, chair, Woods, Garrison, Halverson, Horvay 4/10 (p. 1449)

13 Adopted per Second Conference Committee Report

14 Passed Senate 5-12-78 (p. 1546) Repassed House 5-12-78 (p. 2699)
15 42-7 80-8

17 Motion to reconsider tabled 7/15 (p. 1729)

1 Section 1. Chapter five hundred thirty-three (533), Code
2 1977, is amended by adding sections two (2) through fourteen
3 (14) of this Act.

4 Sec. 2. NEW SECTION. DEFINITIONS. As used in sections
5 two (2) through fourteen (14) of this Act, unless the context
6 otherwise requires:

7 1. "Credit union" means a cooperative, nonprofit associa-
8 tion, incorporated in accordance with the provisions of chap-
9 ter five hundred thirty-three (533) of the Code.

10 2. "Board" means the credit union review board, created
11 in section four (4) of this Act.

12 3. "Member" means a member of the credit union review
13 board.

14 4. "Administrator" means the administrator appointed by
15 the governor to direct and regulate credit unions pursuant
16 to this Act and subject to approval by the senate.

17 Sec. 3. NEW SECTION. DEPARTMENT CREATED. A credit union
18 department of state government is created which shall consist
19 of an administrator, a seven-member board and additional offi-
20 cers and employees as required.

21 Sec. 4. NEW SECTION. CREDIT UNION REVIEW BOARD.

22 1. A credit union review board is created. The board
23 shall consist of seven members, each of whom shall have been
24 a member in good standing for at least the previous five years
25 of an Iowa state chartered credit union or a credit union
26 chartered under the Federal Credit Union Act. Two of the
27 members shall not be credit union directors or employees.
28 Each member shall serve for a term of three years except that
29 the terms of the members first appointed after the effective
30 date of this Act shall expire, as designated by the governor
31 at the time of appointment as follows:

32 a. Two members on June 30, 1979.

33 b. Two members on June 30, 1980.

34 c. Three members expiring on June 30, 1981.

35 2. The members of the board shall be appointed by the

1 governor with approval of the senate. The governor may appoint
2 the members of the board from a list of nominees submitted
3 to the governor by the credit unions located in the state
4 of Iowa.

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

8 4. Each member of the board shall receive actual and
9 necessary expenses incurred in the discharge of official
10 duties.

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

15 Sec. 5. NEW SECTION. POWERS AND DUTIES.

16 1. The board may adopt, amend, and rescind rules pursu-
17 ant to chapter seventeen A (17A) of the Code or take other
18 action as it deems necessary or suitable, to effect the pro-
19 visions of this Act.

20 2. The board shall set the salary and prescribe the du-
21 ties of the administrator who shall serve at the pleasure
22 of the governor.

23 Sec. 6. NEW SECTION. ADMINISTRATOR.

24 1. The administrator shall be appointed by the governor,
25 subject to approval by the senate, and must possess a mini-
26 mum of five years credit union experience.

27 2. The administrator may employ an attorney, special as-
28 sistants, examiners, and other employees as are necessary
29 to carry out the provisions of this Act. The administrator
30 shall, subject to approval by the board, establish salaries
31 for the persons employed.

32 3. The administrator may make further rules as necessary
33 subject to the prior approval of the rules by the board.

34 Sec. 7. NEW SECTION. DEPUTY ADMINISTRATOR.

35 1. The administrator shall appoint a deputy administrator

1 who shall assist the administrator in the performance of his
2 or her office and who shall perform the duties of the ad-
3 ministrator as directed by him or her during the absence or
4 inability of the administrator.

5 2. The deputy administrator shall serve at the pleasure
6 of the administrator. If the office of the administrator
7 becomes vacant, the deputy administrator shall have all pow-
8 ers and duties of the administrator until a new administra-
9 tor is appointed by the governor in accordance with the pro-
10 visions of this Act.

11 3. The deputy administrator shall receive a salary to
12 be fixed by the board.

13 Sec. 8. NEW SECTION. EXPENSES. The administrator, de-
14 puty administrator, assistants, examiners and other employ-
15 ees of the credit union department are entitled to receive
16 reimbursement for expenses incurred in the performance of
17 their duties subject to approval by the board. The admini-
18 strator, and when specifically authorized by the administra-
19 tor, the deputy administrator, assistants, examiners and other
20 employees of the credit union department, are entitled to
21 receive reimbursement for expenses incurred while attending
22 conventions, meetings, conferences, schools or seminars
23 relating to the performance of their duties.

24 Sec. 9. NEW SECTION. INSURANCE AND SURETY BOND. The
25 administrator shall acquire good and sufficient bond in a
26 company authorized to do business in this state to insure
27 the faithful performance of the deputy administrator, as-
28 sistants, examiners and all other employees of the credit
29 union department and to insure against any liability which
30 may accrue in case of the loss of property of a credit un-
31 ion, or of a member of a credit union or of any other person,
32 in the course of an examination, investigation, or other
33 function required or allowed by the laws of this state. The
34 administrator shall be bonded in accordance with the provi-
35 sions of chapter sixty-four (64) of the Code.

1 Sec. 10. NEW SECTION. SUBPOENA--CONTEMPT.

2 1. The administrator, the deputy administrator, and upon
3 the approval of the administrator, any assistant or examiner
4 shall have the power to subpoena witnesses, to compel their
5 attendance, to administer oaths, to examine any person under
6 oath and to require the production of relevant books or pa-
7 pers. The examination may be conducted on any subject re-
8 lating to the duties imposed upon, or powers vested in, the
9 administrator under the provisions of this Act.

10 2. When a person subpoenaed pursuant to subsection one
11 (1) of this section neglects or refuses to obey the terms
12 of the subpoena, or to produce books or papers or to give
13 testimony, as required, the administrator may apply to the
14 district court of Polk county for the enforcement of the
15 subpoena or for the issuance of an order compelling compli-
16 ance as the court directs.

17 3. The refusal without reasonable cause of a person to
18 obey an order of the district court, issued pursuant to sub-
19 section two (2) of this section, shall be considered con-
20 tempt of court.

21 Sec. 11. NEW SECTION. RECORDS OF CREDIT UNION DEPART-
22 MENT. Records of the credit union department are public
23 records subject to the provisions of chapter sixty-eight A
24 (68A) of the Code, except that papers, documents, reports,
25 reports of examinations and other writings relating speci-
26 fically to the supervision and regulation of a specific cred-
27 it union or persons by the administrator pursuant to the laws
28 of this state are not public records and shall not be open
29 for examination or copying by the public or for examination
30 or publication by the news media.

31 The credit union review board, its administrator and all
32 employees and deputies may give information secured from or
33 about credit unions to the Iowa credit union league and its
34 affiliates. The administrator may provide information re-
35 garding credit unions to the administrator of any share in-

1 surance corporation including the national credit union ad-
2 ministration, for the purpose of availability of the nation-
3 al credit union insurance fund to the credit unions.

4 The administrator, deputy administrator, assistants or
5 examiners shall not be subpoenaed in any cause or proceed-
6 ing to give testimony concerning information relating to the
7 supervision and regulation of a specific credit union or
8 persons by the administrator pursuant to the laws of this
9 state, nor shall the records of the credit union department
10 which relate to the supervision and regulation of a speci-
11 fic credit union or persons be offered in evidence in a court
12 or subject to subpoena by a party except where relevant:

13 1. In actions or proceedings brought by the administra-
14 tor.

15 2. In matters in which an interested and proper party
16 seeks review of a decision of the administrator.

17 3. In actions or proceedings which arise out of the
18 criminal provisions of the laws of this state or of the United
19 States.

20 4. In actions brought as shareholder derivative suits
21 against a credit union.

22 5. In actions brought to recover moneys or to recover
23 upon an indemnity bond for embezzlement, misappropriation
24 or misuse of credit union funds.

25 Sec. 12. NEW SECTION. ANNUAL REPORT OF ADMINISTRATOR.
26 The administrator shall make a report in writing annually
27 to the governor in the manner and within the time required
28 by chapter seventeen (17) of the Code. A copy of the report
29 shall be furnished by the administrator to each credit un-
30 ion and to the Iowa credit union league and its affiliates.

31 In addition to the matters required by chapter seventeen
32 (17) of the Code, the annual report of the administrator shall
33 contain:

34 1. A summary of applications approved or denied by the
35 administrator pursuant to this Act since the last previous

1 report.

2 2. A summary of the assets, liabilities and capital
3 structures of all credit unions as of June thirtieth of the
4 year for which the report is made.

5 3. A statement of the receipts and disbursements of funds
6 of the administrator during the calendar year ending on the
7 preceding December thirty-first and of the funds on hand on
8 that December thirty-first.

9 4. Other information the administrator deems appropriate
10 and advisable to fairly disclose the discharge of the duties
11 imposed upon him or her by this Act.

12 Sec. 13. NEW SECTION. EXAMINATIONS.

13 1. The administrator shall conduct examinations of cred-
14 it unions, require reporting and take further action as di-
15 rected by section five hundred thirty-three point six (533.6)
16 of the Code.

17 Sec. 14. NEW SECTION. TRANSFER--EXAMINATION AND SUPER-
18 VISION FEES--PENALTIES.

19 1. On January 1, 1978, all the jurisdiction, authorities,
20 powers, records, duties and reserves now conferred and imposed
21 by law upon the superintendent of banking which relate to
22 credit unions shall be transferred to the credit union depart-
23 ment. All funds held in the state general fund for the use
24 of the superintendent of banking which pertain to credit union
25 supervision and examining fees are to be transferred as of
26 January 1, 1978, to the credit union department.

27 2. Each credit union shall pay to the administrator an
28 annual filing fee which shall be submitted with the annual
29 report. The fee shall be based upon the actual operating
30 costs of the department, exclusive of examination expenses,
31 and shall be established and promulgated as a rule by the
32 administrator. The administrator shall assess against a
33 credit union the actual and necessary expenses of the agen-
34 cy incidental to any examination of that credit union made
35 pursuant to the provisions of this Act or to an order of the

1 administrator.

2 3. Failure of a credit union to pay an annual filing fee
3 or examination fee shall result in a penalty of five dollars
4 per day, or for any part of a day, during which the credit
5 union is delinquent, and may be the grounds for revocation
6 of the charter of the credit union which failed to make
7 payment.

8 4. In the event that the amounts collected pursuant to
9 this section are in excess of the actual amounts necessary
10 for the supervision and examination of credit unions in a
11 year, the excess shall be retained by the administrator and
12 applied by him in reducing the amounts chargeable for ensu-
13 ing years.

14 5. The administrator, deputy or employees of the depart-
15 ment shall not be members of nor have any business dealings
16 with a credit union. Credit unions shall not accept moneys
17 for deposit and shall not have any business transaction with
18 the administrator, deputy or an employee of the credit union
19 department. If a person willfully receives or accepts a de-
20 posit or undertakes to establish a business dealing contrary
21 to this section, upon conviction that person shall be guilty
22 of a serious misdemeanor, and shall be permanently disquali-
23 fied from acting as an officer, director or employee of a
24 state chartered credit union and permanently disqualified
25 from acting as administrator, deputy or employee of the state
26 credit union department.

27 Sec. 15. Section five hundred thirty-three point one
28 (533.1), unnumbered paragraphs two (2) and three (3), and
29 subsections three (3) through seven (7), Code 1977, are amended
30 to read as follows:

31 ADMINISTRATION. The ~~superintendent-of-banking~~ administrator
32 of the credit union department shall be charged with the
33 execution of the laws of this state relating to credit unions.

34 ORGANIZATION. Any seven residents of the state of Iowa
35 may apply to the ~~superintendent-of-banking~~ administrator of

1 the credit union department for permission to organize a
2 credit union.

3 3. The articles and the bylaws, both executed in duplicate,
4 shall be forwarded with a fee of ten dollars to the
5 ~~superintendent-of-banking~~ administrator of the credit union
6 department.

7 4. The ~~superintendent~~ administrator of the credit un-
8 ion department shall, within thirty days of the receipt of
9 said articles and bylaws, determine whether they conform with
10 the provisions of this chapter, and whether or not the
11 organization of the credit union in question would benefit
12 ~~the its~~ members ~~of-it~~ and be consistent with the purposes
13 of this chapter.

14 5. The ~~superintendent~~ administrator of the credit union
15 department shall thereupon notify the applicants of his or
16 her decision. If ~~it~~ the decision is favorable ~~he~~ the
17 administrator shall issue a certificate of approval, which
18 shall be attached to the duplicate articles of incorporation
19 and the administrator shall return the same, together with
20 the duplicate bylaws to the applicants.

21 6. The applicants shall thereupon file ~~the-said~~ this
22 duplicate of the articles of incorporation, ~~with~~ and the
23 attached certificate of approval ~~attached-thereto,~~ with the
24 county recorder of the county within which the credit union
25 is to ~~do~~ have its principal place of business, ~~who.~~ The
26 county recorder shall record and index the same and return
27 it, with his or her certificate of record attached ~~thereto,~~
28 to the ~~said-superintendent-of-banking~~ administrator of the
29 credit union department for permanent record.

30 7. The applicants shall thereupon become and be a credit
31 union, incorporated in accordance with the provisions of this
32 chapter.

33 In order to simplify the organization of credit unions,
34 the ~~superintendent-of-banking,~~ ~~upon-the-taking-effect-of-this~~
35 ~~chapter,~~ ~~or-as-soon-thereafter-as-sufficient-fees-shall-have~~

1 ~~accumulated-to-liquidate-the-cost-of-same,~~ administrator of
2 the credit union department shall cause to be prepared an
3 approved form of articles of incorporation and a form of
4 bylaws, consistent with this chapter which may be used by
5 credit union incorporators for their guidance, and on written
6 application of any seven residents of the state, shall supply
7 them without charge with blank articles of incorporation and
8 a copy of ~~said~~ this form of suggested bylaws.

9 Sec. 16. Section five hundred thirty-three point two
10 (533.2), Code 1977, is amended to read as follows:

11 533.2 AMENDMENTS. The articles of incorporation or the
12 bylaws may be amended by a favorable vote of a majority of
13 the members present at any meeting, which number must
14 constitute a quorum provided the proposed amendment was
15 contained in the notice of the meeting. Any and all such
16 amendments must be approved by the ~~superintendent-of-banking~~
17 administrator of the credit union department before they
18 become effective.

19 Sec. 17. Section five hundred thirty-three point four
20 (533.4), subsection five (5), paragraph e, subsection thirteen
21 (13) and subsection seventeen (17), Code 1977, are amended
22 to read as follows:

23 e. Purchase of notes of liquidating credit unions with
24 the approval of the ~~superintendent-of-banking~~ administrator
25 of the credit union department.

26 13. Upon the approval of the ~~superintendent-of-banking~~
27 administrator of the credit union department, serve an em-
28 ployee group having an insufficient number of members to form
29 or conduct the affairs of a separate credit union. There
30 shall be no requirement for the existence of a common bond
31 relationship between the said small employee group and the
32 credit union effecting such service.

33 17. Subject to the prior approval of the ~~superintendent~~
34 administrator of the credit union department, acquire and
35 hold shares in a corporation engaged in providing and operat-

1 ing facilities through which a credit union and its members
2 may engage, by means of either the direct transmission of
3 electronic impulses to and from the credit union or the
4 recording of electronic impulses or other indicia of a
5 transaction for delayed transmission to the credit union,
6 in transactions in which such credit union is otherwise
7 permitted to engage pursuant to applicable law.

8 Sec. 18. Section five hundred thirty-three point six
9 (533.6), Code 1977, is amended to read as follows:

10 533.6 REPORTS--EXAMINATIONS.

11 1. Credit unions organized under this chapter shall report
12 annually on or before the first day of February to the
13 superintendent-of-banking-annually-on-or-before-the-first
14 day-of-February administrator of the credit union department
15 on blanks supplied by ~~him~~ the administrator for that purpose.
16 Additional reports may be required. If any report remains
17 in arrears for more than five days, a fine of five dollars
18 for each day such report remains in arrears may be levied
19 against ~~such~~ the offending credit union in addition to the
20 fine for failure to pay the annual fee. If such report is
21 not returned within thirty days of the due date, the
22 superintendent-of-banking administrator of the credit union
23 department may, after written notice to the president of ~~such~~
24 the credit union ~~of-his-intention-to-do-so~~, suspend or revoke
25 the certificate of approval, take possession of the business
26 and property of such credit union, and order its dissolution.
27 2. The superintendent-of-banking administrator of the
28 credit union department shall annually examine, or cause to
29 be examined, each credit union annually. Each credit union
30 and all of its officers and agents shall give to the
31 representatives of ~~said-superintendent~~ the administrator free
32 access to all books, papers, securities, records and other
33 sources of information under their control, ~~and-for-the~~
34 ~~purposes-of-such-examination-said-representatives-shall-have~~
35 ~~the-power-to-subpoena-witnesses, administer oaths, compel~~

1 ~~the-giving-of-testimony,--and-require-the-submission-of~~
2 ~~documents.~~ A report of such examination shall be forwarded
3 to the president chairperson of each credit union within
4 thirty days after the completion of the examination. Within
5 thirty days of the receipt of ~~such~~ this report, a meeting
6 of the directors shall be called to consider matters contained
7 in the report and the action taken shall be set forth in the
8 minutes of the board. ~~The-superintendent-may-furnish-to-the~~
9 ~~administrator-or-any-other-official-of-the-national-credit~~
10 ~~union-administration-any-information-or-report-relating-to~~
11 ~~examinations-and-reports-of-the-status-of-any-state-credit~~
12 ~~union-insured-by-the-national-credit-union-administration.~~
13 The superintendent-of-banking administrator of the credit
14 union department may accept, in lieu of the annual examination
15 of a credit union, an audit report conducted by a certified
16 public accounting firm selected from a list of firms previously
17 approved by the superintendent-of-banking administrator of
18 the credit union department. The cost of the audit shall
19 be paid by the credit union.

20 3. The superintendent-of-banking administrator of the
21 credit union department may require any credit union, whose
22 records are inadequate or whose books have not been balanced
23 as of the end of the month not less than thirty days previously
24 or whose affairs are in an unfavorable condition, to submit
25 to an additional examination each year.

26 ~~4.--Each-credit-union-shall-pay-to-the-superintendent-of~~
27 ~~banking-a-fee-for-making-examinations,--based-on-the-actual~~
28 ~~cost-of-the-operation-of-the-credit-union-division-of-the~~
29 ~~department-of-banking-and-the-proportionate-share-of~~
30 ~~administrative-expenses-in-the-operation-of-the-department~~
31 ~~of-banking,--attributable-to-credit-unions,--to-be-determined~~
32 ~~by-the-superintendent-of-banking,--in-accordance-with-chapter~~
33 ~~47A-~~

34 5 4. If it shall appear that any credit union is insolvent
35 or that it has violated any of the provisions of this chapter,

1 the ~~superintendent-of-banking~~ administrator of the credit
2 union department may, after a hearing or giving after an
3 opportunity for a hearing is given, order such that credit
4 union to correct such the condition and. The administrator
5 shall grant ~~it~~ the credit union not less than sixty days
6 within which to comply ~~and-failure-to~~ with the order. Failure
7 to ~~do~~ comply shall afford the ~~said-superintendent~~ administrator
8 grounds to revoke the certificate of approval and shall afford
9 the administrator the authority to apply to the district court
10 of the district in which such this credit union is located
11 for the appointment of a receiver for the credit union. The
12 district court shall appoint the superintendent administrator
13 of the credit union department as receiver unless the
14 superintendent administrator of the credit union department
15 has tendered the appointment to the administrator of the
16 national credit union administration. ~~The~~ Either administrator
17 as receiver shall possess the rights, powers, and privileges
18 granted by state law to a receiver of a state credit union.
19 Neither ~~the-superintendent-nor-the~~ administrator shall be
20 required to furnish bond as receiver of a state credit union.

21 Sec. 19. Section five hundred thirty-three point eight
22 (533.8), Code 1977, is amended to read as follows:

23 533.8 ELECTIONS. At the organization meeting there shall
24 be elected a board of directors of not less than nine members
25 to hold office for such terms as the bylaws provide and until
26 successors are elected and qualify. At each annual meeting
27 there shall be elected one member to fill each position vacated
28 by reason of expiring terms or other causes. A record of
29 the names and addresses of the directors, officers and
30 committee persons shall be filed with the superintendent-of
31 banking administrator of the credit union department within
32 ten days following each election.

33 Sec. 20. Section five hundred thirty-three point seven-
34 teen (533.17), subsection one (1), paragraph b, and subsec-
35 tion three (3), Code 1977, are amended to read as follows:

1 b. Five percent of gross income until the legal reserve
2 equals ten percent of the total of outstanding loans and risk
3 assets.

4 Whenever the legal reserve falls below ten percent or seven
5 and one-half percent of the total of outstanding loans and
6 risk assets, as the case may be, the difference shall be
7 replaced by regular contributions in order to maintain the
8 seven and one-half percent or ten percent reserve. Any en-
9 trance fees, charges and transfer fees shall, after payment
10 of organization expenses, be added to the legal reserve.
11 The legal reserve shall belong to the credit union and shall
12 be used to meet losses except those resulting from an excess
13 of expenses over income. The reserve shall not be distributed
14 except on liquidation of the credit union or in accordance
15 with a plan approved by the superintendent-of-banking
16 administrator of the credit union department.

17 3. The superintendent-of-banking administrator of the
18 credit union department may require a credit union to set
19 aside additional amounts as a special reserve if an examina-
20 tion of its assets should disclose that its legal reserve
21 is inadequate.

22 Sec. 21. Section five hundred thirty-three point twenty
23 (533.20), Code 1977, is amended to read as follows:

24 533.20 VOLUNTARY DISSOLUTION. The process of voluntary
25 dissolution shall be as follows:

26 1. At a special meeting called for ~~the~~ that purpose,
27 ~~notice-of-which-purpose-must-be-contained-in-the-call,~~ a
28 credit union may dissolve upon the affirmative vote of a
29 majority of its members eligible to vote at the special
30 meeting. Notice of the meeting's purpose shall be contained
31 in the meeting's notice. Any member eligible to vote and not
32 present at the meeting may, within twenty days after the date
33 on which the meeting was held, vote in favor of dissolution
34 by signing a statement in the form approved by the
35 ~~superintendent-of-banking-and-the~~ administrator of the credit

1 union department. This vote shall have the same force and
2 effect as if cast at the meeting.

3 2. The credit union shall cease to do business except
4 for the purposes of liquidation immediately upon ~~the~~ giving
5 ~~of~~ notice of the special meeting ~~of-the~~ called for the members
6 ~~to~~ vote on dissolution ~~and-the.~~ The board of directors shall
7 immediately notify the ~~superintendent-of-banking~~ administrator
8 of the credit union department of the intention of the credit
9 union to dissolve. The credit union shall not resume its
10 regular business unless the dissolution fails to receive the
11 required vote of the members or unless the members ~~shall~~ have
12 revoked prior affirmative action to dissolve as provided for
13 in subsection 4 of this section.

14 3. The board of directors shall have power to terminate
15 and settle the affairs of a credit union in voluntary
16 dissolution. The credit union shall continue in existence
17 for the purpose of discharging its liabilities, collecting
18 and distributing its assets, and doing all acts required in
19 order to terminate its affairs. The credit union may sue
20 and be sued for the purpose of enforcing such liabilities
21 and for the purpose of collecting its assets until its affairs
22 are fully settled. During the course of dissolution
23 proceedings, the credit union shall make such reports and
24 shall be subject to such examinations as the ~~superintendent~~
25 ~~of-banking~~ administrator of the credit union department may
26 require. If at any time, after the affirmative vote of a
27 majority of the members of a credit union to dissolve the
28 credit union, the ~~superintendent-of-banking~~ administrator
29 finds that the credit union is not making reasonable progress
30 toward terminating its affairs or finds that the credit union
31 is insolvent, ~~he~~ the administrator may apply to the district
32 court for a an appointment of a receiver ~~to-be-appointed~~ to
33 terminate the affairs of the credit union.

34 4. ~~A-credit-union-may-at~~ At any time prior to any
35 distribution of its assets, a credit union may revoke the

1 voluntary dissolution proceedings ~~upon~~ by the affirmative
2 vote of a majority of its members eligible to vote. This
3 vote, if taken, shall be at a special meeting called for that
4 purpose in the manner prescribed by the bylaws. The board
5 of directors shall immediately notify the ~~superintendent-of~~
6 ~~banking~~ administrator of the credit union department of any
7 such action to revoke voluntary dissolution proceedings.

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

21 Sec. 22. Section five hundred thirty-three point twenty-
22 one (533.21), subsections one (1) through three (3), Code
23 1977, are amended to read as follows:

24 1. In all situations in which the ~~superintendent~~
25 administrator of the credit union department has been appointed
26 as receiver as provided in ~~section-533.6-and-section-533.20~~
27 ~~he~~ this chapter, the administrator shall make a diligent
28 effort to collect and realize on the assets of the credit
29 union, and shall make distribution of the proceeds from time
30 to time to those entitled thereto in the order provided for
31 by law. The ~~superintendent~~ administrator may execute as
32 receiver or after the receivership has terminated assignments,
33 releases, and satisfactions to effectuate sales and transfers
34 ~~as-receiver-or-after-the-receivership-has-terminated~~. Upon
35 the order of the court in which the receivership is pending,

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

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

11 3. At the termination of the receivership, the
12 superintendent administrator of the credit union department
13 shall file his a final report containing which shall contain
14 the details of his or her actions ~~therein, together with~~ and
15 such additional facts as the court may require.

16 Sec. 23. Section five hundred thirty-three point twenty-
17 two (533.22), subsection three (3), Code 1977, is amended
18 to read as follows:

19 3. The ~~superintendent-of-banking~~ administrator of the
20 credit union department shall assume custody of the records
21 of a credit union dissolved pursuant to this chapter and shall
22 retain ~~them~~ these records in accordance with the provisions
23 of section 533.26. The superintendent administrator may cause
24 film, photographic, photostatic, or other copies of such these
25 records to be made and the administrator shall retain such
26 these copies in lieu of the original records.

27 Sec. 24. Section five hundred thirty-three point twenty-
28 three (533.23), Code 1977, is amended to read as follows:

29 533.23 CHANGE IN PLACE OF BUSINESS. A credit union may
30 change its place of business on written notice to the
31 ~~superintendent-of-banking~~ administrator of the credit union
32 department.

33 Sec. 25. Section five hundred thirty-three point twenty-
34 seven (533.27), unnumbered paragraph two (2), Code 1977, is
35 amended to read as follows:

1 For the purpose of assisting credit unions in the retention
2 of only necessary records and files, or for the destruction
3 of those which are obsolete or unnecessary, credit unions
4 are authorized to destroy such records and files or classes
5 thereof within the period of limitation of actions upon the
6 joint recommendation of the ~~superintendent-of-banking~~
7 administrator of the credit union department and a the credit
8 union review board ~~relating-to-records-consisting-of-the~~
9 ~~directors-of-the-Iowa-credit-union-league.~~

10 Sec. 26. Section five hundred thirty-three point thirty
11 (533.30), subsections one (1), three (3), and four (4), Code
12 1977, are amended to read as follows:

13 1. A credit union may, ~~with-the-approval-of-the-super-~~
14 ~~intendent-of-banking,~~ merge with another credit union un-
15 der the existing organization of the other credit union if
16 the merger receives approval of the administrator of the
17 credit union department and if the merger is pursuant to a
18 plan agreed upon by the majority of the board of directors
19 of each credit union joining in the merger and which plan
20 is approved by the affirmative vote of a majority of the
21 members of the merging credit unions.

22 3. The certificate and a copy of the agreed plan of merger
23 ~~agreed-upon~~ shall be forwarded to the ~~superintendent-of-banking~~
24 administrator of the credit union department, certified by
25 him or her, and returned to both credit unions within thirty
26 days of the date of receipt by the administrator.

27 4. Upon return of the certificates from the ~~superinten-~~
28 ~~dent-of-banking~~ administrator of the credit union department,
29 all property, property rights, and members' interest of the
30 merged credit union shall vest in the surviving credit union
31 without ~~deed,-endorsement~~ the legal need for deeds, endors-
32 ments or other instrument instruments of transfer, and all
33 debts, obligations and liabilities of the merged credit union
34 ~~are~~ shall be assumed by the surviving credit union under whose
35 charter the merger was effected. The rights and privileges

1 of the members of the merged credit union shall remain intact.
2 Credit union membership in the surviving credit union shall
3 be available to persons within the field of membership of
4 the merged credit union.

5 Sec. 27. Section five hundred thirty-three point thirty-
6 three (533.33), subsections one (1) and two (2), Code 1977,
7 are amended to read as follows:

8 1. The superintendent administrator of the credit un-
9 ion department may tender to the administrator of the national
10 credit union administration the appointment as receiver for
11 an insured credit union. If the administrator of the national
12 credit union administration accepts the appointment as
13 receiver, the rights of the members and ~~other~~ the rights of
14 creditors of the insured credit union shall be determined
15 in accordance with the laws of this state.

16 2. The administrator of the national credit union
17 administration as receiver shall possess the powers, rights,
18 and privileges given to the superintendent administrator of
19 the credit union department as provided by law.

20 Sec. 28. Section five hundred thirty-three point thirty-
21 four (533.34), Code 1977, is amended to read as follows:

22 533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL
23 CREDIT UNION.

24 1. A state credit union may convert into a federal credit
25 union ~~upon~~ with the approval of the administrator of the
26 national credit union administration and by the affirmative
27 vote of a majority of its the credit union's members eligible
28 to vote. This vote, if taken, shall be at a special meeting
29 called for that purpose and shall be in the manner prescribed
30 by the bylaws and-with-the-approval-of-the-administrator-of
31 the-national-credit-union-administration. Any member eligible
32 to vote and not present at the meeting may, within twenty
33 days after the date on which the meeting was held, vote in
34 favor of conversion by signing a statement in a form
35 satisfactory to the ~~superintendent-of-banking-and-the~~

1 administrator of the credit union department. This vote shall
2 have the same force and effect as if cast at the meeting.

3 2. The board of directors of the state credit union shall
4 notify the ~~superintendent-of-banking~~ administrator of the
5 credit union department of any proposed conversion and of
6 any abandonment or disapproval of the conversion by the members
7 or by the administrator of the national credit union
8 administration. The board of directors of the state credit
9 union shall file with the ~~superintendent~~ administrator of
10 the credit union department appropriate evidence of approval
11 of the conversion by the administrator of the national credit
12 union administration and shall notify the ~~superintendent~~
13 administrator of the credit union department of the date on
14 which the conversion is to be effective.

15 3. Upon receipt of satisfactory proof that the state
16 credit union has complied with all applicable laws of this
17 state and of the United States, the ~~superintendent~~
18 administrator of the credit union department shall issue a
19 certificate of conversion which shall be filed and recorded
20 in the county in which the state credit union has its principal
21 place of business and in the county in which its original
22 articles of incorporation were filed and recorded.

23 Sec. 29. Section five hundred thirty-three point thirty-
24 five (533.35), subsection one (1) and two (2), Code 1977,
25 are amended to read as follows:

26 1. A federal credit union may convert into a state credit
27 union ~~upon~~ by compliance with the laws of the United States
28 and upon the approval ~~by~~ of the ~~superintendent-of-banking~~
29 administrator of the credit union department. Application
30 for approval of the conversion to a state credit union shall
31 be submitted to the ~~superintendent~~ administrator of the credit
32 union department in the form prescribed by the ~~superintendent~~
33 administrator, together with the articles of incorporation
34 and bylaws as required by section 533.1. The ~~superintendent~~
35 ~~of-banking~~ administrator of the credit union department may

1 cause an examination to be made of any converting federal
2 credit union ~~and-the.~~ The credit union shall pay to the
3 ~~superintendent administrator~~ the same examination fee as paid
4 for examinations of state credit unions.

5 2. If the ~~superintendent-shall~~ administrator of the credit
6 union department should approve the application of a federal
7 credit union for conversion to a state credit union, he or
8 she shall cause the articles of incorporation of the resulting
9 state credit union to be filed and recorded in the county
10 in which the credit union has its principal place of business
11 and he or she shall issue a certificate of authority to do
12 business under the laws of this state to the resulting state
13 credit union ~~to-do-business-under-the-laws-of-this-state.~~
14 The credit union shall then become a state credit union subject
15 to the laws of this state. The ~~superintendent~~ administrator
16 of the credit union department shall furnish a copy of the
17 certificate to the administrator of the national credit union
18 administration.

19 Sec. 30. Section five hundred thirty-three point thirty-
20 eight (533.38), subsection two (2), Code 1977, is amended
21 to read as follows:

22 2. It may buy or sell investment securities and corporate
23 bonds which are evidences of indebtedness. However, the
24 buying and selling of such investment securities and cor-
25 porate bonds shall be limited to buying and selling with-
26 out recourse to marketable obligations evidencing indebted-
27 ness of any corporation or state or federal agency, under
28 further definitions of the term "investment securities" as
29 prescribed by the ~~superintendent~~ administrator of the cred-
30 it union department. The total amount of the investment
31 securities of any one obligor or maker held by the credit
32 union shall at no time exceed five percent of the shares,
33 undivided earnings and reserves of the credit union except
34 that this limit shall not apply to obligations of the fed-
35 eral government. The aggregate total of the investment

1 securities held by the credit union shall not exceed fifteen
2 percent of the shares, undivided earning and reserves of said
3 credit union.

4 Sec. 31. This Act is effective January 1, 1978.

5 EXPLANATION

6 This bill established a separate credit union department
7 in state government, and transfers regulation of credit un-
8 ions from the banking department. The credit union depart-
9 ment is directed by an administrator, a deputy administrator,
10 and a seven-member board appointed by the governor.

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21 FISCAL NOTE
22 SENATE FILE 137

Date Prepared May 12, 1977

23 Requested by Representative Chioldo
24 Prepared in regard to S.F. 137, Amendment H-4132, An Act
25 relating to the administration of the laws regulating financial
26 institutions, including banks, savings and loan associations,
27 credit union, and persons licensed under chapter 536 or 536A
of the Code. Following is the fiscal effect in dollars of the
legislative proposal as required by Joint Rule 16:

28 The cost of most of the personnel positions in the amendment are presently
29 funded in the budgets of several other state departments, therefore, a
30 transfer of funds would be necessary. The additional costs would not
31 exceed the requirements under Joint Rule 16 and, therefore, does not
require a fiscal note.

32 FILED
33 MAY 12, 1977

GERRY D. RANKIN
LEGISLATIVE FISCAL BUREAU

LSB 409S
rn/rh/8A

1 "from office for any of the causes, and in the manner, pro-
2 vided in chapter sixty-six (66) of the Code. Removal from
3 office shall not be in lieu of any other penalty provided
4 by law".

5 29. Page 35, lines 12 and 13, by striking the words
6 "governor and comptroller" and inserting in lieu thereof
7 the words "financial institutions board".

8 30. Page 35, line 17, by inserting after the word "chapters"
9 the words "five hundred thirty-three A (533A), five hundred
10 thirty-three B (533B)",.

11 31. Page 35, line 24, by striking the word "two" and inserting
12 in lieu thereof the words "one hundred".

13 32. Page 36, by striking lines 16 through 25 and inserting
14 in lieu thereof the following:

15 "The superintendent shall acquire good and sufficient bond
16 in a company authorized to do business in this state insuring
17 the faithful performance of assistants, examiners, and all
18 other employees of the department of supervised lenders and
19 insuring against any liability which may accrue in the case
20 of the loss of any property of a supervised lender, of a
21 customer of a supervised lender or of any other person,
22 in the course of any examination, investigation, or other
23 function required or allowed by the laws of this state."

24 33. Page 36, by striking lines 26 through 38 and inserting
25 in lieu thereof the following:

26 "NEW SECTION. EXPENSES OF THE DEPARTMENT. All expenses
27 required in the discharge of the duties and responsibilities
28 imposed upon the superintendent by the laws of this state shall
29 be paid from funds appropriated from the general fund of the
30 state. The superintendent shall pay all fees and other money
31 received by the superintendent to the treasurer of state within
32 the time required by section 12.10. The treasurer of state
33 shall deposit such funds in the general fund of the state.
34 Funds appropriated to the department of supervised lenders
35 shall be subject at all times to the warrant of the state
36 comptroller, drawn upon written requisition of the superin-
37 tendent or a designated representative, for the payment of
38 all salaries and other expenses necessary to carry out the
39 duties of the department of supervised lenders."

40 34. Page 36, by inserting after line 41, the following new
41 section:

42 "NEW SECTION. EMPLOYEE EXPENSES. The superintendent, and
43 when specifically authorized by the superintendent, the assis-
44 tants, examiners and other employees of the department, shall
45 be entitled to receive reimbursement for expenses incurred
46 while attending conventions, meetings, conferences, schools,
47 or seminars relating to the performance of their duties,
48 and such expenses shall be department expenses.

49 The superintendent shall account for receipts and dis-
50 bursements according to the separate duties imposed by

S-3646
Page 6

- 1 the laws of this state."
- 2 35. Page 37, line 31, by striking the word "chapter" and
- 3 inserting in lieu thereof the words "chapters five hundred
- 4 thirty-three A (533A), five hundred thirty-three B (533B) and".
- 5 36. Page 37, line 40, by striking the word "chapter"
- 6 and inserting in lieu thereof the words "chapters five hundred
- 7 thirty-three A (533A), five hundred thirty-three B (533B) or".
- 8 37. Page 38, line 38, by inserting after the word "chapters"
- 9 the words "five hundred thirty-three A (533A), five hundred
- 10 thirty-three B (533B),".
- 11 38. Page 39, line 1, by striking the word "chapter" and
- 12 inserting in lieu thereof the words "chapters five hundred
- 13 thirty-three A (533A), five hundred thirty-three B (533B),".
- 14 39. Page 39, line 14, by inserting after the word "chapters"
- 15 the words "five hundred thirty-three A (533A), five hundred
- 16 thirty-three B (533B),".

S-3646 FILED
MAY 17, 1977

Adopted as amended
by 36650 3673
5/18 (p. 1694)

BY CLOYD E. ROBINSON
JOHN S. MURRAY

SENATE FILE 137

S-3623

- 1 Amend the House amendment, S-3614, to Senate File
- 2 137 as follows:
- 3 1. Page 4, by inserting after line 6 the following:
- 4 "_____". Have authority to extend by rule the
- 5 provisions of chapter five hundred twenty-seven (527)
- 6 of the Code to lenders licensed under chapter five
- 7 hundred thirty-six A (536A) of the Code in order to
- 8 achieve uniformity between all departments;".

S-3623 FILED
MAY 17, 1977

Adopted 5/18/77 (1694) BY CLOYD E. ROBINSON

SENATE FILE 137

S-3625

1 Amend the House amendment, S-3614, to Senate
2 File 137 as follows:

3 1. Page 3, by striking line 50 through page 4,
4 line 3.

5 2. Page 4, by striking lines 7 through 9.

6 3. Page 4, by striking lines 30 through 32.

7 4. Page 8, by striking lines 2 through 11 and
8 inserting in lieu thereof the following:

9 "Sec. _____. Section five hundred twenty-four point
10 two hundred one (524.201), Code 1977, is amended by
11 adding the following new subsections:

12 NEW SUBSECTION. The superintendent may be removed
13 from office for any of the causes and in the manner
14 provided in chapter sixty-six (66) of the Code. Removal
15 from office shall not be in lieu of any other penalty
16 provided by law.

17 NEW SUBSECTION. The governor shall obtain the
18 advice of the financial institutions board with respect
19 to any appointee to a regular term or vacancy as
20 superintendent of banking."

21 5. Page 9, line 10, by inserting after the word
22 "office." the words "No person shall be appointed who
23 has not had at least five years credit union experience."

24 6. Page 9, by striking line 16 and inserting in
25 lieu thereof the words "subject to removal from office
26 for any of the causes, and in the manner, provided in
27 chapter sixty-six (66) of the Code. Removal from office
28 shall not be in lieu of any other penalty provided by law."

29 7. Page 9, lines 34 and 35, by striking the words
30 "governor and comptroller" and inserting in lieu thereof
31 the words "financial institutions board".

32 8. Page 10, by inserting after line 43, the
33 following new section:

34 "NEW SECTION. EMPLOYEE EXPENSES. The
35 superintendent, and when specifically authorized by the
36 superintendent, the assistants, examiners and other
37 employees of the department, shall be entitled to receive
38 reimbursement for expenses incurred while attending
39 conventions, meetings, conferences, schools, or seminars
40 relating to the performance of their duties, and such
41 expenses shall be department expenses."

42 9. Page 12, by striking lines 31 through 39 and
43 inserting in lieu thereof the words "or of the United
44 States."

45 10. Page 23, line 50, by inserting after the word
46 "office" the words ", and no person shall be appointed
47 who has not had at least five years experience in a
48 savings and loan association or in the regulation or
49 examination of savings and loan associations".

50 11. Page 24, lines 5 and 6, by striking the words

1 "at the pleasure of the governor" and inserting in
2 lieu thereof the words "from office for any of the
3 causes, and in the manner, provided in chapter sixty-
4 six (66) of the Code. Removal from office shall not
5 be in lieu of any other penalty provided by law".

6 12. Page 24, lines 24 and 25, by striking the
7 words "governor and comptroller" and inserting in lieu
8 thereof the words "financial institutions board".

9 13. Page 25, by inserting after line 8, the
10 following new section:

11 "NEW SECTION. EMPLOYEE EXPENSES. The
12 superintendent, and when specifically authorized by the
13 superintendent, the assistants, examiners and other
14 employees of the department, shall be entitled to
15 receive reimbursement for expenses incurred while
16 attending conventions, meetings, conferences, schools,
17 or seminars relating to the performance of their duties,
18 and such expenses shall be department expenses."

19 14. Page 34, line 38, by inserting after the word
20 "office" the words ", and no person shall be appointed
21 who has not had at least five years experience with a
22 supervised lender or in the regulation or examination
23 of supervised lenders".

24 15. Page 34, line 44, by striking the words "at
25 the pleasure of the governor" and inserting in lieu
26 thereof the words "from office for any of the causes,
27 and in the manner, provided in chapter sixty-six (66)
28 of the Code. Removal from office shall not be in lieu
29 of any other penalty provided by law".

30 16. Page 35, lines 12 and 13, by striking the words
31 "governor and comptroller" and inserting in lieu thereof
32 the words "financial institutions board".

33 17. Page 36, by inserting after line 41, the
34 following new section:

35 "NEW SECTION. EMPLOYEE EXPENSES. The
36 superintendent, and when specifically authorized by the
37 superintendent, the assistants, examiners and other
38 employees of the department, shall be entitled to receive
39 reimbursement for expenses incurred while attending
40 conventions, meetings, conferences, schools, or
41 seminars relating to the performance of their duties,
42 and such expenses shall be department expenses.

43 The superintendent shall account for receipts and
44 disbursements according to the separate duties imposed by
45 the laws of this state."

46 18. Page 39, by inserting after line 5, the following:

47 "Sec. _____. Section five hundred twenty-four point
48 two hundred eight (524.208), Code 1977, is amended by
49 striking the words "state banking board" wherever those
50 words appear in that section and inserting in lieu

1 thereof the words "financial institutions board".

SENATE FILE 137

S-3665

1 Amend Senate Amendment S-3646 to House Amendment
2 S-3614 to Senate File 137 as follows:
3 1. Page 1, by striking lines 3 through 5.
4 2. Page 1, by striking line 6 and inserting in
5 lieu thereof the following:
6 "2. Page 3, by striking line 50 through page 4,
7 line 3, and inserting in lieu thereof the following:
8 "5. Review administrative and internal operations
9 guidelines used within the departments and make
10 recommendations to encourage reasonable uniformity among
11 departments to the extent permitted by applicable law."
12 3. Page 1, by striking line 7.
13 4. Page 1, by striking line 8 and inserting in
14 lieu thereof the following:
15 "4. Page 4, line 32, by inserting after the
16 word "board" the words "without first holding a
17 public hearing and thereafter submitting to the
18 financial institutions board written findings and
19 conclusions in support of the proposed rule"."

S-3665 FILED & ADOPTED (p. 1694) BY JOHN S. MURRAY
MAY 18, 1977 CLOYD E. ROBINSON

SENATE FILE 137

S-3674

1 Amend the House amendment, S-3614, to Senate File
2 137 as follows:
3 1. Page 39, by inserting after line 8 the
4 following:
5 "Section 1. The persons who are serving on the
6 state banking board as of June 30, 1977, shall be
7 authorized to continue to serve as members of the
8 state banking board until January 1, 1978. Effective
9 January 1, 1978, the state banking board is abolished.
10 In the event of a vacancy on the state banking board
11 which occurs before January 1, 1978, the governor
12 may appoint a qualified person to serve as a member
13 of the state banking board until January 1, 1978.
14 Sec. 2. Section one (1) of this amendment shall
15 take effect July 1, 1977. All other sections of this
16 Act shall take effect January 1, 1978."
17 2. By renumbering sections and correcting internal
18 references as necessary.

S-3674 FILED & ADOPTED BY CLOYD ROBINSON
MAY 18, 1977 (p. 1695)

SENATE FILE 137

S-3672

1 Amend the Robinson-Murray amendment, S-3646, to
2 the House amendment, S-3614, to Senate File 137 as
3 follows:
4 1. Page 1, by inserting after line 7, the
5 following:
6 "_____. Page 4, line 21, by inserting after the
7 word "rule" the words ", including rules".
8 2. Page 6, by inserting after line 13, the
9 following:
10 "_____. Page 39, by inserting after line 8 the
11 following section:
12 "Sec. _____. This Act is effective January 1,
13 1978." "

S-3672 FILED & WITHDRAWN BY CLOYD E. ROBINSON
MAY 18, 1977

SENATE FILE 137

S-3673

1 Amend the Robinson-Murray amendment, S-3646, to
2 the House amendment, S-3614, to Senate File 137 as
3 follows:
4 1. Page 1, by inserting after line 7, the
5 following:
6 "_____. Page 4, line 21, by inserting after the
7 word "rule" the words ", including rules".

S-3673 FILED & ADOPTED BY CLOYD E. ROBINSON
MAY 18, 1977 (p. 1694)

House Amendment to Senate File 137

S-3614

1 Amend Senate File 137, as amended and passed by
2 the Senate as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 DIVISION I

6 Section 1. NEW SECTION. DEFINITIONS. As used
7 in this division, unless the context otherwise
8 requires:

9 1. "Board" means the financial institutions board
10 created by section two (2) of this Act.

11 2. "Department" means and includes the department
12 of banking, the department of credit unions, the
13 department of savings and loan associations, and the
14 department of supervised lenders.

15 3. "General counsel" means the person appointed
16 under section nine (9) of this Act.

17 4. "Superintendent" means and includes the
18 superintendent of banking, the superintendent of
19 credit unions, the superintendent of savings and loan
20 associations, and the superintendent of supervised
21 lenders.

22 5. "Supervised lender" means a person licensed
23 under chapter five hundred thirty-six (536) or five
24 hundred thirty-six A (536A) of the Code.

25 Sec. 2. NEW SECTION. FINANCIAL INSTITUTIONS
26 BOARD.

27 1. There is created a financial institutions board
28 which shall consist of seven members, not more than
29 four of whom shall be of the same political party.
30 Members of the financial institutions board shall
31 be appointed by the governor, subject to confirmation
32 by the Senate. The membership of the financial
33 institutions board shall be chosen from various
34 sections of the state and according to the following
35 provisions:

36 a. One member shall be an executive officer of
37 a state bank;

38 b. One member shall be an executive officer of
39 a savings and loan association organized under Iowa
40 law;

41 c. One member shall be either a director or a
42 manager of a credit union organized under Iowa law.

43 d. One member shall be an executive officer of
44 a lender licensed under chapters five hundred thirty-
45 six (536) or five hundred thirty-six A (536A) of the
46 Code; and

47 e. Three members shall be residents of the state
48 who are not directly affiliated with any bank, savings
49 and loan association, credit union, or lender licensed
50 under chapters five hundred thirty-six (536) or five

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Page 2

1 hundred thirty-six A (536A) of the Code. A person
2 who by reason of having an account with any of the
3 regulated institutions, thereby having ownership in
4 that institution because of that account, shall not
5 be considered directly affiliated to that institution
6 in which such an account is held.

7 2. Members of the financial institutions board
8 shall serve terms of four years, commencing July first
9 of the year of appointment and until a successor has
10 been appointed. The governor shall appoint initial
11 members of the board for irregular terms commencing
12 July 1, 1977 as follows:

13 a. The bank officer shall be appointed for a term
14 ending June 30, 1981; and

15 b. The savings and loan association officer shall
16 be appointed for a term ending June 30, 1980; and

17 c. The credit union member shall be appointed
18 for a term term ending June 30, 1979; and

19 d. The chapter five hundred thirty-six (536) or
20 five hundred thirty-six A (536A) licensee member shall
21 be appointed for a term ending June 30, 1978; and

22 e. The remaining members shall be appointed for
23 terms ending June thirtieth of the years 1981, 1980
24 and 1979, respectively.

25 Upon the expiration of the initial terms,
26 appointments shall be made for regular four-year
27 terms.

28 3. The members of the financial institutions board
29 shall select one of their public members to serve
30 as chairperson of the board for a two-year term.
31 The chairperson shall preside at meetings of the
32 board, except as the rules of the board otherwise
33 may provide.

34 4. Four members of the financial institutions
35 board shall constitute a quorum for the transaction
36 of business; provided that the affirmative vote of
37 a majority of the full membership of the board is
38 required to take any substantive action. All members
39 of the board shall have the right to vote on any
40 matter within the jurisdiction of the board.

41 5. A member of the financial institutions board
42 shall be allowed actual and necessary expenses incurred
43 in the performance of duties, and in lieu of salary
44 shall receive a per diem of forty dollars each day
45 in which engaged in official duties.

46 6. A member of the financial institutions board
47 may be removed from office for any of the causes and
48 in the manner provided in chapter sixty-six (66) of
49 the Code. Removal from office shall not be in lieu
50 of any other penalty provided by law.

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Page 3

1 7. Any vacancy on the board which occurs when
2 the general assembly is not in session shall be filled
3 by appointment by the governor, which appointment
4 shall expire at the end of thirty days following the
5 convening of the next session of the general assembly.
6 Prior to the expiration of the thirty-day period,
7 the governor shall transmit to the senate for its
8 approval the name of the appointee for the unexpired
9 portion of the regular term. Any vacancy occurring
10 when the general assembly is in session shall be
11 filled in the same manner as regular appointments
12 are made, and before the end of the session, and for
13 the unexpired portion of the regular term.

14 Sec. 3. NEW SECTION. BOARD MEETINGS. The
15 financial institutions board shall meet regularly
16 once each month; and in addition shall meet at the
17 call of its chairperson, upon not less than two days'
18 notice. Upon the written request of any two board
19 members, or upon the written request of the
20 superintendent of banking, or the superintendent of
21 savings and loan associations, or the superintendent
22 of credit unions, or the superintendent of supervised
23 lenders, a meeting of the financial institutions board
24 shall be called, upon not less than two days' notice.

25 Sec. 4. NEW SECTION. DEPARTMENTS SUBJECT TO
26 BOARD. The financial institutions board shall have
27 the authority conferred by this chapter with respect
28 to the department of banking, the department of credit
29 unions, the department of savings and loan
30 associations, and the department of supervised lenders.

31 Sec. 5. NEW SECTION. DUTIES OF BOARD. The
32 financial institutions board shall:

33 1. Act with each superintendent in an advisory
34 capacity, either upon the request of a superintendent
35 or upon its own motion, concerning laws which the
36 superintendent is charged to administer;

37 2. Review all existing or proposed rules of a
38 superintendent which are required to be promulgated
39 under chapter seventeen A (17A) of the Code by any
40 law of this state which a superintendent has the duty
41 to administer;

42 3. Promulgate rules, subject to chapter seventeen
43 A (17A) of the Code, relating to the exercise of the
44 powers and duties of the financial institutions board;

45 4. Review the budget of each superintendent prior
46 to the submission of the budget to the governor and
47 the general assembly, and make recommendations to
48 the governor and the general assembly respecting each
49 budget;

50 5. Accomplish and maintain uniformity, to the

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- 1 extent permitted by applicable laws, in the
2 administrative and internal operations guidelines
3 used within the departments;
4 6. Establish and maintain uniformity in the
5 application of chapters five hundred twenty-seven
6 (527) and five hundred thirty-seven (537) of the Code;
7 7. Submit legislative proposals to the general
8 assembly, and review any legislative proposal
9 recommended by the superintendent of the department;
10 and
11 8. Exercise any other duties established in the
12 financial institutions board by law.

13 Sec. 6. NEW SECTION. AUTHORITY OVER DEPARTMENTAL
14 ACTIONS.

15 1. The financial institutions board is empowered
16 to exercise the following specific powers with respect
17 to actions of the superintendent of banking, the
18 superintendent of savings and loan associations, the
19 superintendent of credit unions, and the superintendent
20 of supervised lenders:

21 a. To disapprove any proposed administrative rule
22 relating to the administration of chapter five hundred
23 twenty-seven (527) of the Code, if the board determines
24 that the rule would be inconsistent with other
25 departmental rules promulgated under the authority
26 of that chapter.

27 b. To make recommendations to the governor and
28 to the general assembly with respect to the budget
29 proposal of a department.

30 2. A superintendent shall not promulgate any rule
31 which has been disapproved by the financial
32 institutions board.

33 Sec. 7. NEW SECTION. COSTS OF ADMINISTRATION.

34 1. All expenses incurred in the administration
35 of this chapter shall be paid from appropriations.
36 The state comptroller shall draw warrants on the
37 treasurer of state for all disbursements authorized
38 by the provisions of this chapter upon itemized and
39 verified vouchers bearing the approval of the executive
40 secretary of the financial institutions board.

41 2. Expenses incurred in the administration of
42 this chapter shall be certified annually by the
43 treasurer of state to the respective superintendents,
44 and shall be assessed by the respective superinten-
45 dents against financial institutions as follows:

46 a. Twenty-five percent of the expenses shall be
47 expenses of administering chapter five hundred twenty-
48 four (524) of the Code, and shall be assessed against
49 state banks by the superintendent of banking in the
50 same manner as other general administration expenses:

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1 of the department of banking are assessed under section
2 five hundred twenty-four point two hundred nineteen
3 [524.219] of the Code.

4 b. Twenty-five percent of the expenses shall be
5 expenses of administering chapter five hundred thirty-
6 three [533] of the Code, and shall be assessed against
7 credit unions by the superintendent of credit unions
8 in the same manner as other general administration
9 expenses of the department of credit unions are
10 assessed under section twenty [20] of this Act.

11 c. Twenty-five percent of the expenses shall be
12 expenses of administering chapter five hundred thirty-
13 four [534] of the Code, and shall be assessed against
14 savings and loan associations by the superintendent
15 of savings and loan associations in the same manner
16 as other general administration expenses of the
17 department of savings and loan association are assessed
18 under section five hundred thirty-four point sixty-
19 one [534.61] of the Code.

20 d. Twenty-five percent of the expenses shall be
21 expenses of administering chapters five hundred thirty-
22 six [536] and five hundred thirty-six A [536A] of
23 the Code, and shall be assessed against supervised
24 lenders by the superintendent of supervised lenders
25 in the same manner as other general administration
26 expenses of the department of supervised lenders are
27 assessed under sections five hundred thirty-six point
28 ten [536.10] and five hundred thirty-six A point
29 twelve [536A.12] of the Code.

30 3. Notwithstanding any provision of chapters five
31 hundred twenty-four [524], five hundred thirty-three
32 [533], five hundred thirty-four [534], five hundred
33 thirty-six [536], or five hundred thirty-six A [536A]
34 of the Code to the contrary, amounts received by a
35 superintendent which represent payment of the
36 assessments imposed by this section shall be credited
37 to the general fund, and not to any revolving fund
38 or other departmental account.

39 Sec. 8. NEW SECTION. EXECUTIVE SECRETARY--
40 ASSISTANCE FROM DEPARTMENTS.

41 1. The financial institutions board shall employ
42 an executive secretary who shall hold office during
43 the pleasure of the board, and who shall perform such
44 duties as may be required by the financial institutions
45 board. The executive secretary shall receive a salary
46 as determined by the merit employment department,
47 and shall be reimbursed for actual and necessary
48 expenses incurred in the performance of official
49 duties. The executive secretary shall be employed
50 full-time and shall not be an officer or director

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1 of, or otherwise be affiliated with, any bank, credit
2 union, savings and loan association, or supervised
3 lender.

4 2. The executive secretary shall keep a complete
5 record of the proceedings of the financial institutions
6 board.

7 3. Except as provided in section nine (9) of this
8 Act, the financial institutions board shall not employ
9 other personnel. The financial institutions board
10 may request that the superintendent of banking, the
11 superintendent of credit unions, the superintendent
12 of savings and loan associations, or the superintendent
13 of supervised lenders make personnel of their
14 departments available from time to time to assist
15 the board, and each superintendent shall make per-
16 sonnel available except when such would result in
17 the neglect of other duties of the department.

18 Sec. 9. NEW SECTION. GENERAL COUNSEL.

19 1. Within sixty days after the effective date
20 of this Act, the financial institutions board shall
21 appoint an attorney who is licensed to practice in
22 this state as general counsel for a term ending June
23 30, 1981, and until a successor is appointed.
24 Effective July 1, 1981 and every fourth year thereafter
25 a general counsel shall be appointed for a term of
26 four years and until a successor is appointed. A
27 vacancy in the office of general counsel shall be
28 filled for the unexpired term in the same manner as
29 original appointments.

30 2. The financial institutions board shall obtain
31 the advice and consent of the respective
32 superintendents of the departments of banking, credit
33 unions, savings and loan associations and supervised
34 lenders with respect to all applicants for the office
35 of general counsel. Applications for the office shall
36 be received, upon reasonable publication of notice
37 of a vacancy, for a period of thirty days before final
38 consideration is given to applicants.

39 3. The general counsel shall receive a salary
40 of thirty-five thousand dollars per year, unless
41 otherwise provided by the general assembly, and shall
42 be reimbursed for actual and necessary expenses
43 reasonably incurred in the performance of official
44 duties.

45 4. The general counsel shall devote full time
46 to the duties of office, and shall not be a member
47 of any political committee or contribute to any
48 political campaign fund or take any part in political
49 campaigns or be a candidate for any political office.

50 5. The financial institutions board may remove

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1 the general counsel for any malfeasance or nonfeasance
2 in office, or for any cause which renders the person
3 ineligible for appointment, or incapable or unfit
4 to discharge the duties of office, and findings of
5 the board with respect to removal of the general
6 counsel shall be conclusive.

7 Sec. 10 NEW SECTION. DUTIES OF GENERAL COUNSEL.

8 The general counsel shall have the following duties:

9 1. To act as attorney for, and legal advisor of,
10 the financial institutions board and the departments
11 of banking, credit unions, savings and loan
12 associations and supervised lenders;

13 2. To investigate as directed by the board or
14 any superintendent the legality of any acts or
15 practices of a bank, credit union, savings and loan
16 association or supervised lender, and to institute
17 civil proceedings before any superintendent or any
18 court to obtain compliance by any such financial
19 institution with the laws of this state which the
20 superintendent is charged with enforcing; and

21 3. To appear for the board or any department in
22 all actions instituted in any state or federal court
23 which involves the validity of any rule or order of
24 a superintendent, and prosecute in any state or federal
25 court in the name of the state all actions necessary
26 to enforce or to restrain the violation of any rule
27 or order of a superintendent.

28 Sec. 11. NEW SECTION. OFFICE--ASSISTANTS--
29 EXPENSES. The office of general counsel shall be
30 at the seat of state government. The general counsel
31 shall be given access to all files, records, and
32 documents in the custody of any department. The
33 general counsel may employ one confidential secretary,
34 but shall not employ other assistants. Each
35 superintendent shall make available to the general
36 counsel from time to time such assistants as the
37 general counsel may require in fulfilling the duties
38 of counsel to the respective departments or to the
39 board. All salaries and expenses of the office of
40 general counsel shall be costs of administering this
41 chapter, and shall be paid, certified and assessed
42 as provided in section seven (7) of this Act.

43 DIVISION II.

44 Sec. 12. Section five hundred twenty-four point
45 one hundred three (524.103), Code 1977, is amended
46 by adding the following new subsections:

47 NEW SUBSECTION. "Financial institutions board"
48 means the board created under section two (2) of this
49 Act.

50 NEW SUBSECTION. "General counsel" means the person

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1 appointed under section nine (9) of this Act.

2 Sec. 13. Section five hundred twenty-four point
3 two hundred one (524.201], Code 1977, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. The governor shall obtain the
6 advice of the financial institutions board with respect
7 to any appointee to a regular term or vacancy as
8 superintendent of banking.

9 Sec. 14. Section five hundred twenty-four point
10 two hundred two (524.202], Code 1977, is amended to
11 read as follows:

12 524.202 SUPERINTENDENT--SALARY. The superintendent
13 shall receive a salary to be fixed by the state-banking
14 financial institutions board. The superintendent
15 shall be entitled to receive reimbursement for expenses
16 incurred in the performance of his duties, subject
17 to the provisions of section 524.209.

18 Sec. 15. Section five hundred twenty-four point
19 two hundred four (524.204], subsection three (3],
20 Code 1977, is amended to read as follows:

21 3. The deputy superintendent shall receive a
22 salary to be fixed by the ~~state-banking~~ financial
23 institutions board. The deputy superintendent shall
24 be entitled to receive reimbursement for expenses
25 incurred in the performance of his duties, subject
26 to the provisions of section 524.209.

27 Sec. 16. Section five hundred twenty-four point
28 two hundred five (524.205], Code 1977, is amended
29 by striking the section and inserting in lieu thereof
30 the following:

31 524.205 FINANCIAL INSTITUTIONS BOARD--GENERAL
32 COUNSEL.

33 1. The financial institutions board shall act
34 with the superintendent in an advisory capacity
35 concerning the administration of this chapter, and
36 shall have other duties as provided in division one
37 (I) of this Act.

38 2. The general counsel shall act with the
39 superintendent in an advisory capacity concerning
40 the administration of this chapter, and shall have
41 other duties as provided in division one (I) of this
42 Act.

43 DIVISION III

44 Sec. 17. Chapter five hundred thirty-three (533),
45 Code 1977, is amended by adding the following new
46 sections:

47 NEW SECTION. DEPARTMENT OF CREDIT UNIONS. There
48 is created the department of credit unions which shall
49 be the office of the superintendent, and shall include
50 other personnel employed in the discharge of the

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1 duties and responsibilities imposed upon the
2 superintendent by the laws of this state.

3 NEW SECTION. SUPERINTENDENT OF CREDIT UNIONS.

4 1. APPOINTMENT. The governor shall appoint,
5 subject to the approval of at least two-thirds of
6 the members of the senate, for an irregular term
7 ending June 30, 1980, and for each four-year period
8 thereafter, a superintendent of credit unions. An
9 appointee shall be selected solely with regard to
10 qualifications and fitness for office. The
11 superintendent shall hold office at the seat of
12 government.

13 2. TERM--REMOVAL--VACANCY. The regular term of
14 office of the superintendent shall be four years from
15 the first day of July of the year of his appointment,
16 subject to removal at the pleasure of the governor.
17 A vacancy in the office of superintendent occurring
18 while the general assembly is not in session shall
19 be filled by appointment by the governor, which
20 appointment shall expire at the end of thirty days
21 from the time the general assembly next convenes.
22 Prior to the expiration of that thirty days the
23 governor shall transmit to the senate for confirmation
24 an appointment for the unexpired portion of the regular
25 term. A vacancy occurring during a session of the
26 general assembly shall be filled as regular
27 appointments are made and before the end of the session
28 and for the unexpired portion of the regular term.

29 3. The governor shall obtain the advice of the
30 financial institutions board with respect to any
31 appointee to a regular term or vacancy as
32 superintendent.

33 4. SALARY AND EXPENSES. The superintendent shall
34 receive a salary to be fixed by the governor and
35 comptroller, and shall be reimbursed for actual and
36 necessary expenses incurred in the performance of
37 duties.

38 5. BOND AND OATH. The superintendent, upon
39 appointment, shall give bond to the state, signed
40 by a responsible surety company, in the penal sum
41 of two thousand dollars, conditioned upon faithful
42 and impartial discharge of his duties, and upon proper
43 accounting for all funds and other valuables which
44 may come into his hands. The superintendent shall
45 take an oath of office, and the bond and oath shall
46 be approved by and filed with the governor. The cost
47 of the bond shall be paid by the department as an
48 expense.

49 NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT.
50 The superintendent shall make an annual report in

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1 writing to the financial institutions board and to
2 the general assembly. A copy of the report shall
3 be furnished by the superintendent at cost to each
4 credit union or other person on request. The annual
5 report shall contain:

6 1. A summary of applications approved or denied
7 by the superintendent since the last report.

8 2. A summary of the assets, liabilities and capital
9 structure of all credit unions as of December thirty-
10 first of the year for which the report is made.

11 3. A statement of the receipts and disbursements
12 of the department during the calendar year ending
13 the preceding December thirty-first, and of the funds
14 on hand on that date.

15 4. Information which the superintendent may deem
16 appropriate and advisable to disclose.

17 5. Information which the financial institutions
18 board may require to be included.

19 NEW SECTION. PERSONNEL. The superintendent may
20 employ, subject to the approval of the governor and
21 state comptroller, assistants, examiners and other
22 personnel necessary for the proper execution of duties
23 and responsibilities. Chapter nineteen A (19A) of
24 the Code shall apply to all department personnel
25 except the superintendent and his or secretary. The
26 salary of the secretary shall be fixed by the
27 superintendent. Examiners' salaries shall be
28 commensurate with those of national credit union
29 administration examiners having similar duties.
30 Department personnel shall be reimbursed for the
31 actual and necessary expenses incurred by them in
32 the performance of their duties. All salaries and
33 reimbursements shall be department expenses.

34 Before engaging in official duties each examiner
35 shall take an oath of office and shall give bond to
36 the state, signed by a responsible surety company,
37 in the penal sum of two thousand dollars, conditioned
38 upon faithful and impartial discharge of duties and
39 upon proper accounting for all funds and other
40 valuables which may come into his or her hands. Each
41 bond and oath shall be approved by and filed with
42 the superintendent. The cost of bonds shall be paid
43 by the department as an expense.

44 NEW SECTION. EXPENSES OF THE DEPARTMENT. All
45 expenses incurred by the department shall be paid
46 from appropriations. All fees shall be payable to
47 the superintendent who shall pay all fees and other
48 money received by him to the treasurer of state within
49 the time required by section twelve point ten (12.10)
50 of the Code. The treasurer shall hold the funds in

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1 an account in the name of the department for the
2 payment of the expenses of the department. The account
3 at all times shall be subject to the warrant of the
4 state comptroller, drawn upon the written request
5 of the superintendent, for the payment of expenses
6 of the department.

7 The superintendent shall account for receipts and
8 disbursements according to the separate duties imposed
9 upon him by the laws of this state.

10 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
11 COUNSEL.

12 1. The financial institutions board shall act
13 with the superintendent in an advisory capacity
14 concerning the administration of this chapter, and
15 shall have other duties as provided in division one
16 (I) of this Act.

17 2. The general counsel shall act with the
18 superintendent in an advisory capacity concerning
19 the administration of this chapter, and shall have
20 other duties as provided in division one (I) of this
21 Act.

22 NEW SECTION. SUBPOENA--CONTEMPT.

23 1. The superintendent, and upon the approval of
24 the superintendent, any assistant or examiner shall
25 have the power to subpoena witnesses, to compel their
26 attendance, to administer oaths, to examine any person
27 under oath and to require the production of relevant
28 books or papers. The examination may be conducted
29 on any subject relating to the duties imposed upon,
30 or powers vested in, the superintendent under the
31 provisions of this Act.

32 2. When a person subpoenaed pursuant to subsection
33 one (1) of this section neglects or refuses to obey
34 the terms of the subpoena, or to produce books or
35 papers or to give testimony, as required, the
36 superintendent may apply to the district court of
37 Polk county for the enforcement of the subpoena or
38 for the issuance of an order compelling compliance
39 as the court directs.

40 3. The refusal without reasonable cause of a
41 person to obey an order of the district court, issued
42 pursuant to subsection two (2) of this section, shall
43 be considered contempt of court.

44 NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT.
45 Records of the credit union department are public
46 records subject to the provisions of chapter sixty-
47 eight A (68A) of the Code, except that papers,
48 documents, reports, reports of examinations and other
49 writings relating specifically to the supervision
50 and regulation of a specific credit union or persons

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1 by the superintendent pursuant to the laws of this
2 state are not public records and shall not be open
3 for examination or copying by the public or for
4 examination or publication by the news media.

5 The superintendent and all employees and deputies
6 may give information secured from or about credit
7 unions to the Iowa credit union league and its
8 affiliates. The superintendent may provide information
9 regarding credit unions to the administrator of any
10 share insurance corporation including the national
11 credit union administration, for the purpose of
12 availability of the national credit union insurance
13 fund to the credit unions.

14 The superintendent or other employees of the
15 department shall not be subpoenaed in any cause or
16 proceeding to give testimony concerning information
17 relating to the supervision and regulation of a
18 specific credit union or persons by the superintendent
19 pursuant to the laws of this state, nor shall the
20 records of the credit union department which relate
21 to the supervision and regulation of a specific credit
22 union or persons be offered in evidence in a court
23 or subject to subpoena by a party except where
24 relevant:

25 1. In actions or proceedings brought by the
26 superintendent.

27 2. In matters in which an interested and proper
28 party seeks review of a decision of the superintendent.

29 3. In actions or proceedings which arise out of
30 the criminal provisions of the laws of this state
31 or of the United States. The superintendent may give
32 information secured from or about credit unions to
33 the Iowa Credit Union League and its affiliates.
34 The superintendent may provide information regarding
35 credit unions to the administrator of any share
36 insurance corporation including the National Credit
37 Union Administration, for the purpose of availability
38 of the national credit union insurance fund to the
39 credit unions.

40 4. In actions brought as shareholder derivative
41 suits against a credit union.

42 5. In actions brought to recover moneys or to
43 recover upon an indemnity bond for embezzlement,
44 misappropriation or misuse of credit union funds.

45 NEW SECTION. CONFLICTS PROHIBITED. The
46 superintendent and employees of the department shall
47 not be members of nor have any business dealings with
48 a credit union. Credit unions shall not accept moneys
49 for deposit and shall not have any Business transaction
50 with the superintendent or an employee of the credit

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1 union department. If a person willfully receives
2 or accepts a deposit or undertakes to establish a
3 business dealing contrary to this section, upon
4 conviction that person shall be guilty of a serious
5 misdemeanor, and shall be permanently disqualified
6 from acting as an officer, director or employee of
7 a state chartered credit union and permanently
8 disqualified from acting as superintendent or employee
9 of the state credit union department.

10 Sec. 18. Section five hundred thirty-three point
11 one (533.1), unnumbered paragraphs two (2) and three
12 (3), and subsections three (3) through seven (7),
13 Code 1977, are amended to read as follows:

14 ADMINISTRATION. The superintendent ~~of-banking~~
15 shall be charged with the execution of the laws of
16 this state relating to credit unions.

17 ORGANIZATION. Any seven residents of the state
18 of Iowa may apply to the superintendent ~~of-banking~~
19 for permission to organize a credit union.

20 3. The articles and the bylaws, both executed
21 in duplicate, shall be forwarded with a fee of ten
22 dollars to the superintendent ~~of-banking~~.

23 4. The superintendent shall, within thirty days
24 of the receipt of said articles and bylaws, determine
25 whether they conform with the provisions of this
26 chapter, and whether or not the organization of the
27 credit union in question would benefit the its members
28 ~~of-it~~ and be consistent with the purposes of this
29 chapter.

30 5. The superintendent shall thereupon notify the
31 applicants of his or her decision. If ~~it~~ the decision
32 is favorable he the superintendent shall issue a
33 certificate of approval, which shall be attached to
34 the duplicate articles of incorporation and the
35 superintendent shall return the same, together with
36 the duplicate bylaws to the applicants.

37 6. The applicants shall thereupon file ~~the-said~~
38 this duplicate of the articles of incorporation, ~~with~~
39 and the attached certificate of approval attached
40 ~~thereto~~, with the county recorder of the county within
41 which the credit union is to ~~do~~ have its principal
42 place of business, who. The county recorder shall
43 record and index the same and return it, with his
44 or her certificate of record attached ~~thereto~~, to
45 ~~the said~~ superintendent ~~of-banking~~ for permanent
46 record.

47 7. The applicants shall thereupon become and be
48 a credit union, incorporated in accordance with the
49 provisions of this chapter.

50 In order to simplify the organization of credit

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1 unions, the superintendent of banking, upon the taking
2 effect of this chapter, or as seen thereafter as
3 sufficient fees shall have accumulated to liquidate
4 the cost of same, shall cause to be prepared an
5 approved form of articles of incorporation and a form
6 of bylaws, consistent with this chapter which may
7 be used by credit union incorporators for their
8 guidance, and on written application of any seven
9 residents of the state, shall supply them without
10 charge with blank articles of incorporation and a
11 copy of said this form of suggested bylaws.

12 Sec. 19. Section five hundred thirty-three point
13 four (533.4), subsection five (5), paragraph e, and
14 subsection thirteen (13), Code 1977, are amended to
15 read as follows:

16 e. Purchase of notes of liquidating credit unions
17 with the approval of the superintendent of banking.

18 13. Upon the approval of the superintendent of
19 banking, serve an employee group having an insufficient
20 number of members to form or conduct the affairs of
21 a separate credit union. There shall be no requirement
22 for the existence of a common bond relationship between
23 the said small employee group and the credit union
24 effecting such service.

25 Sec. 20. Section five hundred thirty-three point
26 six (533.6), Code 1977, is amended to read as follows:

27 533.6 REPORTS--EXAMINATIONS.

28 1. Credit unions organized under this chapter
29 shall report annually on or before the first day of
30 February to the superintendent of banking annually
31 on or before the first day of February on blanks
32 supplied by him the superintendent for that purpose.
33 Additional reports may be required. If any report
34 remains in arrears for more than five days, a fine
35 of five dollars for each day such report remains in
36 arrears may be levied against such the offending
37 credit union in addition to the fine for failure to
38 pay the annual fee. If such report is not returned
39 within thirty days of the due date, the superintendent
40 of banking may, after written notice to the president
41 of such the credit union of his intention to do so,
42 suspend or revoke the certificate of approval, take
43 possession of the business and property of such credit
44 union, and order its dissolution.

45 2. The superintendent of banking shall annually
46 examine, or cause to be examined, each credit union
47 annually. Each credit union and all of its officers
48 and agents shall give to the representatives of said
49 the superintendent free access to all books, papers,
50 securities, records and other sources of information

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1 under their control, ~~and for the purposes of such~~
2 ~~examination said representatives shall have the power~~
3 ~~to subpoena witnesses, administer oaths, compel the~~
4 ~~giving of testimony, and require the submission of~~
5 documents. A report of such examination shall be
6 forwarded to the president chairperson of each credit
7 union within thirty days after the completion of the
8 examination. Within thirty days of the receipt of
9 ~~such this~~ report, a meeting of the directors shall
10 be called to consider matters contained in the report
11 and the action taken shall be set forth in the minutes
12 of the board. ~~The superintendent may furnish to the~~
13 ~~administrator or any other official of the national~~
14 ~~credit union administration any information or report~~
15 ~~relating to examinations and reports of the status~~
16 ~~of any state credit union insured by the national~~
17 ~~credit union administration.~~ The superintendent of
18 banking may accept, in lieu of the annual examination
19 of a credit union, an audit report conducted by a
20 certified public accounting firm selected from a list
21 of firms previously approved by the superintendent
22 ~~of banking.~~ The cost of the audit shall be paid by
23 the credit union.

24 3. The superintendent ~~of banking~~ may require any
25 credit union, whose records are inadequate or whose
26 books have not been balanced as of the end of the
27 month not less than thirty days previously or whose
28 affairs are in an unfavorable condition, to submit
29 to an additional examination each year.

30 4. ~~Each credit union shall pay to the~~
31 ~~superintendent of banking a fee for making~~
32 ~~examinations, based on the actual cost of the operation~~
33 ~~of the credit union division of the department of~~
34 ~~banking and the proportionate share of administrative~~
35 ~~expenses in the operation of the department of banking,~~
36 ~~attributable to credit unions, to be determined by~~
37 ~~the superintendent of banking, in accordance with~~
38 ~~chapter 17A.~~

39 4. At the time of filing its annual report each
40 credit union shall pay an annual filing fee, which
41 shall be based on the actual costs and administrative
42 expenses in the operation of the department, as
43 determined by the superintendent. The fee shall be
44 established by the superintendent by rule pursuant
45 to chapter seventeen A (17A) of the Code, and may
46 not be changed more frequently than annually, and
47 when changed shall be effective on January first of
48 the year following the year in which the change was
49 adopted.

50 The superintendent shall assess against each credit

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1 union the actual and necessary expenses incidental
2 to any examination made pursuant to an order under
3 authority of this chapter. Upon completion, the
4 examiner in charge shall render a bill for the fee,
5 in triplicate, and shall deliver one copy to the
6 credit union and one copy to the superintendent.
7 Failure to pay the fee to the superintendent within
8 ten days after the date of receipt of the bill shall
9 subject the credit union to an additional fee equal
10 to five percent of the amount of the fee for each
11 day the payment is delinquent.

12 Failure of a credit union to pay an annual filing
13 fee or examination fee shall result in a penalty of
14 five dollars per day, or for any part of a day, during
15 which the credit union is delinquent, and may be the
16 grounds for revocation of the charter of the credit
17 union which failed to make payment.

18 5. If it shall appear that any credit union is
19 insolvent or that it has violated any of the provisions
20 of this chapter, the superintendent of banking may,
21 after a hearing or ~~giving~~ after an opportunity for
22 a hearing is given, order ~~such~~ that credit union to
23 correct ~~such~~ the condition and. The superintendent
24 shall grant ~~to~~ the credit union not less than sixty
25 days within which to comply and ~~failure so~~ with the
26 order. Failure to ~~de~~ comply shall afford the ~~said~~
27 superintendent grounds to revoke the certificate of
28 approval and shall afford the superintendent the
29 authority to apply to the district court of the
30 district in which ~~such~~ this credit union is located
31 for the appointment of a receiver for the credit
32 union. The district court shall appoint the
33 superintendent as receiver unless the superintendent
34 has tendered the appointment to the administrator
35 of the national credit union administration. The
36 administrator as receiver shall possess the rights,
37 powers, and privileges granted by state law to a
38 receiver of a state credit union. Neither the
39 superintendent nor the administrator shall be required
40 to furnish bond as receiver of a state credit union.

41 Sec. 21. Section five hundred thirty-three point
42 twenty [533.20], Code 1977, is amended to read as
43 follows:

44 533.20 VOLUNTARY DISSOLUTION. The process of
45 voluntary dissolution shall be as follows:

46 1. At a special meeting called for ~~the~~ that
47 purpose, ~~notice of which purpose must be contained~~
48 ~~in the call,~~ a credit union may dissolve upon the
49 affirmative vote of a majority of its members eligible
50 to vote at the special meeting. Notice of the

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1 meeting's purpose shall be contained in the meet-
2 ing's notice. Any member eligible to vote and not
3 present at the meeting may, within twenty days after
4 the date on which the meeting was held, vote in favor
5 of dissolution by signing a statement in the form
6 approved by the superintendent ~~of banking and the~~.
7 This vote shall have the same force and effect as
8 if cast at the meeting.

9 2. The credit union shall cease to do business
10 except for the purposes of liquidation immediately
11 upon the giving of notice of the special meeting of
12 ~~the~~ called for the members to vote on dissolution
13 ~~and the~~. The board of directors shall immediately
14 notify the superintendent ~~of banking~~ of the intention
15 of the credit union to dissolve. The credit union
16 shall not resume its regular business unless the
17 dissolution fails to receive the required vote of
18 the members or unless the members shall have revoked
19 prior affirmative action to dissolve as provided for
20 in subsection 4 of this section.

21 3. The board of directors shall have power to
22 terminate and settle the affairs of a credit union
23 in voluntary dissolution. The credit union shall
24 continue in existence for the purpose of discharging
25 its liabilities, collecting and distributing its
26 assets, and doing all acts required in order to
27 terminate its affairs. The credit union may sue and
28 be sued for the purpose of enforcing such liabilities
29 and for the purpose of collecting its assets until
30 its affairs are fully settled. During the course
31 of dissolution proceedings, the credit union shall
32 make such reports and shall be subject to such
33 examinations as the superintendent ~~of banking~~ may
34 require. If at any time, after the affirmative vote
35 of a majority of the members of a credit union to
36 dissolve the credit union, the superintendent of
37 ~~banking~~ finds that the credit union is not making
38 reasonable progress toward terminating its affairs
39 or finds that the credit union is insolvent, he the
40 superintendent may apply to the district court for
41 a an appointment of a receiver to be appointed to
42 terminate the affairs of the credit union.

43 4. ~~A credit union may, at~~ At any time prior to
44 any distribution of its assets, a credit union may
45 revoke the voluntary dissolution proceedings upon
46 by the affirmative vote of a majority of its members
47 eligible to vote. This vote, if taken, shall be at
48 a special meeting called for that purpose in the
49 manner prescribed by the bylaws. The board of
50 directors shall immediately notify the superintendent

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1 ~~of Banking~~ of any such action to revoke voluntary
2 dissolution proceedings.

3 5. Upon such proof as is satisfactory to the
4 superintendent ~~of Banking~~ that all assets have been
5 liquidated from which there is a reasonable expectance
6 of realization, that the liabilities of the credit
7 union have been discharged and distribution made to
8 its members, and that the liquidation has been
9 completed, the superintendent ~~of Banking~~ shall issue
10 a certificate of dissolution, which certificate shall
11 be filed and recorded in the county in which the
12 credit union has its principal place of business and
13 in the county in which its original articles of
14 incorporation were filed and recorded. Upon the
15 issuance of a certificate of dissolution, the existence
16 of the credit union shall cease.

17 Sec. 22. Section five hundred thirty-three point
18 twenty-one [533.21], subsections one (1) through three
19 (3), Code 1977, are amended to read as follows:

20 1. In all situations in which the superintendent
21 has been appointed as receiver as provided in section
22 ~~533.6 and section 533.20~~ in this chapter, the
23 superintendent shall make a diligent effort to collect
24 and realize on the assets of the credit union, and
25 shall make distribution of the proceeds from time
26 to time to those entitled thereto in the order provided
27 for by law. The superintendent may execute as receiver
28 or after the receivership has terminated assignments,
29 releases, and satisfactions to effectuate sales and
30 transfers as receiver or after the receivership has
31 terminated. Upon the order of the court in which
32 the receivership is pending, the superintendent may
33 sell or compound all bad or doubtful debts, and on
34 a like order. Upon the order of the court in which
35 the receivership is pending, the superintendent may
36 sell all the real and personal property of the credit
37 union, on such terms as the court shall direct.

38 2. All expenses of the receivership and dissolution
39 shall be ~~fixed~~ determined by the superintendent,
40 subject to the approval of the district court, and
41 shall be paid out of the assets of the credit union.

42 3. At the termination of the receivership, the
43 superintendent shall file ~~his~~ a final report containing
44 which shall contain the details of his or her actions
45 therein, together with and such additional facts as
46 the court may require.

47 Sec. 23. Section five hundred thirty-three point
48 twenty-two [533.22], subsection three (3), Code 1977,
49 is amended to read as follows:

50 3. The superintendent ~~of Banking~~ shall assume

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1 custody of the records of a credit union dissolved
2 pursuant to this chapter and shall retain ~~them~~ these
3 records in accordance with the provisions of section
4 533.26. The superintendent may cause film, photo-
5 graphic, photostatic, or other copies of ~~such~~ these
6 records to be made and the superintendent shall retain
7 such these copies in lieu of the original records.

8 Sec. 24. Section five hundred thirty-three point
9 twenty-seven (533.27], unnumbered paragraph two (2],
10 Code 1977, is amended to read as follows:

11 For the purpose of assisting credit unions in the
12 retention of only necessary records and files, or
13 for the destruction of those which are obsolete or
14 unnecessary, credit unions are authorized to destroy
15 such records and files or classes thereof within the
16 period of limitation of actions upon the joint
17 recommendation of the superintendent ~~of banking~~ and
18 a the credit union review board relating to records
19 ~~consisting of the directors of the Iowa credit union~~
20 ~~league.~~

21 Sec. 25. Section five hundred thirty-three point
22 thirty (533.30], subsections one (1), three (3], and
23 four (4], Code 1977, are amended to read as follows:

24 1. A credit union may, ~~with the approval of the~~
25 ~~superintendent of banking,~~ merge with another credit
26 union under the existing organization of the other
27 credit union if the merger receives approval of the
28 superintendent and if the merger is pursuant to a
29 plan agreed upon by the majority of the board of
30 directors of each credit union joining in the merger
31 and which plan is approved by the affirmative vote
32 of a majority of the members of the merging credit
33 unions.

34 3. The certificate and a copy of the agreed plan
35 of merger agreed upon shall be forwarded to the
36 superintendent of banking, certified by him or her,
37 and returned to both credit unions within thirty days
38 of the date of receipt by the superintendent.

39 4. Upon return of the certificates from the
40 superintendent of banking, all property, property
41 rights, and members' interest of the merged credit
42 union shall vest in the surviving credit union without
43 deed, endorsement the legal need for deeds, endors-
44 ments or other instrument instruments of transfer,
45 and all debts, obligations and liabilities of the
46 merged credit union are shall be assumed by the
47 surviving credit union under whose charter the merger
48 was effected. The rights and privileges of the members
49 of the merged credit union shall remain intact.
50 Credit union membership in the surviving credit un-

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1 ion shall be available to persons within the field
2 of membership of the merged credit union.
3 Sec. 26. Section five hundred thirty-three point
4 thirty-three [533.33], subsection one [1], Code 1977,
5 is amended to read as follows:

6 1. The superintendent may tender to the
7 administrator of the national credit union
8 administration the appointment as receiver for an
9 insured credit union. If the administrator of the
10 national credit union administration accepts the
11 appointment as receiver, the rights of the members
12 and ~~other~~ the rights of creditors of the insured
13 credit union shall be determined in accordance with
14 the laws of this state.

15 Sec. 27. Section five hundred thirty-three point
16 thirty-four [533.34], Code 1977, is amended to read
17 as follows:

18 533.34 CONVERSION OF STATE CREDIT UNION INTO
19 FEDERAL CREDIT UNION.

20 1. A state credit union may convert into a federal
21 credit union ~~upon~~ with the approval of the
22 superintendent and by the affirmative vote of a
23 majority of its the credit union's members eligible
24 to vote. This vote, if taken, shall be at a special
25 meeting called for that purpose and shall be in the
26 manner prescribed by the bylaws and with the approval
27 of the administrator of the national credit union
28 administration. Any member eligible to vote and not
29 present at the meeting may, within twenty days after
30 the date on which the meeting was held, vote in favor
31 of conversion by signing a statement in a form
32 satisfactory to the superintendent ~~of banking and~~
33 the. This vote shall have the same force and effect
34 as if cast at the meeting.

35 2. The board of directors of the state credit
36 union shall notify the superintendent ~~of banking~~ of
37 any proposed conversion and of any abandonment or
38 disapproval of the conversion by the members or by
39 the administrator of the national credit union
40 administration. The board of directors of the state
41 credit union shall file with the superintendent
42 appropriate evidence of approval of the conversion
43 by the administrator of the national credit union
44 administration and shall notify the superintendent
45 of the date on which the conversion is to be effective.

46 3. Upon receipt of satisfactory proof that the
47 state credit union has complied with all applicable
48 laws of this state and of the United States, the
49 superintendent shall issue a certificate of conversion
50 which shall be filed and recorded in the county in

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1 which the state credit union has its principal place
2 of business and in the county in which its original
3 articles of incorporation were filed and recorded.

4 Sec. 28. Section five hundred thirty-three point
5 thirty-five (533.35), subsection one (1) and two (2),
6 Code 1977, are amended to read as follows:

7 1. A federal credit union may convert into a state
8 credit union ~~upon~~ by compliance with the laws of the
9 United States and upon the approval by of the
10 superintendent ~~of banking~~. Application for approval
11 of the conversion to a state credit union shall be
12 submitted to the superintendent in the form prescribed
13 by the superintendent, together with the articles
14 of incorporation and bylaws as required by section
15 533.1. The superintendent ~~of banking~~ may cause an
16 examination to be made of any converting federal
17 credit union ~~and the~~. The credit union shall pay
18 to the superintendent the same examination fee as
19 paid for examinations of state credit unions.

20 2. If the superintendent ~~shall~~ should approve
21 the application of a federal credit union for
22 conversion to a state credit union, he or she shall
23 cause the articles of incorporation of the resulting
24 state credit union to be filed and recorded in the
25 county in which the credit union has its principal
26 place of business and he or she shall issue a
27 certificate of authority to do business under the
28 laws of this state to the resulting state credit union
29 ~~to do business under the laws of this state~~. The
30 credit union shall then become a state credit union
31 subject to the laws of this state. The superintendent
32 shall furnish a copy of the certificate to the
33 administrator of the national credit union
34 administration.

35 Sec. 29. Section five hundred thirty-three point
36 thirty-six (533.36), Code 1977, is amended by adding
37 the following new subsections:

38 NEW SUBSECTION. "Superintendent" means the
39 superintendent of credit unions.

40 NEW SUBSECTION. "Department" means the department
41 of credit unions.

42 NEW SUBSECTION. "Financial institutions board"
43 means the board created under section two (2) of this
44 Act.

45 NEW SUBSECTION. "General counsel" means the person
46 appointed under section nine (9) of this Act.

47 Sec. 30. The credit union examination supervisor,
48 examiners and other staff existing within the
49 department of banking, credit union section, are
50 transferred to the department of credit unions. The

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1 Iowa merit employment commission shall promulgate
2 rules to carry out this transfer and shall arbitrate
3 and decide any written appeal made by any employee
4 concerning this transfer. No employee shall lose,
5 because of this transfer, any benefits accrued to him,
6 including but not limited to salary, retirement,
7 vacation, sick leave or longevity.

8 The state comptroller, pursuant to section eight
9 point thirty-nine [8.39] of the Code, shall determine
10 what portion of the appropriation made to the
11 department of banking will be in excess of need, if
12 any, because of the transfer of duties and personnel
13 as provided in this section, and shall transfer such
14 amounts to the account of the department of credit
15 unions. The comptroller also shall determine what
16 other funds or accounts, including reserves, are held
17 in the name or for the use or benefit of the existing
18 section of credit unions within the department of
19 banking, and shall transfer all assets and liabilities
20 to the account of the department of credit unions.

21 Sec. 31. All effective rules, regulations, forms,
22 orders and directives promulgated by the superintendent
23 of banking or other authority pursuant to chapter
24 five hundred thirty-three [533] of the Code shall
25 continue in full force and effect as rules,
26 regulations, forms, orders and directives of the
27 superintendent of credit unions until amended, supple-
28 mented or repealed by affirmative action of the
29 superintendent of credit unions. Any approval or
30 certificate of authority, or any other form of
31 permission or license granted or issued by the
32 superintendent of banking or other authority pursuant
33 to chapter five hundred thirty-three [533] of the
34 Code, and in effect on the effective date of this
35 Act, shall continue to be in effect until it expires
36 according to the terms of its issuance or until it
37 is otherwise revoked, suspended or withdrawn as
38 provided by law.

39 Sec. 32. All existing bonds, deposits, reserves
40 or other funds established pursuant to chapter five
41 hundred thirty-three [533] of the Code, and of which
42 the superintendent of banking is the beneficiary,
43 trustee, or payee, or by which the superintendent
44 of banking acquired right, authority or power, shall
45 continue in effect, and all right, authority, power
46 or benefit shall inure to the superintendent of credit
47 unions who for all intents and purposes shall be a
48 lawful substitute for the superintendent of bank-
49 ing. All legal proceedings, conservatorships,
50 receiverships or other actions pending shall be

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1 continued, and any rights, duties or liabilities of
2 the superintendent of banking in those actions shall
3 be rights, duties or liabilities of the superintendent
4 of credit unions.

5 Sec. 33. Sections five hundred thirty-three point
6 two (533.2), five hundred thirty-three point eight
7 (533.8), five hundred thirty-three point seventeen
8 (533.17), subsections one (1) and three (3), five
9 hundred thirty-three point twenty-three (533.23),
10 Code 1977, are amended by striking the words
11 "superintendent of banking" wherever in those sections,
12 subsections, or paragraphs they may appear, and
13 inserting in lieu thereof the word "superintendent".

14 DIVISION IV

15 Sec. 34. Section five hundred thirty-four point
16 two (534.2), Code 1977, is amended by striking
17 subsection two (2) and inserting in lieu thereof the
18 following:

19 2. "Superintendent" means the superintendent of
20 savings and loan associations.

21 Sec. 35. Section five hundred thirty-four point
22 two (534.2), Code 1977, is amended by adding the
23 following new subsections:

24 NEW SUBSECTION. "Department" means the department
25 of savings and loan associations.

26 NEW SUBSECTION. "Financial institutions board"
27 means the board created under section two (2) of this
28 Act.

29 NEW SUBSECTION. "General counsel" means the person
30 appointed under section nine (9) of this Act.

31 Sec. 36. Chapter five hundred thirty-four (534),
32 Code 1977, is amended by adding the following new
33 sections:

34 NEW SECTION. DEPARTMENT OF SAVINGS AND LOAN
35 ASSOCIATIONS. There is created a department of savings
36 and loan associations which shall be the office of
37 the superintendent and shall include other personnel
38 necessary for the discharge of the duties and
39 responsibilities imposed upon the superintendent by
40 the laws of this state.

41 NEW SECTION. SUPERINTENDENT OF SAVINGS AND LOAN
42 ASSOCIATIONS.

43 1. APPOINTMENT. The governor shall appoint,
44 subject to the confirmation of at least two-thirds
45 of the members of the senate, for an irregular term
46 ending June 30, 1980 and for each four-year period
47 thereafter, a superintendent of savings and loan
48 associations. An appointee shall be selected solely
49 with regard to qualification and fitness to discharge
50 the duties of office. The superintendent shall hold

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1 office at the seat of state government.

2 2. ~~TERM--REMOVAL--VACANCY~~. The regular term of
3 office of the superintendent shall be four years from
4 the first day of July of the year of his or her
5 appointment, subject to removal at the pleasure of
6 the governor. A vacancy in the office of
7 superintendent occurring while the general assem-
8 bly is not in session shall be filled by temporary
9 appointment by the governor, which appointment shall
10 expire at the end of thirty days from the time the
11 general assembly next convenes. Prior to the
12 expiration of that thirty days the governor shall
13 transmit to the senate for confirmation an appointment
14 for the unexpired portion of the regular term. A
15 vacancy occurring during a session of the general
16 assembly shall be filled as regular appointments are
17 made and before the end of the session and for the
18 unexpired portion of the regular term.

19 3. The governor shall obtain the advice of the
20 financial institutions board with respect to any
21 appointee to a regular term or vacancy as
22 superintendent of savings and loan associations.

23 4. SALARY AND EXPENSES. The superintendent shall
24 receive a salary to be fixed by the governor and
25 comptroller and he or she shall be entitled to
26 reimbursement for expenses incurred in the performance
27 of duties.

28 5. DUTIES AND POWERS. The superintendent shall
29 be charged with the administration and execution of
30 the laws relating to savings and loan associations,
31 and with other duties and responsibilities as provided
32 by law.

33 6. BOND AND OATH. The superintendent, upon
34 appointment, shall give bond to the state, signed
35 by a responsible surety company, in the penal sum
36 of two thousand dollars, conditioned upon faithful
37 and impartial discharge of duties, and upon proper
38 accounting for all funds and other valuables which
39 may come into his or her hands. The superintendent
40 also shall take an oath of office, and the bond and
41 oath shall be approved by and filed with the governor.
42 The cost of the bond shall be paid by the department
43 as an expense.

44 NEW SECTION. PERSONNEL. The superintendent may
45 employ, subject to the approval of the governor and
46 the state comptroller, examiners, assistants and other
47 personnel necessary for the execution of the duties
48 and obligations imposed upon the superintendent.
49 Chapter nineteen A (19A) of the Code shall apply to
50 all department personnel except the superintendent

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1 and his or her secretary. The salary of the secre-
2 tary shall be fixed by the superintendent. Examiners'
3 salaries shall be commensurate with those for examiners
4 of the federal savings and loan insurance corporation
5 in this area of the United States. Department
6 personnel shall be reimbursed for the actual and
7 necessary expenses incurred by them in the performance
8 of their duties.

9 Before engaging in his or her duties each examiner
10 shall take an oath of office and shall give bond to
11 the state, signed by a responsible surety company,
12 in the penal sum of two thousand dollars, conditioned
13 upon faithful and impartial discharge of his or her
14 duties and upon proper accounting for all funds and
15 other valuables which may come into his or her hands.
16 The bond and oath shall be approved by and filed with
17 the governor. The cost of bonds shall be paid by
18 the department as an expense.

19 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
20 COUNSEL.

21 1. The financial institutions board shall act
22 with the superintendent in an advisory capacity
23 concerning the administration of this chapter, and
24 shall have other duties as provided in division one
25 (I) of this Act.

26 2. The general counsel shall act with the
27 superintendent in an advisory capacity concerning
28 the administration of this chapter, and shall have
29 other duties as provided in division one (I) of this
30 Act.

31 Sec. 37. Section five hundred thirty-four point
32 thirty-eight (534.38), Code 1977, is amended to read
33 as follows:

34 534.38 APPROVAL BY MEMBERS. Such plan shall be
35 submitted to the members of both associations, either
36 at the regular meeting or at special meetings called
37 for that purpose, and if approved by a vote of fifty-
38 one percent of the members of each association, voted
39 in person or by proxy at said meeting, the same shall
40 then be filed ~~in the office of the auditor of state~~
41 with the superintendent, who shall issue a certificate
42 authorizing the consolidation.

43 Sec. 38. Section five hundred thirty-four point
44 forty-one (534.41), subsection six (6), Code 1977,
45 is amended to read as follows:

46 6. RECORD REQUIRED.

47 a. A record of such examination shall be kept
48 ~~in the auditor's office department~~, showing in detail
49 as to each association all matters connected with
50 the conduct of the business, its financial standing

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1 and everything touching its solvency, plan of business
2 and integrity.

3 b. Such examinations and reports, and other
4 information connected therewith, shall be kept
5 confidential ~~in the office of the auditor of state~~
6 ~~and the supervisor of savings and loan associations,~~
7 and shall not be subject to publication or disclosure,
8 to others except as in this chapter provided. However,
9 any evidence of felonious acts on the part of the
10 officers, directors or employees of such association
11 may be referred by the ~~office of the auditor of state~~
12 superintendent to proper authorities. Members of
13 such associations, other than their officers and
14 directors, shall not be entitled to inspection of
15 any such records or information and shall not be
16 entitled to any information relative to the names
17 of the members of any association, or the amounts
18 invested by them, as disclosed in the ~~auditor's office~~
19 records of the department, or in the records of any
20 such association.

21 Sec. 39. Section five hundred thirty-four point
22 three (534.3), subsection one (1), Code 1977, is
23 amended to read as follows:

24 1. PETITION FOR CERTIFICATE OF INCORPORATION.
25 At any time hereafter any five or more individuals
26 (hereinafter referred to as the "incorporators", who
27 are citizens of this state may form an association
28 to promote thrift and home financing, subject to
29 approval as hereinafter provided in this chapter by
30 signing and acknowledging, before an officer competent
31 to take acknowledgements of deeds, two copies of a
32 petition for a certificate of incorporation in the
33 form prescribed by the ~~savings and loan supervisor~~
34 superintendent, and of the bylaws in a form approved
35 by the ~~savings and loan supervisor superintendent~~,
36 which shall be filed with the ~~savings and loan~~
37 ~~supervisor in the office of the auditor of state~~
38 superintendent and accompanied by an incorporation
39 fee.

40 Sec. 40. Section five hundred thirty-four point
41 three (534.3), subsection three (3), paragraph a,
42 Code 1977, is amended to read as follows:

43 a. The proposed articles of incorporation for
44 any proposed new association, together with proposed
45 bylaws, shall be ~~presented to the auditor of state~~
46 filed with the superintendent and by him or her
47 submitted to the state executive council and if it
48 finds that they are in conformity with the law and
49 based upon a plan equitable in all respects to its
50 members, and further finds from the best sources at

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1 its command and from such investigation as it may
2 deem necessary, that the proposed incorporators are
3 persons of good character, ability and responsibility,
4 that a reasonable necessity exists for such new
5 institution in the community to be served, that it
6 can be established and operated without undue injury
7 to existing local thrift and home financing
8 institutions and that the proposed name of such
9 institution is not similar to that of any other
10 association operating in the same community and is
11 not misleading or deceitful, the executive council
12 shall attach thereto its certificate of approval and
13 enter its approval of record, and thereupon such
14 articles of incorporation shall be recorded in the
15 office of the secretary of state and in the office
16 of the recorder of the county in which the as-
17 sociation's principal place of business is to be
18 situated and then shall be filed ~~in the office of~~
19 ~~the auditor of state with the superintendent~~ who shall
20 at that time issue a certificate authorizing the
21 association to transact business as a building and
22 loan or savings and loan association.

23 Sec. 41. Section five hundred thirty-four point
24 four (534.4), subsection one (1), paragraph d,
25 unnumbered subparagraphs two (2) and three (3), Code
26 1977, are amended to read as follows:

27 The population of any such city shall be determined
28 by the ~~said supervisor~~ superintendent in accordance
29 with the latest federal decennial census.

30 The treasurer of the incorporators committee shall
31 file with the ~~said supervisor~~ superintendent a fidelity
32 bond, signed by ~~himself~~ the treasurer and an authorized
33 surety company acceptable to the ~~supervisor~~
34 superintendent, in a penal sum at least equal to the
35 required paid-in savings liability and expense fund
36 as hereinbefore required, payable to the ~~supervisor~~
37 ~~of building and loan associations~~ superintendent.

38 Such bond shall assure the safekeeping and delivery
39 to the association, after issuance of a certificate
40 of incorporation, and after the association's
41 authorized officers have filed the required bonds
42 of all of such required paid-in savings liability
43 and expense fund, or in the event of failure to
44 complete organization, such bond shall assure the
45 return to the persons providing such paid-in savings
46 liability and expense funds of the amounts contributed
47 thereto by them, less any necessary cost and expenses.

48 Sec. 42. Section five hundred thirty-four point
49 sixty-six (534.66), subsection six (6), Code 1977,
50 is amended to read as follows:

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1 6. APPROVAL--CERTIFICATE OF AUTHORITY. If the
2 executive council approves the plan or method of
3 business of any such building and loan association,
4 it shall endorse its approval upon the statement of
5 the resources and liabilities and plan of business
6 presented to it, and such statement shall thereupon
7 be filed ~~in the office of the auditor of state with~~
8 the superintendent, who shall issue a certificate
9 to such building and loan association to transact
10 business within the state, if such association has
11 deposited with him or her the mortgages and securities
12 required by the other provisions of this chapter.
13 Sec. 43. The supervisor, examiners and other staff
14 existing within the savings and loan division of the
15 office of the auditor of state are transferred to
16 the department of savings and loan associations.
17 The Iowa merit employment commission shall promulgate
18 rules to carry out this transfer and shall arbitrate
19 and decide any written appeal made by any employee
20 concerning this transfer. No employee shall lose,
21 because of this transfer, any benefits he or she may
22 have accrued, including but not limited to salary,
23 retirement, vacation, sick leave or longevity.
24 The state comptroller, pursuant to section eight
25 point thirty-nine (8.39) of the Code, shall determine
26 what portion of the appropriation made to the auditor
27 of state will be in excess of need, if any, because
28 of the transfer of duties and personnel as provided
29 in this section, and shall transfer such amounts to
30 the account of the department. The comptroller also
31 shall determine what other funds or accounts, including
32 reserves, are held in the name or for the benefit
33 of the division of savings and loans, and shall
34 transfer all assets and liabilities to the account
35 of the department.
36 Sec. 44. All rules, regulations, forms, orders,
37 and directives promulgated by the auditor of state
38 or the supervisor of savings and loan associations
39 pursuant to chapter five hundred thirty-four (534)
40 of the Code, shall continue in full force and effect
41 as rules, regulations, forms, orders and directives
42 of the department of savings and loan associations
43 until amended, supplemented or repealed by affirmative
44 action of the superintendent. Any approval,
45 certificate of authority, or other form of permission
46 or license granted or issued by the auditor, executive
47 council or supervisor pursuant to chapter five hundred
48 thirty-four (534) of the Code, and in effect on the
49 effective date of this Act, shall continue to be in
50 effect until it expires according to the terms of

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1 its issuance or until it is otherwise revoked,
2 suspended or withdrawn as provided by law.

3 Sec. 45. All existing bonds, deposits, reserves
4 or other funds established pursuant to chapter five
5 hundred thirty-four (534) of the Code, of which the
6 auditor of state or the supervisor of savings and
7 loan associations is the beneficiary, trustee, or
8 payee, or by which the auditor or the supervisor
9 acquired right, authority or power, shall continue
10 in effect, and all right, authority, power or benefit
11 shall inure to the superintendent who shall be for
12 all intents and purposes a lawful substitute for the
13 auditor or supervisor. All pending legal proceedings,
14 conservatorships, receiverships or other actions
15 initiated pursuant to chapter five hundred thirty-
16 four (534) of the Code, shall be continued and any
17 rights, duties or liabilities of the auditor or
18 supervisor in those actions shall be rights, duties
19 or liabilities of the superintendent.

20 Sec. 46. Sections five hundred thirty-four point
21 two (534.2), subsections two (2) and nineteen (19),
22 five hundred thirty-four point three (534.3),
23 subsection one (1), five hundred thirty-four point
24 three (534.3), subsection three (3), paragraph c,
25 five hundred thirty-four point five (534.5),
26 subsections one (1) and two (2), five hundred thirty-
27 four point six (534.6), five hundred thirty-four point
28 seventeen (534.17), subsection two (2), unnumbered
29 paragraph two (2), five hundred thirty-four point
30 eighteen (534.18), five hundred thirty-four point
31 nineteen (534.19), subsection seven (7), unnumbered
32 paragraph one (1), five hundred thirty-four point
33 nineteen (534.19), subsections nine (9), thirteen
34 (13), fifteen (15), and subsection eighteen (18),
35 unnumbered paragraphs one (1) and two (2), five hundred
36 thirty-four point twenty (534.20), unnumbered paragraph
37 two (2), five hundred thirty-four point twenty-one
38 (534.21), subsections one (1) and four (4), five
39 hundred thirty-four point twenty-four (534.24),
40 subsections one (1) and two (2), five hundred thirty-
41 four point thirty-two (534.32), five hundred thirty-
42 four point thirty-four (534.34), five hundred thirty-
43 four point forty-one (534.41), five hundred thirty-
44 four point forty-two (534.42), five hundred thirty-
45 four point forty-six (534.46), five hundred thirty-
46 four point sixty-one (534.61), and five hundred thirty-
47 four point sixty-eight (534.68), Code 1977, are amended
48 by striking the words "savings and loan supervisor",
49 "supervisor", "supervisor of savings and loan
50 associations", and "supervisor of state chartered

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1 associations" wherever they may appear in those
2 sections, subsections, and paragraphs, and inserting
3 in lieu thereof the word "superintendent".
4 Sec. 47. Sections five hundred thirty-four point
5 three (534.3], subsection three (3], paragraph B,
6 five hundred thirty-four point seven (534.7],
7 subsections one (1] and two (2], five hundred thirty-
8 four point twenty-nine (534.29], five hundred thirty-
9 four point thirty (534.30], five hundred thirty-four
10 point forty-one (534.41], five hundred thirty-four
11 point forty-seven (534.47], five hundred thirty-four
12 point forty-nine (534.49], five hundred thirty-four
13 point fifty-one (534.51], subsections one (1] and
14 two (2], five hundred thirty-four point fifty-two
15 (534.52], five hundred thirty-four point fifty-three
16 (534.53], five hundred thirty-four point fifty-four
17 (534.54], five hundred thirty-four point fifty-five
18 (534.55], five hundred thirty-four point fifty-six
19 (534.56], five hundred thirty-four point fifty-eight
20 (534.58], five hundred thirty-four point sixty
21 (534.60], five hundred thirty-four point sixty-one
22 (534.61], five hundred thirty-four point sixty-two
23 (534.62], five hundred thirty-four point sixty-three
24 (534.63], and five hundred thirty-four point sixty-
25 six (534.66], Code 1977, are amended by striking the
26 words "auditor", "state auditor", "auditor of state",
27 "auditor of this state", and "auditor of the state"
28 wherever they may appear in those sections,
29 subsections, and paragraphs, and inserting in lieu
30 thereof the word "superintendent".
31 Sec. 48. Section five hundred thirty-four point
32 forty-one (534.41], Code 1977, is amended by striking
33 subsection one (1]; and unnumbered paragraphs one
34 (1] through four (4], subsection two (2).

DIVISION V

36 Sec. 49. Chapter five hundred thirty-six (536],
37 Code 1977, is amended by adding the following new
38 section:
39 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
40 COUNSEL.
41 1. The financial institutions board shall act
42 with the superintendent in an advisory capacity
43 concerning the administration of this chapter, and
44 shall have other duties as provided in division one
45 (I] of this Act.
46 2. The general counsel shall act with the
47 superintendent in an advisory capacity concerning
48 the administration of this chapter, and shall have
49 other duties as provided in division one (I] of this
50 Act.

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1 Sec. 50. Section five hundred thirty-six point
2 four (536.4), unnumbered paragraph three (3), Code
3 1977, is amended to read as follows:

4 If the application is denied the superintendent
5 shall within twenty days thereafter file ~~with the~~
6 banking in the records of the department a written
7 transcript of the evidence and decision and findings
8 with respect thereto containing the reasons supporting
9 the denial, and forthwith serve upon the applicant
10 a copy thereof.

11 Sec. 51. Section five hundred thirty-six point
12 nine (536.9), subsection seven (7), Code 1977, is
13 amended to read as follows:

14 7. Whenever the superintendent shall revoke or
15 suspend a license issued under this chapter, he or
16 she shall forthwith file ~~with the banking in the~~
17 records of the department a written transcript of
18 the evidence and order to that effect and findings
19 with respect thereto containing the reasons supporting
20 the revocation or suspension, and forthwith serve
21 upon the licensee a copy thereof.

22 Sec. 52. Section five hundred thirty-six point
23 ten (536.10), unnumbered paragraph three (3), Code
24 1977, is amended to read as follows:

25 Every licensee subject to examination, supervision
26 and regulation by the superintendent, shall pay to
27 the superintendent an examination fee, based on the
28 ~~actual cost of the operation of the small-loan division~~
29 ~~of the department of banking, and the proportionate~~
30 ~~share of costs and administrative expenses in the~~
31 operation of the department of banking which are
32 attributable to the small-loan division administration
33 of this chapter, as determined by the superintendent
34 of banking. Such fee shall apply equally to all
35 licenses and shall not be changed more frequently
36 than annually and when changed, shall be effective
37 on January ± first of the year following the year
38 in which the change is approved adopted.

39 Sec. 53. Section five hundred thirty-six point
40 twenty-one (536.21), Code 1977, is amended to read
41 as follows:

42 536.21 RULES. The superintendent ~~is hereby~~
43 ~~authorized and empowered to make such reasonable and~~
44 ~~relevant rules~~ may promulgate rules pursuant to chapter
45 seventeen A (17A) of the Code as may be necessary
46 for the execution and the enforcement of the provisions
47 of this chapter, in addition hereto and not
48 inconsistent herewith. All rules shall be filed and
49 entered by the superintendent in the banking department
50 in an indexed, permanent book or record, with the

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1 ~~effective date thereof suitably indicated, and such~~
2 ~~book or record shall be a public document records~~
3 ~~of the department.~~

4 Sec. 54. Section five hundred thirty-six point
5 twenty-eight (536.28), Code 1977, is amended by adding
6 the following new subsections:

7 NEW SUBSECTION. "Superintendent" means the
8 superintendent of supervised lenders.

9 NEW SUBSECTION. "Department" means the department
10 of supervised lenders.

11 NEW SUBSECTION. "Financial institutions board"
12 means the board created under section two (2) of this
13 Act.

14 NEW SUBSECTION. "General counsel" means the person
15 appointed under section nine (9) of this Act.

16 Sec. 55. Sections five hundred thirty-six point
17 one (536.1), five hundred thirty-six point twenty-
18 two (536.22) and five hundred thirty-six point twenty-
19 four (536.24), Code 1977, are amended by striking
20 the words "superintendent of banking" wherever in
21 those provisions those words appear and inserting
22 in lieu thereof the word "superintendent".

23 Sec. 56. Sections five hundred thirty-six point
24 thirteen (536.13), section title and subsection one
25 (1), and five hundred thirty-six point twenty-three
26 (536.23), Code 1977, are amended by striking the words
27 "banking board" and "state banking board" wherever
28 in those provisions those words appear and inserting
29 in lieu thereof the words "financial institutions
30 board".

31 Sec. 57. Section five hundred thirty-six A point
32 two (536A.2), Code 1977, is amended by adding the
33 following new subsections:

34 NEW SUBSECTION. "Superintendent" means the
35 superintendent of supervised lenders.

36 NEW SUBSECTION. "Department" means the department
37 of supervised lenders.

38 NEW SUBSECTION. "Financial institutions board"
39 means the board created under section two (2) of this
40 Act.

41 NEW SUBSECTION. "General counsel" means the person
42 appointed under section nine (9) of this Act.

43 Sec. 58. Section five hundred thirty-six A point
44 fifteen (536A.15), Code 1977, is amended to read as
45 follows:

46 536A.15 EXAMINATION OF LICENSEES--FEE. The auditor
47 superintendent or his duly authorized representative
48 shall, at least once each year without previous notice,
49 examine and audit the books, accounts and records
50 of each licensee engaged in the industrial loan

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1 business as defined by this chapter. Any licensee,
2 in lieu of such examination and audit by the auditor
3 superintendent or his duly authorized representative,
4 at the option of the auditor superintendent, may be
5 audited at the expense of the licensee by a certified
6 public accountant licensed to practice in the state
7 of Iowa. After receiving such an audit the auditor
8 superintendent may make such further examination of
9 the licensee as he may deem necessary. A record of
10 each examination shall be kept in the auditor's office
11 records of the department. Such examinations and
12 reports, and other information connected therewith,
13 shall be kept confidential in the office of the auditor
14 and shall not be subject to publication or disclosure
15 to others except as in this chapter provided. Any
16 evidence of criminal acts committed by officers,
17 directors or employees of any industrial loan
18 association shall be reported by the auditor
19 superintendent to the proper authorities. The licensee
20 shall be charged and shall pay the actual costs of
21 the examination.

22 Every licensee shall pay to the superintendent
23 an examination fee, based on the actual costs and
24 administrative expenses in the operation of the
25 department which are attributable to the adminis-
26 tration of this chapter, as determined by the
27 superintendent. The fee shall apply equally to all
28 licensees and shall not be changed more frequently
29 than annually, and when changed shall be effective
30 on January first of the year following the year in
31 which the change is adopted.

32 Sec. 59. Sections five hundred thirty-six A point
33 three (536A.3), five hundred thirty-six A point four
34 (536A.4), five hundred thirty-six A point six (536A.6),
35 five hundred thirty-six A point seven (536A.7), five
36 hundred thirty-six A point nine (536A.9), five hundred
37 thirty-six A point ten (536A.10), five hundred thirty-
38 six A point eleven (536A.11), five hundred thirty-
39 six A point twelve (536A.12), five hundred thirty-
40 six A point thirteen (536A.13), five hundred thirty-
41 six A point fourteen (536A.14), five hundred thirty-
42 six A point sixteen (536A.16), five hundred thirty-
43 six A point seventeen (536A.17), five hundred thirty-
44 six A point eighteen (536A.18), five hundred thirty-
45 six A point nineteen (536A.19), five hundred thirty-
46 six A point twenty-one (536A.21), five hundred thirty-
47 six A point twenty-eight (536A.28), five hundred
48 thirty-six A point twenty-nine (536A.29), and five
49 hundred thirty-six A point thirty (536A.30), Code
50 1977, are amended by striking the words "auditor of

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1 the state of Iowa" and "auditor" wherever those words
2 appear in those sections and inserting in lieu thereof
3 the word "superintendent".

4 Sec. 60. Section five hundred thirty-six A point
5 two (536A.2), Code 1977, is amended by striking
6 subsection four (4).

7 DIVISION VI

8 Sec. 61. The following new sections are enacted
9 as a new chapter five hundred thirty-six B (536B)
10 of the Code.

11 NEW SECTION. DEFINITIONS. As used in this chapter,
12 unless the context otherwise requires:

13 1. "Superintendent" means the superintendent of
14 supervised lenders.

15 2. "Department" means the department of supervised
16 lenders.

17 3. "Supervised lender" means and includes a person
18 licensed under the provisions of chapters five hundred
19 thirty-six (536) or five hundred thirty-six A (536A)
20 of the Code.

21 4. "Financial institutions board" means the board
22 created under section two (2) of this Act.

23 5. "General counsel" means the person appointed
24 under section nine (9) of this Act.

25 NEW SECTION. DEPARTMENT OF SUPERVISED LENDERS.
26 There is created a department of supervised lenders
27 which shall be the office of the superintendent, and
28 shall include personnel necessary for the discharge
29 of the duties and responsibilities imposed upon the
30 superintendent by the laws of this state.

31 NEW SECTION. SUPERINTENDENT.

32 1. APPOINTMENT. The governor shall appoint,
33 subject to confirmation of at least two-thirds of
34 the members of the senate, for an irregular term
35 ending June 30, 1981, and for each four-year period
36 thereafter, a superintendent of supervised loan
37 licensees. An appointee shall be selected solely
38 with regard to qualifications and fitness for office.
39 The superintendent shall hold office at the seat of
40 government.

41 2. TERM--REMOVAL--VACANCY. The regular term of
42 office of the superintendent shall be four years from
43 the first day of July of the year of his appointment,
44 subject to removal at the pleasure of the governor.
45 A vacancy in the office of superintendent occurring
46 while the general assembly is not in session shall
47 be filled by appointment by the governor, which
48 appointment shall expire at the end of thirty days
49 from the time the general assembly next convenes.
50 Prior to the expiration of that thirty days the

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1 governor shall transmit to the senate for confirmation
2 an appointment for the unexpired portion of the regular
3 term. A vacancy occurring during a session of the
4 general assembly shall be filled as regular
5 appointments are made and before the end of the session
6 and for the unexpired portion of the regular term.

7 3. The governor shall obtain the advice of the
8 financial institutions board with respect to any
9 appointee to a regular term or vacancy as
10 superintendent of supervised lenders.

11 4. SALARY AND EXPENSES. The superintendent shall
12 receive a salary to be fixed by the governor and
13 comptroller, and shall be entitled to reimbursement
14 for expenses incurred in the performance of duties.

15 5. DUTIES AND POWERS. The superintendent shall
16 have the powers, duties and responsibilities provided
17 in chapters five hundred thirty-six (536) and five
18 hundred thirty-six A (536A) of the Code and other
19 powers, duties and responsibilities as the law may
20 provide.

21 6. BOND AND OATH. The superintendent, upon
22 appointment, shall give bond to the state, signed
23 by a responsible surety company, in the penal sum
24 of two thousand dollars, conditioned upon faithful
25 and impartial discharge of duties, and upon proper
26 accounting for all funds and other valuables which
27 may come into his or her hands. The superintendent
28 also shall take an oath of office, and the bond and
29 oath shall be approved by and filed with the governor.
30 The cost of the bond shall be paid by the department
31 as an expense.

32 NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT.
33 The superintendent shall make an annual report in
34 writing to the financial institutions board and the
35 general assembly. A copy of the report shall be
36 furnished at cost by the superintendent to each
37 supervised lender or other person upon request. The
38 annual report shall contain:

39 1. A summary of license applications approved
40 or denied by the superintendent since the last report.

41 2. A summary of the assets, liabilities and capital
42 structure of all supervised lenders as of December
43 thirty-first of the year for which the report is made.

44 3. A statement of the receipts and disbursements
45 of department funds during the calendar year ending
46 the preceding December thirty-first, and of the funds
47 on hand on that date.

48 4. Information which the superintendent may deem
49 appropriate and advisable to disclose.

50 5. Information which the financial institutions

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1 board may require to be included.

2 NEW SECTION. PERSONNEL. The superintendent may
3 employ, subject to the approval of the governor and
4 the state comptroller, assistants, examiners and other
5 personnel necessary for the proper execution of his
6 or her duties and responsibilities. Chapter nineteen
7 A (19A) of the Code shall apply to all department
8 personnel except the superintendent and his or her
9 secretary. The salary of the secretary shall be fixed
10 by the superintendent. Examiner's salaries shall
11 be commensurate with those for examiners of the federal
12 deposit insurance corporation in this area of the
13 United States. Department personnel shall be
14 reimbursed for the actual and necessary expenses
15 incurred by them in the performance of their duties.
16 Before engaging in his or her duties each examiner
17 shall take an oath of office and shall give bond to
18 the state, signed by a responsible surety company,
19 in the penal sum of two thousand dollars, conditioned
20 upon faithful and impartial discharge of his or her
21 duty and upon proper accounting for all funds and
22 other valuables which may come into his or her hands.
23 Each bond and oath shall be approved by and filed
24 with the director. The cost of bonds shall be paid
25 by the department as an expense.

26 NEW SECTION. EXPENSES OF THE DEPARTMENT. All
27 expenses incurred by the department shall be paid
28 from appropriations. All fees shall be payable to
29 the superintendent who shall pay all fees and other
30 money received to the treasurer of state within the
31 time required by section twelve point ten (12.10)
32 of the Code. The treasurer shall hold the funds in
33 an account in the name of the department for the
34 payment of the expenses of the department. The account
35 at all times shall be subject to the warrant of the
36 state comptroller, drawn upon the written request
37 of the superintendent, for the payment of expenses
38 of the department.

39 The superintendent shall account for receipts and
40 disbursements according to the separate duties imposed
41 by the laws of this state.

42 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
43 COUNSEL.

44 1. The financial institutions board shall act
45 with the superintendent in an advisory capacity
46 concerning the administration of this chapter, and
47 shall have other duties as provided in division one
48 (I) of this Act.

49 2. The general counsel shall act with the
50 superintendent in an advisory capacity concerning

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1 the administration of this chapter, and shall have
2 other duties as provided in division one (I) of this
3 Act.

4 Sec. 62. The loan institution examination
5 supervisor, examiners and other related staff existing
6 within the loan institution section of the department
7 of banking are transferred to the department of
8 supervised lenders. The Iowa merit employment
9 commission shall promulgate rules to carry out this
10 transfer and shall arbitrate and decide any written
11 appeal made by any employee concerning this transfer.
12 No employee shall lose, because of this transfer, any
13 benefits accrued to him, including but not limited
14 to salary, retirement, vacation, sick leave or
15 longevity.

16 The state comptroller, pursuant to section eight
17 point thirty-nine (8.39) of the Code, shall determine
18 what portion of the appropriation made to the
19 department of banking will be in excess of need, if
20 any, because of the transfer of duties and personnel
21 as provided in this section, and shall transfer such
22 amounts to the account of the department of supervised
23 lenders. The comptroller also shall determine what
24 other funds or accounts, including reserves, are held
25 in the name or for the benefit of the loan institution
26 section of the department of banking and shall transfer
27 all assets and liabilities to the account of the
28 department of supervised lenders.

29 Sec. 63. All rules, regulations, forms, orders,
30 and directives promulgated by the superintendent of
31 banking or the banking board pursuant to chapter five
32 hundred thirty-six (536) of the Code, shall continue
33 in full force and effect as rules, regulations, forms,
34 orders and directives of the department of supervised
35 lenders until amended, supplemented or repealed by
36 affirmative action of the superintendent. Any
37 approval, certificate of authority, or any other form
38 of permission or license granted or issued by the
39 superintendent of banking or the banking board pursuant
40 to chapter five hundred thirty-six (536) of the Code,
41 and in effect on the date of enactment of this section,
42 shall continue to be in effect until it expires
43 according to the terms of its issuance or until it
44 is otherwise revoked, suspended or withdrawn as
45 provided by law.

46 Sec. 64. The supervisor, examiners and other staff
47 existing within the industrial loan division of the
48 office of the auditor of state are transferred to
49 the department of supervised lenders. The Iowa merit
50 employment commission shall promulgate rules to carry

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1 out this transfer and shall arbitrate and decide any
2 written appeal made by any employee concerning this
3 transfer. No employee shall lose, because of this
4 transfer, any benefits accrued to him, including but
5 not limited to salary, retirement, vacation, sick
6 leave or longevity.

7 The state comptroller, pursuant to section eight
8 point thirty-nine (8.39) of the Code, shall determine
9 what portion of the appropriation made to the auditor
10 of state will be in excess of need, if any, because
11 of the transfer of duties and personnel as provided
12 in this section, and shall transfer such amounts to
13 the account of the department of supervised lenders.
14 The comptroller also shall determine what other funds
15 or accounts, including reserves, are held in the name
16 or for the benefit of the industrial loan division
17 of the office of the auditor of state and shall
18 transfer all assets and liabilities to the account
19 of the department of supervised lenders.

20 Sec. 65. All rules, regulations, forms, orders,
21 and directives promulgated by the auditor of state
22 or the supervisor pursuant to chapter five hundred
23 thirty-six A (536A) of the Code, shall continue in
24 full force and effect as rules, regulations, forms,
25 orders and directives of the department of supervised
26 lenders until amended, supplemented or repealed by
27 affirmative action of the superintendent. Any
28 approval, certificate of authority, or other form
29 of permission or license granted or issued by the
30 auditor, executive council or supervisor pursuant
31 to chapter five hundred thirty-six A (536A) of the
32 Code, and in effect on the effective date of this
33 Act, shall continue to be in effect until it expires
34 according to the terms of its issuance or until it
35 is otherwise revoked, suspended or withdrawn as
36 provided by law.

37 Sec. 66. All existing bonds, deposits, reserves
38 or other funds established pursuant to chapters five
39 hundred thirty-six (536) or five hundred thirty-six
40 A (536A) of the Code, of which the superintendent
41 of banking, the auditor of state, or another official
42 of the state of Iowa, is the beneficiary, trustee,
43 or payee, or by which the official acquired right,
44 authority or power, shall continue in effect, and
45 all right, power, authority or benefit shall inure
46 to the superintendent who shall be, for all intents
47 and purposes, a lawful substitute for the auditor,
48 superintendent of banking, or other official. All
49 pending legal proceedings, conservatorships,
50 receiverships or other actions initiated pursuant

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1 to chapter five hundred thirty-six..(536) or five
2 hundred thirty-six A (536A) of the Code, shall continue
3 and any rights, duties, or liabilities of the auditor,
4 superintendent of banking, or other official shall
5 be rights, duties or liabilities of the superintendent.
6 Sec. 67. The Code editor shall codify sections
7 one [1] through eleven [11] of this Act as a new
8 chapter of the Code."

9 2. Amend the title by striking lines 1 through
10 3 and inserting in lieu thereof the following:

11 "An Act relating to the administration of the laws
12 regulating financial institutions, including banks,
13 savings and loan associations, credit unions, and
14 persons licensed under chapters five hundred thirty-
15 six (536) or five hundred thirty-six A (536A) of the
16 Code."

S-3614 FILED
MAY 16, 1977

RECEIVED FROM THE HOUSE

*Senate refused to concur 5/18/77 (p. 1695)
House insisted 5/19 (p. 2451)*

Friday, May 13, 1977

SENATE FILE 137

4132

1 Amend Senate File 137, as amended and passed by
2 the Senate as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "DIVISION I

6 Section 1. NEW SECTION. DEFINITIONS. As used
7 in this division, unless the context otherwise
8 requires:

9 1. "Board" means the financial institutions board
10 created by section two (2) of this Act.

11 2. "Department" means and includes the department
12 of banking, the department of credit unions, the
13 department of savings and loan associations, and the
14 department of supervised lenders.

15 3. "General counsel" means the person appointed
16 under section eight (8) of this Act.

17 4. "Superintendent" means and includes the
18 superintendent of banking, the superintendent of
19 credit unions, the superintendent of savings and loan
20 associations, and the superintendent of supervised
21 lenders.

22 5. "Supervised lender" means a person licensed
23 under chapter five hundred thirty-six (536) or five
24 hundred thirty-six A (536A) of the Code.

25 Sec. 2. NEW SECTION. FINANCIAL INSTITUTIONS
26 BOARD.

27 1. There is created a financial institutions board
28 which shall consist of seven members, not more than
29 four of whom shall be of the same political party.
30 Members of the financial institutions board shall
31 be appointed by the governor, subject to confirmation
32 by the Senate. The membership of the financial
33 institutions board shall be chosen from various
34 sections of the state and according to the following
35 provisions:

36 a. One member shall be an executive officer of
37 a state bank;

38 b. One member shall be an executive officer of
39 a savings and loan association organized under Iowa
40 law;

41 c. One member shall be an executive officer of
42 a credit union organized under Iowa law;

43 d. One member shall be an executive officer of
44 a lender licensed under chapters five hundred thirty-
45 six (536) or five hundred thirty-six A (536A) of the
46 Code; and

47 e. Three members shall be residents of the state
48 who are not directly affiliated with any bank, savings
49 and loan association, credit union, or lender licensed
50 under chapters five hundred thirty-six (536) or five

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1 hundred thirty-six A (536A) of the Code.

2 2. Members of the financial institutions board
3 shall serve terms of four years, commencing July first
4 of the year of appointment and until a successor has
5 been appointed. The governor shall appoint initial
6 members of the board for irregular terms commencing
7 July 1, 1977 as follows:

8 a. The bank officer shall be appointed for a term
9 ending June 30, 1981; and

10 b. The savings and loan association officer shall
11 be appointed for a term ending June 30, 1980; and

12 c. The credit union member shall be appointed
13 for a term term ending June 30, 1979; and

14 d. The chapter five hundred thirty-six (536) or
15 five hundred thirty-six A (536A) licensee member shall
16 be appointed for a term ending June 30, 1978; and

17 e. The remaining members shall be appointed for
18 terms ending June thirtieth of the years 1981, 1980
19 and 1979, respectively.

20 Upon the expiration of the initial terms,
21 appointments shall be made for regular four-year
22 terms.

23 3. The members of the financial institutions board
24 shall select one of their public members to serve
25 as chairperson of the board for a two-year term.
26 The chairperson shall preside at meetings of the
27 board, except as the rules of the board otherwise
28 may provide.

29 4. Four members of the financial institutions
30 board shall constitute a quorum for the transaction
31 of business; provided that the affirmative vote of
32 a majority of the full membership of the board is
33 required to take any substantive action. All members
34 of the board shall have the right to vote on any
35 matter within the jurisdiction of the board.

36 5. A member of the financial institutions board
37 shall be allowed actual and necessary expenses incurred
38 in the performance of duties, and in lieu of salary
39 shall receive a per diem of forty dollars each day
40 in which engaged in official duties.

41 6. A member of the financial institutions board
42 may be removed from office for any of the causes and
43 in the manner provided in chapter sixty-six (66) of
44 the Code. Removal from office shall not be in lieu
45 of any other penalty provided by law.

46 7. Any vacancy on the board which occurs when
47 the general assembly is not in session shall be filled
48 by appointment by the governor, which appointment
49 shall expire at the end of thirty days following the
50 convening of the next session of the general assembly.

1 Prior to the expiration of the thirty-day period,
2 the governor shall transmit to the senate for its
3 approval the name of the appointee for the unexpired
4 portion of the regular term. Any vacancy occurring
5 when the general assembly is in session shall be
6 filled in the same manner as regular appointments
7 are made, and before the end of the session, and for
8 the unexpired portion of the regular term.

9 Sec. 3. NEW SECTION. BOARD MEETINGS. The
10 financial institutions board shall meet regularly
11 once each month; and in addition shall meet at the
12 call of its chairperson, upon not less than two days'
13 notice. Upon the written request of any two board
14 members, or upon the written request of the
15 superintendent of banking, or the superintendent of
16 savings and loan associations, or the superintendent
17 of credit unions, or the superintendent of supervised
18 lenders, a meeting of the financial institutions board
19 shall be called, upon not less than two days' notice.

20 Sec. 4. NEW SECTION. DEPARTMENTS SUBJECT TO
21 BOARD. The financial institutions board shall have
22 the authority conferred by this chapter with respect
23 to the department of banking, the department of credit
24 unions, the department of savings and loan
25 associations, and the department of supervised lenders.

26 Sec. 5. NEW SECTION. DUTIES OF BOARD. The
27 financial institutions board shall:

28 1. Act with each superintendent in an advisory
29 capacity, either upon the request of a superintendent
30 or upon its own motion, concerning laws which the
31 superintendent is charged to administer;

32 2. Review all existing or proposed rules of a
33 superintendent which are required to be promulgated
34 under chapter seventeen A (17A) of the Code by any
35 law of this state which a superintendent has the duty
36 to administer;

37 3. Promulgate rules, subject to chapter seventeen
38 A (17A) of the Code, relating to the exercise of the
39 powers and duties of the financial institutions board;

40 4. Review the budget of each superintendent prior
41 to the submission of the budget to the governor and
42 the general assembly, and make recommendations to
43 the governor and the general assembly respecting each
44 budget;

45 5. Accomplish and maintain uniformity, to the
46 extent permitted by applicable laws, in the
47 administrative and internal operations guidelines
48 used within the departments;

49 6. Establish and maintain uniformity in the
50 application of chapters five hundred twenty-seven

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1 (527) and five hundred thirty-seven (537) of the Code;
2 7. Submit legislative proposals to the general
3 assembly, and review any legislative proposal
4 recommended by the superintendent of the department;
5 and
6 8. Exercise any other duties established in the
7 financial institutions board by law.

8 Sec. 6. NEW SECTION. AUTHORITY OVER DEPARTMENTAL
9 ACTIONS.

10 1. The financial institutions board is empowered
11 to exercise the following specific powers with respect
12 to actions of the superintendent of banking, the
13 superintendent of savings and loan associations, the
14 superintendent of credit unions, and the superintendent
15 of supervised lenders:
16 a. To disapprove any proposed administrative rule
17 relating to the administration of chapter five hundred
18 twenty-seven (527) of the Code, if the board determines
19 that the rule would be inconsistent with other
20 departmental rules promulgated under the authority
21 of that chapter.
22 b. To make recommendations to the governor and
23 to the general assembly with respect to the budget
24 proposal of a department.

25 2. A superintendent shall not promulgate any rule
26 which has been disapproved by the financial
27 institutions board.

28 Sec. 7. NEW SECTION. COSTS OF ADMINISTRATION.

29 1. All expenses incurred in the administration
30 of this chapter shall be paid from appropriations.
31 The state comptroller shall draw warrants on the
32 treasurer of state for all disbursements authorized
33 by the provisions of this chapter upon itemized and
34 verified vouchers bearing the approval of the executive
35 secretary of the financial institutions board.

36 2. Expenses incurred in the administration of
37 this chapter shall be certified annually by the
38 treasurer of state to the respective superintendents,
39 and shall be assessed by the respective superinten-
40 dents against financial institutions as follows:
41 a. Twenty-five percent of the expenses shall be
42 expenses of administering chapter five hundred twenty-
43 four (524) of the Code, and shall be assessed against
44 state banks by the superintendent of banking in the
45 same manner as other general administration expenses
46 of the department of banking are assessed under section
47 five hundred twenty-four point two hundred nineteen
48 (524.219) of the Code.
49 b. Twenty-five percent of the expenses shall be
50 expenses of administering chapter five hundred thirty-

1 three (533) of the Code, and shall be assessed against
2 credit unions by the superintendent of credit unions
3 in the same manner as other general administration
4 expenses of the department of credit unions are
5 assessed under section twenty (20) of this Act.

6 c. Twenty-five percent of the expenses shall be
7 expenses of administering chapter five hundred thirty-
8 four (534) of the Code, and shall be assessed against
9 savings and loan associations by the superintendent
10 of savings and loan associations in the same manner
11 as other general administration expenses of the
12 department of savings and loan association are assessed
13 under section five hundred thirty-four point sixty-
14 one (534.61) of the Code.

15 d. Twenty-five percent of the expenses shall be
16 expenses of administering chapters five hundred thirty-
17 six (536) and five hundred thirty-six A (536A) of
18 the Code, and shall be assessed against supervised
19 lenders by the superintendent of supervised lenders
20 in the same manner as other general administration
21 expenses of the department of supervised lenders are
22 assessed under sections five hundred thirty-six point
23 ten (536.10) and five hundred thirty-six A point
24 twelve (536A.12) of the Code.

25 3. Notwithstanding any provision of chapters five
26 hundred twenty-four (524), five hundred thirty-three
27 (533), five hundred thirty-four (534), five hundred
28 thirty-six (536), or five hundred thirty-six A (536A)
29 of the Code to the contrary, amounts received by a
30 superintendent which represent payment of the
31 assessments imposed by this section shall be credited
32 to the general fund, and not to any revolving fund
33 or other departmental account.

34 Sec. 8. NEW SECTION. EXECUTIVE SECRETARY--
35 ASSISTANCE FROM DEPARTMENTS.

36 1. The financial institutions board shall employ
37 an executive secretary who shall hold office during
38 the pleasure of the board, and who shall perform such
39 duties as may be required by the financial institutions
40 board. The executive secretary shall receive a salary
41 as determined by the merit employment department,
42 and shall be reimbursed for actual and necessary
43 expenses incurred in the performance of official
44 duties. The executive secretary shall be employed
45 full-time and shall not be an officer or director
46 of, or otherwise be affiliated with, any bank, credit
47 union, savings and loan association, or supervised
48 lender.

49 2. The executive secretary shall keep a complete
50 record of the proceedings of the financial institutions

1 board.

2 3. Except as provided in section eight (8) of
3 this Act, the financial institutions board shall not
4 employ other personnel. The financial institutions
5 board may request that the superintendent of banking,
6 the superintendent of credit unions, the superintendent
7 of savings and loan associations, or the superintendent
8 of supervised lenders make personnel of their
9 departments available from time to time to assist
10 the board, and each superintendent shall make per-
11 sonnel available except when such would result in
12 the neglect of other duties of the department.

13 Sec. 9. NEW SECTION. GENERAL COUNSEL.

14 1. Within sixty days after the effective date
15 of this Act, the financial institutions board shall
16 appoint an attorney who is licensed to practice in
17 this state as general counsel for a term ending June
18 30, 1981, and until a successor is appointed.
19 Effective July 1, 1981 and every fourth year thereafter
20 a general counsel shall be appointed for a term of
21 four years and until a successor is appointed. A
22 vacancy in the office of general counsel shall be
23 filled for the unexpired term in the same manner as
24 original appointments.

25 2. The financial institutions board shall obtain
26 the advice and consent of the respective
27 superintendents of the departments of banking, credit
28 unions, savings and loan associations and supervised
29 lenders with respect to all applicants for the office
30 of general counsel. Applications for the office shall
31 be received, upon reasonable publication of notice
32 of a vacancy, for a period of thirty days before final
33 consideration is given to applicants.

34 3. The general counsel shall receive a salary
35 of thirty-five thousand dollars per year, unless
36 otherwise provided by the general assembly, and shall
37 be reimbursed for actual and necessary expenses
38 reasonably incurred in the performance of official
39 duties.

40 4. The general counsel shall devote full time
41 to the duties of office, and shall not be a member
42 of any political committee or contribute to any
43 political campaign fund or take any part in political
44 campaigns or be a candidate for any political office.

45 5. The financial institutions board may remove
46 the general counsel for any malfeasance or nonfeasance
47 in office, or for any cause which renders the person
48 ineligible for appointment, or incapable or unfit
49 to discharge the duties of office, and findings of
50 the board with respect to removal of the general

1 counsel shall be conclusive.

2 Sec. 10 NEW SECTION. DUTIES OF GENERAL COUNSEL.

3 The general counsel shall have the following duties:

4 1. To act as attorney for, and legal advisor of,
5 the financial institutions board and the departments
6 of banking, credit unions, savings and loan
7 associations and supervised lenders;

8 2. To investigate as directed by the board or
9 any superintendent the legality of any acts or
10 practices of a bank, credit union, savings and loan
11 association or supervised lender, and to institute
12 civil proceedings before any superintendent or any
13 court to obtain compliance by any such financial
14 institution with the laws of this state which the
15 superintendent is charged with enforcing; and

16 3. To appear for the board or any department in
17 all actions instituted in any state or federal court
18 which involves the validity of any rule or order of
19 a superintendent, and prosecute in any state or federal
20 court in the name of the state all actions necessary
21 to enforce or to restrain the violation of any rule
22 or order of a superintendent.

23 Sec. 11. NEW SECTION. OFFICE--ASSISTANTS--
24 EXPENSES. The office of general counsel shall be
25 at the seat of state government. The general counsel
26 shall be given access to all files, records, and
27 documents in the custody of any department. The
28 general counsel may employ one confidential secretary,
29 but shall not employ other assistants. Each
30 superintendent shall make available to the general
31 counsel from time to time such assistants as the
32 general counsel may require in fulfilling the duties
33 of counsel to the respective departments or to the
34 board. All salaries and expenses of the office of
35 general counsel shall be costs of administering this
36 chapter, and shall be paid, certified and assessed
37 as provided in section six (6) of this Act.

38 DIVISION II

39 Sec. 12. Section five hundred twenty-four point
40 one hundred three (524.103), Code 1977, is amended
41 by adding the following new subsections:

42 NEW SUBSECTION. "Financial institutions board"
43 means the board created under section two (2) of this
44 Act.

45 NEW SUBSECTION. "General counsel" means the person
46 appointed under section eight (8) of this Act.

47 Sec. 13. Section five hundred twenty-four point
48 two hundred one (524.201), Code 1977, is amended by
49 adding the following new subsection:

50 NEW SUBSECTION. The governor shall obtain the

1 advice of the financial institutions board with respect
2 to any appointee to a regular term or vacancy as
3 superintendent of banking.

4 Sec. 14. Section five hundred twenty-four point
5 two hundred two (524.202), Code 1977, is amended to
6 read as follows:

7 524.202 SUPERINTENDENT--SALARY. The superintendent
8 shall receive a salary to be fixed by the ~~state-banking~~
9 financial institutions board. The superintendent
10 shall be entitled to receive reimbursement for expenses
11 incurred in the performance of his duties, subject
12 to the provisions of section 524.209.

13 Sec. 15. Section five hundred twenty-four point
14 two hundred four (524.204), subsection three (3),
15 Code 1977, is amended to read as follows:

16 3. The deputy superintendent shall receive a
17 salary to be fixed by the ~~state-banking~~ financial
18 institutions board. The deputy superintendent shall
19 be entitled to receive reimbursement for expenses
20 incurred in the performance of his duties, subject
21 to the provisions of section 524.209.

22 Sec. 16. Section five hundred twenty-four point
23 two hundred five (524.205), Code 1977, is amended
24 by striking the section and inserting in lieu thereof
25 the following:

26 524.205 FINANCIAL INSTITUTIONS BOARD--GENERAL
27 COUNSEL.

28 1. The financial institutions board shall act
29 with the superintendent in an advisory capacity
30 concerning the administration of this chapter, and
31 shall have other duties as provided in division one
32 (I) of this Act.

33 2. The general counsel shall act with the
34 superintendent in an advisory capacity concerning
35 the administration of this chapter, and shall have
36 other duties as provided in division one (I) of this
37 Act.

38 DIVISION III

39 Sec. 17. Chapter five hundred thirty-three (533),
40 Code 1977, is amended by adding the following new
41 sections:

42 NEW SECTION. DEPARTMENT OF CREDIT UNIONS. There
43 is created the department of credit unions which shall
44 be the office of the superintendent, and shall include
45 other personnel employed in the discharge of the
46 duties and responsibilities imposed upon the
47 superintendent by the laws of this state.

48 NEW SECTION. SUPERINTENDENT OF CREDIT UNIONS.

49 1. APPOINTMENT. The governor shall appoint,
50 subject to the approval of at least two-thirds of

1 the members of the senate, for an irregular term
2 ending June 30, 1980, and for each four-year period
3 thereafter, a superintendent of credit unions. An
4 appointee shall be selected solely with regard to
5 qualifications and fitness for office. The
6 superintendent shall hold office at the seat of
7 government.

8 2. ~~TERM--REMOVAL--VACANCY.~~ The regular term of
9 office of the superintendent shall be four years from
10 the first day of July of the year of his appointment,
11 subject to removal at the pleasure of the governor.
12 A vacancy in the office of superintendent occurring
13 while the general assembly is not in session shall
14 be filled by appointment by the governor, which
15 appointment shall expire at the end of thirty days
16 from the time the general assembly next convenes.
17 Prior to the expiration of that thirty days the
18 governor shall transmit to the senate for confirmation
19 an appointment for the unexpired portion of the regular
20 term. A vacancy occurring during a session of the
21 general assembly shall be filled as regular
22 appointments are made and before the end of the session
23 and for the unexpired portion of the regular term.

24 3. The governor shall obtain the advice of the
25 financial institutions board with respect to any
26 appointee to a regular term or vacancy as
27 superintendent.

28 4. SALARY AND EXPENSES. The superintendent shall
29 receive a salary to be fixed by the governor and
30 comptroller, and shall be reimbursed for actual and
31 necessary expenses incurred in the performance of
32 duties.

33 5. BOND AND OATH. The superintendent, upon
34 appointment, shall give bond to the state, signed
35 by a responsible surety company, in the penal sum
36 of two thousand dollars, conditioned upon faithful
37 and impartial discharge of his duties, and upon proper
38 accounting for all funds and other valuables which
39 may come into his hands. The superintendent shall
40 take an oath of office, and the bond and oath shall
41 be approved by and filed with the governor. The cost
42 of the bond shall be paid by the department as an
43 expense.

44 NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT.
45 The superintendent shall make an annual report in
46 writing to the financial institutions board and to
47 the general assembly. A copy of the report shall
48 be furnished by the superintendent at cost to each
49 credit union or other person on request. The annual
50 report shall contain:

1 1. A summary of applications approved or denied
2 by the superintendent since the last report.

3 2. A summary of the assets, liabilities and capital
4 structure of all credit unions as of December thirty-
5 first of the year for which the report is made.

6 3. A statement of the receipts and disbursements
7 of the department during the calendar year ending
8 the preceding December thirty-first, and of the funds
9 on hand on that date.

10 4. Information which the superintendent may deem
11 appropriate and advisable to disclose.

12 5. Information which the financial institutions
13 board may require to be included.

14 NEW SECTION. PERSONNEL. The superintendent may
15 employ, subject to the approval of the governor and
16 state comptroller, assistants, examiners and other
17 personnel necessary for the proper execution of duties
18 and responsibilities. Chapter nineteen A (19A) of
19 the Code shall apply to all department personnel
20 except the superintendent and his or secretary. The
21 salary of the secretary shall be fixed by the
22 superintendent. Examiners' salaries shall be
23 commensurate with those of national credit union
24 administration examiners having similar duties.
25 Department personnel shall be reimbursed for the
26 actual and necessary expenses incurred by them in
27 the performance of their duties. All salaries and
28 reimbursements shall be department expenses.

29 Before engaging in official duties each examiner
30 shall take an oath of office and shall give bond to
31 the state, signed by a responsible surety company,
32 in the penal sum of two thousand dollars, conditioned
33 upon faithful and impartial discharge of duties and
34 upon proper accounting for all funds and other
35 valuables which may come into his or her hands. Each
36 bond and oath shall be approved by and filed with
37 the superintendent. The cost of bonds shall be paid
38 by the department as an expense.

39 NEW SECTION. EXPENSES OF THE DEPARTMENT. All
40 expenses incurred by the department shall be paid
41 from appropriations. All fees shall be payable to
42 the superintendent who shall pay all fees and other
43 money received by him to the treasurer of state within
44 the time required by section twelve point ten (12.10)
45 of the Code. The treasurer shall hold the funds in
46 an account in the name of the department for the
47 payment of the expenses of the department. The account
48 at all times shall be subject to the warrant of the
49 state comptroller, drawn upon the written request
50 of the superintendent, for the payment of expenses

1 of the department.
2 The superintendent shall account for receipts and
3 disbursements according to the separate duties imposed
4 upon him by the laws of this state.

5 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
6 COUNSEL.

7 1. The financial institutions board shall act
8 with the superintendent in an advisory capacity
9 concerning the administration of this chapter, and
10 shall have other duties as provided in division one
11 (I) of this Act.

12 2. The general counsel shall act with the
13 superintendent in an advisory capacity concerning
14 the administration of this chapter, and shall have
15 other duties as provided in division one (I) of this
16 Act.

17 NEW SECTION. SUBPOENA--CONTEMPT.

18 1. The superintendent, and upon the approval of
19 the superintendent, any assistant or examiner shall
20 have the power to subpoena witnesses, to compel their
21 attendance, to administer oaths, to examine any person
22 under oath and to require the production of relevant
23 books or papers. The examination may be conducted
24 on any subject relating to the duties imposed upon,
25 or powers vested in, the superintendent under the
26 provisions of this Act.

27 2. When a person subpoenaed pursuant to subsection
28 one (1) of this section neglects or refuses to obey
29 the terms of the subpoena, or to produce books or
30 papers or to give testimony, as required, the
31 superintendent may apply to the district court of
32 Polk county for the enforcement of the subpoena or
33 for the issuance of an order compelling compliance
34 as the court directs.

35 3. The refusal without reasonable cause of a
36 person to obey an order of the district court, issued
37 pursuant to subsection two (2) of this section, shall
38 be considered contempt of court.

39 NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT.

40 Records of the credit union department are public
41 records subject to the provisions of chapter sixty-
42 eight A (68A) of the Code, except that papers,
43 documents, reports, reports of examinations and other
44 writings relating specifically to the supervision
45 and regulation of a specific credit union or persons
46 by the superintendent pursuant to the laws of this
47 state are not public records and shall not be open
48 for examination or copying by the public or for
49 examination or publication by the news media.

50 The superintendent and all employees and deputies

1 may give information secured from or about credit
2 unions to the Iowa credit union league and its
3 affiliates. The superintendent may provide information
4 regarding credit unions to the administrator of any
5 share insurance corporation including the national
6 credit union administration, for the purpose of
7 availability of the national credit union insurance
8 fund to the credit unions.

9 The superintendent or other employees of the
10 department shall not be subpoenaed in any cause or
11 proceeding to give testimony concerning information
12 relating to the supervision and regulation of a
13 specific credit union or persons by the superintendent
14 pursuant to the laws of this state, nor shall the
15 records of the credit union department which relate
16 to the supervision and regulation of a specific credit
17 union or persons be offered in evidence in a court
18 or subject to subpoena by a party except where
19 relevant:

- 20 1. In actions or proceedings brought by the
21 superintendent.
- 22 2. In matters in which an interested and proper
23 party seeks review of a decision of the superintendent.
- 24 3. In actions or proceedings which arise out of
25 the criminal provisions of the laws of this state
26 or of the United States.
- 27 4. In actions brought as shareholder derivative
28 suits against a credit union.
- 29 5. In actions brought to recover moneys or to
30 recover upon an indemnity bond for embezzlement,
31 misappropriation or misuse of credit union funds.

32 NEW SECTION. CONFLICTS PROHIBITED. The
33 superintendent and employees of the department shall
34 not be members of nor have any business dealings with
35 a credit union. Credit unions shall not accept moneys
36 for deposit and shall not have any business transaction
37 with the superintendent or an employee of the credit
38 union department. If a person willfully receives
39 or accepts a deposit or undertakes to establish a
40 business dealing contrary to this section, upon
41 conviction that person shall be guilty of a serious
42 misdemeanor, and shall be permanently disqualified
43 from acting as an officer, director or employee of
44 a state chartered credit union and permanently
45 disqualified from acting as superintendent or employee
46 of the state credit union department.

47 Sec. 18. Section five hundred thirty-three point
48 one (533.1), unnumbered paragraphs two (2) and three
49 (3), and subsections three (3) through seven (7),
50 Code 1977, are amended to read as follows:

1 ADMINISTRATION. The superintendent ~~of banking~~
2 shall be charged with the execution of the laws of
3 this state relating to credit unions.

4 ORGANIZATION. Any seven residents of the state
5 of Iowa may apply to the superintendent ~~of banking~~
6 for permission to organize a credit union.

7 3. The articles and the bylaws, both executed
8 in duplicate, shall be forwarded with a fee of ten
9 dollars to the superintendent ~~of banking~~.

10 4. The superintendent shall, within thirty days
11 of the receipt of said articles and bylaws, determine
12 whether they conform with the provisions of this
13 chapter, and whether or not the organization of the
14 credit union in question would benefit ~~the~~ its members
15 ~~of it~~ and be consistent with the purposes of this
16 chapter.

17 5. The superintendent shall thereupon notify the
18 applicants of his or her decision. If ~~it~~ the decision
19 is favorable ~~he~~ the superintendent shall issue a
20 certificate of approval, which shall be attached to
21 the duplicate articles of incorporation and the
22 superintendent shall return the same, together with
23 the duplicate bylaws to the applicants..

24 6. The applicants shall thereupon file ~~the said~~
25 this duplicate of the articles of incorporation, with
26 and the attached certificate of approval attached
27 thereto, with the county recorder of the county within
28 which the credit union is to ~~be~~ have its principal
29 place of business, ~~was~~. The county recorder shall
30 record and index the same and return it, with his
31 or her certificate of record attached thereto, to
32 the ~~said~~ superintendent ~~of banking~~ for permanent
33 record.

34 7. The applicants shall thereupon become and be
35 a credit union, incorporated in accordance with the
36 provisions of this chapter.

37 In order to simplify the organization of credit
38 unions, the superintendent ~~of banking, upon the taking~~
39 ~~effect of this chapter, or as seen thereafter as~~
40 ~~sufficient fees shall have accumulated to liquidate~~
41 ~~the cost of same,~~ shall cause to be prepared an
42 approved form of articles of incorporation and a form
43 of bylaws, consistent with this chapter which may
44 be used by credit union incorporators for their
45 guidance, and on written application of any seven
46 residents of the state, shall supply them without
47 charge with blank articles of incorporation and a
48 copy of ~~said~~ this form of suggested bylaws..

49 Sec. 19. Section five hundred thirty-three point
50 four (533.4), subsection five (5), paragraph e, and

1 subsection thirteen (13), Code 1977, are amended to
2 read as follows:

3 e. Purchase of notes of liquidating credit unions
4 with the approval of the superintendent ~~of banking.~~

5 13. Upon the approval of the superintendent ~~of~~
6 ~~banking~~, serve an employee group having an insufficient
7 number of members to form or conduct the affairs of
8 a separate credit union. There shall be no requirement
9 for the existence of a common bond relationship between
10 the said small employee group and the credit union
11 effecting such service.

12 Sec. 20. Section five hundred thirty-three point
13 six (533.6), Code 1977, is amended to read as follows:

14 533.6 REPORTS--EXAMINATIONS.

15 1. Credit unions organized under this chapter
16 shall report annually on or before the first day of
17 February to the superintendent ~~of banking annually~~
18 ~~on or before the first day of February~~ on blanks
19 supplied by ~~him~~ the superintendent for that purpose.
20 Additional reports may be required. If any report
21 remains in arrears for more than five days, a fine
22 of five dollars for each day such report remains in
23 arrears may be levied against ~~such~~ the offending
24 credit union in addition to the fine for failure to
25 pay the annual fee. If such report is not returned
26 within thirty days of the due date, the superintendent
27 ~~of banking~~ may, after written notice to the president
28 of ~~such~~ the credit union ~~of his intention to do so,~~
29 suspend or revoke the certificate of approval, take
30 possession of the business and property of such credit
31 union, and order its dissolution.

32 2. The superintendent ~~of banking~~ shall annually
33 examine, or cause to be examined, each credit union
34 annually. Each credit union and all of its officers
35 and agents shall give to the representatives of ~~said~~
36 the superintendent free access to all books, papers,
37 securities, records and other sources of information
38 under their control, ~~and for the purposes of such~~
39 ~~examination said representatives shall have the power~~
40 ~~to subpoena witnesses, administer oaths, compel the~~
41 ~~giving of testimony, and require the submission of~~
42 documents. A report of such examination shall be
43 forwarded to the president chairperson of each credit
44 union within thirty days after the completion of the
45 examination. Within thirty days of the receipt of
46 ~~such~~ this report, a meeting of the directors shall
47 be called to consider matters contained in the report
48 and the action taken shall be set forth in the minutes
49 of the board. ~~The superintendent may furnish to the~~
50 ~~administrator or any other official of the national~~

1 ~~credit-union-administration-any-information-or-report~~
2 ~~relating-to-examinations-and-reports-of-the-status~~
3 ~~of-any-state-credit-union-insured-by-the-national~~
4 ~~credit-union-administration.~~ The superintendent of
5 banking may accept, in lieu of the annual examination
6 of a credit union, an audit report conducted by a
7 certified public accounting firm selected from a list
8 of firms previously approved by the superintendent
9 ~~of-banking.~~ The cost of the audit shall be paid by
10 the credit union.

11 3. The superintendent ~~of-banking~~ may require any
12 credit union, whose records are inadequate or whose
13 books have not been balanced as of the end of the
14 month not less than thirty days previously or whose
15 affairs are in an unfavorable condition, to submit
16 to an additional examination each year.

17 ~~4. Each credit union shall pay to the~~
18 ~~superintendent of banking a fee for making~~
19 ~~examinations, based on the actual cost of the operation~~
20 ~~of the credit union division of the department of~~
21 ~~banking and the proportionate share of administrative~~
22 ~~expenses in the operation of the department of banking,~~
23 ~~attributable to credit unions, to be determined by~~
24 ~~the superintendent of banking, in accordance with~~
25 ~~chapter 47A.~~

26 4. At the time of filing its annual report each
27 credit union shall pay an annual filing fee, which
28 shall be based on the actual costs and administrative
29 expenses in the operation of the department, as
30 determined by the superintendent. The fee shall be
31 established by the superintendent by rule pursuant
32 to chapter seventeen A (17A) of the Code, and may
33 not be changed more frequently than annually, and
34 when changed shall be effective on January first of
35 the year following the year in which the change was
36 adopted.

37 The superintendent shall assess against each credit
38 union the actual and necessary expenses incidental
39 to any examination made pursuant to an order under
40 authority of this chapter. Upon completion, the
41 examiner in charge shall render a bill for the fee,
42 in triplicate, and shall deliver one copy to the
43 credit union and one copy to the superintendent.
44 Failure to pay the fee to the superintendent within
45 ten days after the date of receipt of the bill shall
46 subject the credit union to an additional fee equal
47 to five percent of the amount of the fee for each
48 day the payment is delinquent.

49 Failure of a credit union to pay an annual filing
50 fee or examination fee shall result in a penalty of

1 five dollars per day, or for any part of a day, during
2 which the credit union is delinquent, and may be the
3 grounds for revocation of the charter of the credit
4 union which failed to make payment.

5 5. If it shall appear that any credit union is
6 insolvent or that it has violated any of the provisions
7 of this chapter, the superintendent ~~of banking~~ may,
8 after a hearing or ~~giving~~ after an opportunity for
9 a hearing is given, order such that credit union to
10 correct such the condition and. The superintendent
11 shall grant ~~to~~ the credit union not less than sixty
12 days within which to comply and failure so with the
13 order. Failure to do comply shall afford the said
14 superintendent grounds to revoke the certificate of
15 approval and shall afford the superintendent the
16 authority to apply to the district court of the
17 district in which such this credit union is located
18 for the appointment of a receiver for the credit
19 union. The district court shall appoint the
20 superintendent as receiver unless the superintendent
21 has tendered the appointment to the administrator
22 of the national credit union administration. The
23 administrator as receiver shall possess the rights,
24 powers, and privileges granted by state law to a
25 receiver of a state credit union. Neither the
26 superintendent nor the administrator shall be required
27 to furnish bond as receiver of a state credit union.

28 Sec. 21. Section five hundred thirty-three point
29 twenty (533.20), Code 1977, is amended to read as
30 follows:

31 533.20 VOLUNTARY DISSOLUTION. The process of
32 voluntary dissolution shall be as follows:

33 1. At a special meeting called for the that
34 purpose, notice-of-which-purpose-must-be-contained
35 in-the-call, a credit union may dissolve upon the
36 affirmative vote of a majority of its members eligible
37 to vote at the special meeting. Notice of the
38 meeting's purpose shall be contained in the meet-
39 ing's notice. Any member eligible to vote and not
40 present at the meeting may, within twenty days after
41 the date on which the meeting was held, vote in favor
42 of dissolution by signing a statement in the form
43 approved by the superintendent ~~of banking and the.~~
44 This vote shall have the same force and effect as
45 if cast at the meeting.

46 2. The credit union shall cease to do business
47 except for the purposes of liquidation immediately
48 upon ~~the giving of~~ notice of the special meeting of
49 the called for the members to vote on dissolution
50 and the. The board of directors shall immediately

1 notify the superintendent ~~of-banking~~ of the intention
2 of the credit union to dissolve. The credit union
3 shall not resume its regular business unless the
4 dissolution fails to receive the required vote of
5 the members or unless the members ~~shall~~ have revoked
6 prior affirmative action to dissolve as provided for
7 in subsection 4 of this section.

8 3. The board of directors shall have power to
9 terminate and settle the affairs of a credit union
10 in voluntary dissolution. The credit union shall
11 continue in existence for the purpose of discharging
12 its liabilities, collecting and distributing its
13 assets, and doing all acts required in order to
14 terminate its affairs. The credit union may sue and
15 be sued for the purpose of enforcing such liabilities
16 and for the purpose of collecting its assets until
17 its affairs are fully settled. During the course
18 of dissolution proceedings, the credit union shall
19 make such reports and shall be subject to such
20 examinations as the superintendent ~~of-banking~~ may
21 require. If at any time, after the affirmative vote
22 of a majority of the members of a credit union to
23 dissolve the credit union, the superintendent ~~of~~
24 ~~banking~~ finds that the credit union is not making
25 reasonable progress toward terminating its affairs
26 or finds that the credit union is insolvent, ~~as the~~
27 superintendent may apply to the district court for
28 a an appointment of a receiver to-be-appointed to
29 terminate the affairs of the credit union.

30 4. ~~A-credit-union-may,~~ At any time prior to
31 any distribution of its assets, a credit union may
32 revoke the voluntary dissolution proceedings upon
33 by the affirmative vote of a majority of its members
34 eligible to vote. This vote, if taken, shall be at
35 a special meeting called for that purpose in the
36 manner prescribed by the bylaws. The board of
37 directors shall immediately notify the superintendent
38 ~~of-banking~~ of any such action to revoke voluntary
39 dissolution proceedings.

40 5. Upon such proof as is satisfactory to the
41 superintendent ~~of-banking~~ that all assets have been
42 liquidated from which there is a reasonable expectance
43 of realization, that the liabilities of the credit
44 union have been discharged and distribution made to
45 its members, and that the liquidation has been
46 completed, the superintendent ~~of-banking~~ shall issue
47 a certificate of dissolution, which certificate shall
48 be filed and recorded in the county in which the
49 credit union has its principal place of business and
50 in the county in which its original articles of

1 incorporation were filed and recorded. Upon the
2 issuance of a certificate of dissolution, the existence
3 of the credit union shall cease.

4 Sec. 22. Section five hundred thirty-three point
5 twenty-one (533.21), subsections one (1) through three
6 (3), Code 1977, are amended to read as follows:

7 1. In all situations in which the superintendent
8 has been appointed as receiver as provided in ~~section~~
9 ~~533.6 and section 533.20 in~~ this chapter, the
10 superintendent shall make a diligent effort to collect
11 and realize on the assets of the credit union, and
12 shall make distribution of the proceeds from time
13 to time to those entitled thereto in the order provided
14 for by law. The superintendent may execute as receiver
15 or after the receivership has terminated assignments,
16 releases, and satisfactions to effectuate sales and
17 transfers as receiver or after the receivership has
18 terminated. Upon the order of the court in which
19 the receivership is pending, the superintendent may
20 sell or compound all bad or doubtful debts, and on
21 a like order. Upon the order of the court in which
22 the receivership is pending, the superintendent may
23 sell all the real and personal property of the credit
24 union, on such terms as the court shall direct.

25 2. All expenses of the receivership and dissolution
26 shall be ~~fixed~~ determined by the superintendent,
27 subject to the approval of the district court, and
28 shall be paid out of the assets of the credit union.

29 3. At the termination of the receivership, the
30 superintendent shall file ~~his~~ a final report ~~containing~~
31 which shall contain the details of his or her actions
32 ~~therein, together with~~ and such additional facts as
33 the court may require.

34 Sec. 23. Section five hundred thirty-three point
35 twenty-two (533.22), subsection three (3), Code 1977,
36 is amended to read as follows:

37 3. The superintendent ~~of banking~~ shall assume
38 custody of the records of a credit union dissolved
39 pursuant to this chapter and shall retain ~~them~~ these
40 records in accordance with the provisions of section
41 533.26. The superintendent may cause film, photo-
42 graphic, photostatic, or other copies of ~~such~~ these
43 records to be made and the superintendent shall retain
44 such these copies in lieu of the original records.

45 Sec. 24. Section five hundred thirty-three point
46 twenty-seven (533.27), unnumbered paragraph two (2),
47 Code 1977, is amended to read as follows:

48 For the purpose of assisting credit unions in the
49 retention of only necessary records and files, or
50 for the destruction of those which are obsolete or

1 unnecessary, credit unions are authorized to destroy
2 such records and files or classes thereof within the
3 period of limitation of actions upon the joint
4 recommendation of the superintendent ~~of banking~~ and
5 a the credit union review board relating to records
6 ~~consisting of the directors of the Iowa credit union~~
7 ~~league.~~

8 Sec. 25. Section five hundred thirty-three point
9 thirty (533.30), subsections one (1), three (3), and
10 four (4), Code 1977, are amended to read as follows:

11 1. A credit union may ~~with the approval of the~~
12 ~~superintendent of banking~~, merge with another credit
13 union under the existing organization of the other
14 credit union if the merger receives approval of the
15 superintendent and if the merger is pursuant to a
16 plan agreed upon by the majority of the board of
17 directors of each credit union joining in the merger
18 and which plan is approved by the affirmative vote
19 of a majority of the members of the merging credit
20 unions.

21 3. The certificate and a copy of the agreed plan
22 of merger agreed upon shall be forwarded to the
23 ~~superintendent of banking~~, certified by him or her,
24 and returned to both credit unions within thirty days
25 of the date of receipt by the superintendent.

26 4. Upon return of the certificates from the
27 ~~superintendent of banking~~, all property, property
28 rights, and members' interest of the merged credit
29 union shall vest in the surviving credit union without
30 ~~deed, endorsement~~ the legal need for deeds, endors-
31 ments or other instrument instruments of transfer,
32 and all debts, obligations and liabilities of the
33 merged credit union are shall be assumed by the
34 surviving credit union under whose charter the merger
35 was effected. The rights and privileges of the members
36 of the merged credit union shall remain intact.
37 Credit union membership in the surviving credit un-
38 ion shall be available to persons within the field
39 of membership of the merged credit union.

40 Sec. 26. Section five hundred thirty-three point
41 thirty-three (533.33), subsection one (1), Code 1977,
42 is amended to read as follows:

43 1. The superintendent may tender to the
44 administrator of the national credit union
45 administration the appointment as receiver for an
46 insured credit union. If the administrator of the
47 national credit union administration accepts the
48 appointment as receiver, the rights of the members
49 and ~~other~~ the rights of creditors of the insured
50 credit union shall be determined in accordance with

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the laws of this state.

Sec. 27. Section five hundred thirty-three point thirty-four (533.34), Code 1977, is amended to read as follows:

533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL CREDIT UNION.

1. A state credit union may convert into a federal credit union ~~upon~~ with the approval of the superintendent and by the affirmative vote of a majority of ~~its~~ the credit union's members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose and shall be in the manner prescribed by the bylaws ~~and with the approval of the administrator of the national credit union administration.~~ Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of conversion by signing a statement in a form satisfactory to the superintendent ~~of banking and the.~~ This vote shall have the same force and effect as if cast at the meeting.

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

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

Sec. 28. Section five hundred thirty-three point thirty-five (533.35), subsection one (1) and two (2), Code 1977, are amended to read as follows:

1. A federal credit union may convert into a state credit union ~~upon~~ by compliance with the laws of the United States and upon the approval by of the superintendent ~~of banking.~~ Application for approval of the conversion to a state credit union shall be submitted to the superintendent in the form prescribed by the superintendent, together with the articles

1 of incorporation and bylaws as required by section
2 533.1. The superintendent ~~of banking~~ may cause an
3 examination to be made of any converting federal
4 credit union ~~and the~~. The credit union shall pay
5 to the superintendent the same examination fee as
6 paid for examinations of state credit unions.
7 2. If the superintendent ~~shall~~ should approve
8 the application of a federal credit union for
9 conversion to a state credit union, he or she shall
10 cause the articles of incorporation of the resulting
11 state credit union to be filed and recorded in the
12 county in which the credit union has its principal
13 place of business and he or she shall issue a
14 certificate of authority to do business under the
15 laws of this state to the resulting state credit union
16 ~~to do business under the laws of this state.~~ The
17 credit union shall then become a state credit union
18 subject to the laws of this state. The superintendent
19 shall furnish a copy of the certificate to the
20 administrator of the national credit union
21 administration.

22 Sec. 29. Section five hundred thirty-three point
23 thirty-six (533.36), Code 1977, is amended by adding
24 the following new subsections:

25 NEW SUBSECTION. "Superintendent" means the
26 superintendent of credit unions.

27 NEW SUBSECTION. "Department" means the department
28 of credit unions.

29 NEW SUBSECTION. "Financial institutions board"
30 means the board created under section two (2) of this
31 Act.

32 NEW SUBSECTION. "General counsel" means the person
33 appointed under section eight (8) of this Act.

34 Sec. 30. The credit union examination supervisor,
35 examiners and other staff existing within the
36 department of banking, credit union section, are
37 transferred to the department of credit unions. The
38 Iowa merit employment commission shall promulgate
39 rules to carry out this transfer and shall arbitrate
40 and decide any written appeal made by any employee
41 concerning this transfer. No employee shall lose,
42 because of this transfer, any benefits accrued to him,
43 including but not limited to salary, retirement,
44 vacation, sick leave or longevity.

45 The state comptroller, pursuant to section eight
46 point thirty-nine (8.39) of the Code, shall determine
47 what portion of the appropriation made to the
48 department of banking will be in excess of need, if
49 any, because of the transfer of duties and personnel
50 as provided in this section, and shall transfer such

1 amounts to the account of the department of credit
2 unions. The comptroller also shall determine what
3 other funds or accounts, including reserves, are held
4 in the name or for the use or benefit of the existing
5 section of credit unions within the department of
6 banking, and shall transfer all assets and liabilities
7 to the account of the department of credit unions.

8 Sec. 31. All effective rules, regulations, forms,
9 orders and directives promulgated by the superintendent
10 of banking or other authority pursuant to chapter
11 five hundred thirty-three (533) of the Code shall
12 continue in full force and effect as rules,
13 regulations, forms, orders and directives of the
14 superintendent of credit unions until amended, supple-
15 mented or repealed by affirmative action of the
16 superintendent of credit unions. Any approval or
17 certificate of authority, or any other form of
18 permission or license granted or issued by the
19 superintendent of banking or other authority pursuant
20 to chapter five hundred thirty-three (533) of the
21 Code, and in effect on the effective date of this
22 Act, shall continue to be in effect until it expires
23 according to the terms of its issuance or until it
24 is otherwise revoked, suspended or withdrawn as
25 provided by law.

26 Sec. 32. All existing bonds, deposits, reserves
27 or other funds established pursuant to chapter five
28 hundred thirty-three (533) of the Code, and of which
29 the superintendent of banking is the beneficiary,
30 trustee, or payee, or by which the superintendent
31 of banking acquired right, authority or power, shall
32 continue in effect, and all right, authority, power
33 or benefit shall inure to the superintendent of credit
34 unions who for all intents and purposes shall be a
35 lawful substitute for the superintendent of bank-
36 ing. All legal proceedings, conservatorships,
37 receiverships or other actions pending shall be
38 continued, and any rights, duties or liabilities of
39 the superintendent of banking in those actions shall
40 be rights, duties or liabilities of the superintendent
41 of credit unions.

42 Sec. 33. Sections five hundred thirty-three point
43 two (533.2), five hundred thirty-three point eight
44 (533.8), five hundred thirty-three point seventeen
45 (533.17), subsections one (1) and three (3), five
46 hundred thirty-three point twenty-three (533.23),
47 Code 1977, are amended by striking the words
48 "superintendent of banking" wherever in those sections,
49 subsections, or paragraphs they may appear, and
50 inserting in lieu thereof the word "superintendent".

DIVISION IV

1
2 Sec. 34. Section five hundred thirty-four point
3 two (534.2), Code 1977, is amended by striking
4 subsection two (2) and inserting in lieu thereof the
5 following:

6 2. "Superintendent" means the superintendent of
7 savings and loan associations.

8 Sec. 35. Section five hundred thirty-four point
9 two (534.2), Code 1977, is amended by adding the
10 following new subsections:

11 NEW SUBSECTION. "Department" means the department
12 of savings and loan associations.

13 NEW SUBSECTION. "Financial institutions board"
14 means the board created under section two (2) of this
15 Act.

16 NEW SUBSECTION. "General counsel" means the person
17 appointed under section eight (8) of this Act.

18 Sec. 36. Chapter five hundred thirty-four (534),
19 Code 1977, is amended by adding the following new
20 sections:

21 NEW SECTION. DEPARTMENT OF SAVINGS AND LOAN
22 ASSOCIATIONS. There is created a department of savings
23 and loan associations which shall be the office of
24 the superintendent and shall include other personnel
25 necessary for the discharge of the duties and
26 responsibilities imposed upon the superintendent
27 by the laws of this state.

28 NEW SECTION. SUPERINTENDENT OF SAVINGS AND LOAN
29 ASSOCIATIONS.

30 1. APPOINTMENT. The governor shall appoint,
31 subject to the confirmation of at least two-thirds
32 of the members of the senate, for an irregular term
33 ending June 30, 1980 and for each four-year period
34 thereafter, a superintendent of savings and loan
35 associations. An appointee shall be selected solely
36 with regard to qualification and fitness to discharge
37 the duties of office. The superintendent shall hold
38 office at the seat of state government.

39 2. TERM--REMOVAL--VACANCY. The regular term of
40 office of the superintendent shall be four years from
41 the first day of July of the year of his or her
42 appointment, subject to removal at the pleasure of
43 the governor. A vacancy in the office of
44 superintendent occurring while the general assem-
45 bly is not in session shall be filled by temporary
46 appointment by the governor, which appointment shall
47 expire at the end of thirty days from the time the
48 general assembly next convenes. Prior to the
49 expiration of that thirty days the governor shall
50 transmit to the senate for confirmation an appointment

1 for the unexpired portion of the regular term. A
2 vacancy occurring during a session of the general
3 assembly shall be filled as regular appointments are
4 made and before the end of the session and for the
5 unexpired portion of the regular term.

6 3. The governor shall obtain the advice of the
7 financial institutions board with respect to any
8 appointee to a regular term or vacancy as
9 superintendent of savings and loan associations.

10 4. SALARY AND EXPENSES. The superintendent shall
11 receive a salary to be fixed by the governor and
12 comptroller and he or she shall be entitled to
13 reimbursement for expenses incurred in the performance
14 of duties.

15 5. DUTIES AND POWERS. The superintendent shall
16 be charged with the administration and execution of
17 the laws relating to savings and loan associations,
18 and with other duties and responsibilities as provided
19 by law.

20 6. BOND AND OATH. The superintendent, upon
21 appointment, shall give bond to the state, signed
22 by a responsible surety company, in the penal sum
23 of two thousand dollars, conditioned upon faithful
24 and impartial discharge of duties, and upon proper
25 accounting for all funds and other valuables which
26 may come into his or her hands. The superintendent
27 also shall take an oath of office, and the bond and
28 oath shall be approved by and filed with the governor.
29 The cost of the bond shall be paid by the department
30 as an expense.

31 NEW SECTION. PERSONNEL. The superintendent may
32 employ, subject to the approval of the governor and
33 the state comptroller, examiners, assistants and other
34 personnel necessary for the execution of the duties
35 and obligations imposed upon the superintendent.
36 Chapter nineteen A (19A) of the Code shall apply to
37 all department personnel except the superintendent
38 and his or her secretary. The salary of the secre-
39 tary shall be fixed by the superintendent. Examiners'
40 salaries shall be commensurate with those for examiners
41 of the federal savings and loan insurance corporation
42 in this area of the United States. Department
43 personnel shall be reimbursed for the actual and
44 necessary expenses incurred by them in the performance
45 of their duties.

46 Before engaging in his or her duties each examiner
47 shall take an oath of office and shall give bond to
48 the state, signed by a responsible surety company,
49 in the penal sum of two thousand dollars, conditioned
50 upon faithful and impartial discharge of his or her

1 duties and upon proper accounting for all funds and
2 other valuables which may come into his or her hands.
3 The bond and oath shall be approved by and filed with
4 the governor. The cost of bonds shall be paid by
5 the department as an expense.

6 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
7 COUNSEL.

8 1. The financial institutions board shall act
9 with the superintendent in an advisory capacity
10 concerning the administration of this chapter, and
11 shall have other duties as provided in division one
12 (I) of this Act.

13 2. The general counsel shall act with the
14 superintendent in an advisory capacity concerning
15 the administration of this chapter, and shall have
16 other duties as provided in division one (I) of this
17 Act.

18 Sec. 37. Section five hundred thirty-four point
19 thirty-eight (534.38), Code 1977, is amended to read
20 as follows:

21 534.38 APPROVAL BY MEMBERS. Such plan shall be
22 submitted to the members of both associations, either
23 at the regular meeting or at special meetings called
24 for that purpose, and if approved by a vote of fifty-
25 one percent of the members of each association, voted
26 in person or by proxy at said meeting, the same shall
27 then be filed ~~in the office of the auditor of state~~
28 with the superintendent, who shall issue a certificate
29 authorizing the consolidation.

30 Sec. 38. Section five hundred thirty-four point
31 forty-one (534.41), subsection six (6), Code 1977,
32 is amended to read as follows:

33 6. RECORD REQUIRED.

34 a. A record of such examination shall be kept
35 in the ~~auditor's office~~ department, showing in detail
36 as to each association all matters connected with
37 the conduct of the business, its financial standing
38 and everything touching its solvency, plan of business
39 and integrity.

40 b. Such examinations and reports, and other
41 information connected therewith, shall be kept
42 confidential ~~in the office of the auditor of state~~
43 ~~and the supervisor of savings and loan associations,~~
44 and shall not be subject to publication or disclosure
45 to others except as in this chapter provided. However,
46 any evidence of felonious acts on the part of the
47 officers, directors or employees of such association
48 may be referred by the ~~office of the auditor of state~~
49 superintendent to proper authorities. Members of
50 such associations, other than their officers and

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1 directors, shall not be entitled to inspection of
2 any such records or information and shall not be
3 entitled to any information relative to the names
4 of the members of any association, or the amounts
5 invested by them, as disclosed in the ~~auditer's-office~~
6 records of the department, or in the records of any
7 such association.

8 Sec. 39. Section five hundred thirty-four point
9 three (534.3), subsection one (1), Code 1977, is
10 amended to read as follows:

11 1. PETITION FOR CERTIFICATE OF INCORPORATION.

12 At any time hereafter any five or more individuals
13 (hereinafter referred to as the "incorporators", who
14 are citizens of this state may form an association
15 to promote thrift and home financing, subject to
16 approval as hereinafter provided in this chapter by
17 signing and acknowledging, before an officer competent
18 to take acknowledgements of deeds, two copies of a
19 petition for a certificate of incorporation in the
20 form prescribed by the ~~savings-and-loan-supervisor~~
21 superintendent, and of the bylaws in a form approved
22 by the ~~savings-and-loan-supervisor~~ superintendent,
23 which shall be filed with the ~~savings-and-loan~~
24 ~~supervisor-in-the-office-of-the-auditor-of-state~~
25 superintendent and accompanied by an incorporation
26 fee.

27 Sec. 40. Section five hundred thirty-four point
28 three (534.3), subsection three (3), paragraph a,
29 Code 1977, is amended to read as follows:

30 a. The proposed articles of incorporation for
31 any proposed new association, together with proposed
32 bylaws, shall be ~~presented-to-the-auditor-of-state~~
33 filed with the superintendent and by him or her
34 submitted to the state executive council and if it
35 finds that they are in conformity with the law and
36 based upon a plan equitable in all respects to its
37 members, and further finds from the best sources at
38 its command and from such investigation as it may
39 deem necessary, that the proposed incorporators are
40 persons of good character, ability and responsibility,
41 that a reasonable necessity exists for such new
42 institution in the community to be served, that it
43 can be established and operated without undue injury
44 to existing local thrift and home financing
45 institutions and that the proposed name of such
46 institution is not similar to that of any other
47 association operating in the same community and is
48 not misleading or deceitful, the executive council
49 shall attach thereto its certificate of approval and
50 enter its approval of record, and thereupon such

1 articles of incorporation shall be recorded in the
2 office of the secretary of state and in the office
3 of the recorder of the county in which the as-
4 sociation's principal place of business is to be
5 situated and then shall be filed in the office of
6 the auditor of state with the superintendent who shall
7 at that time issue a certificate authorizing the
8 association to transact business as a building and
9 loan or savings and loan association.

10 Sec. 41. Section five hundred thirty-four point
11 four (534.4), subsection one (1), paragraph d,
12 unnumbered subparagraphs two (2) and three (3), Code
13 1977, are amended to read as follows:

14 The population of any such city shall be determined
15 by the ~~said supervisor~~ superintendent in accordance
16 with the latest federal decennial census.

17 The treasurer of the incorporators committee shall
18 file with the ~~said supervisor~~ superintendent a fidelity
19 bond, signed by ~~himself~~ the treasurer and an authorized
20 surety company acceptable to the ~~supervisor~~
21 superintendent, in a penal sum at least equal to the
22 required paid-in savings liability and expense fund
23 as hereinbefore required, payable to the ~~supervisor~~
24 of building and loan associations superintendent.

25 Such bond shall assure the safekeeping and delivery
26 to the association, after issuance of a certificate
27 of incorporation, and after the association's
28 authorized officers have filed the required bonds
29 of all of such required paid-in savings liability
30 and expense fund, or in the event of failure to
31 complete organization, such bond shall assure the
32 return to the persons providing such paid-in savings
33 liability and expense funds of the amounts contributed
34 thereto by them, less any necessary cost and expenses.

35 Sec. 42. Section five hundred thirty-four point
36 sixty-six (534.66), subsection six (6), Code 1977,
37 is amended to read as follows:

38 6. APPROVAL--CERTIFICATE OF AUTHORITY. If the
39 executive council approves the plan or method of
40 business of any such building and loan association,
41 it shall endorse its approval upon the statement of
42 the resources and liabilities and plan of business
43 presented to it, and such statement shall thereupon
44 be filed ~~in the office of the auditor of state~~ with
45 the superintendent, who shall issue a certificate
46 to such building and loan association to transact
47 business within the state, if such association has
48 deposited with him or her the mortgages and securities
49 required by the other provisions of this chapter.

50 Sec. 43. The supervisor, examiners and other staff

existing within the savings and loan division of the office of the auditor of state are transferred to the department of savings and loan associations. The Iowa merit employment commission shall promulgate rules to carry out this transfer and shall arbitrate and decide any written appeal made by any employee concerning this transfer. No employee shall lose, because of this transfer, any benefits he or she may have accrued, including but not limited to salary, retirement, vacation, sick leave or longevity.

The state comptroller, pursuant to section eight point thirty-nine (8.39) of the Code, shall determine what portion of the appropriation made to the auditor of state will be in excess of need, if any, because of the transfer of duties and personnel as provided in this section, and shall transfer such amounts to the account of the department. The comptroller also shall determine what other funds or accounts, including reserves, are held in the name or for the benefit of the division of savings and loans, and shall transfer all assets and liabilities to the account of the department.

Sec. 44. All rules, regulations, forms, orders, and directives promulgated by the auditor of state or the supervisor of savings and loan associations pursuant to chapter five hundred thirty-four (534) of the Code, shall continue in full force and effect as rules, regulations, forms, orders and directives of the department of savings and loan associations until amended, supplemented or repealed by affirmative action of the superintendent. Any approval, certificate of authority, or other form of permission or license granted or issued by the auditor, executive council or supervisor pursuant to chapter five hundred thirty-four (534) of the Code, and in effect on the effective date of this Act, shall continue to be in effect until it expires according to the terms of its issuance or until it is otherwise revoked, suspended or withdrawn as provided by law.

Sec. 45. All existing bonds, deposits, reserves or other funds established pursuant to chapter five hundred thirty-four (534) of the Code, of which the auditor of state or the supervisor of savings and loan associations is the beneficiary, trustee, or payee, or by which the auditor or the supervisor acquired right, authority or power, shall continue in effect, and all right, authority, power or benefit shall inure to the superintendent who shall be for all intents and purposes a lawful substitute for the auditor or supervisor. All pending legal proceedings,

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1 conservatorships, receiverships or other actions
2 initiated pursuant to chapter five hundred thirty-
3 four (534) of the Code, shall be continued and any
4 rights, duties or liabilities of the auditor or
5 supervisor in those actions shall be rights, duties
6 or liabilities of the superintendent.
7 Sec. 46. Sections five hundred thirty-four point
8 two (534.2), subsections two (2) and nineteen (19),
9 five hundred thirty-four point three (534.3),
10 subsection one (1), five hundred thirty-four point
11 three (534.3), subsection three (3), paragraph c,
12 five hundred thirty-four point five (534.5),
13 subsections one (1) and two (2), five hundred thirty-
14 four point six (534.6), five hundred thirty-four point
15 seventeen (534.17), subsection two (2), unnumbered
16 paragraph two (2), five hundred thirty-four point
17 eighteen (534.18), five hundred thirty-four point
18 nineteen (534.19), subsection seven (7), unnumbered
19 paragraph one (1), five hundred thirty-four point
20 nineteen (534.19), subsections nine (9), thirteen
21 (13), fifteen (15), and subsection eighteen (18),
22 unnumbered paragraphs one (1) and two (2), five hundred
23 thirty-four point twenty (534.20), unnumbered paragraph
24 two (2), five hundred thirty-four point twenty-one
25 (534.21), subsections one (1) and four (4), five
26 hundred thirty-four point twenty-four (534.24),
27 subsections one (1) and two (2), five hundred thirty-
28 four point thirty-two (534.32), five hundred thirty-
29 four point thirty-four (534.34), five hundred thirty-
30 four point forty-one (534.41), five hundred thirty-
31 four point forty-two (534.42), five hundred thirty-
32 four point forty-six (534.46), five hundred thirty-
33 four point sixty-one (534.61), and five hundred thirty-
34 four point sixty-eight (534.68), Code 1977, are amended
35 by striking the words "savings and loan supervisor",
36 "supervisor", "supervisor of savings and loan
37 associations", and "supervisor of state chartered
38 associations" wherever they may appear in those
39 sections, subsections, and paragraphs, and inserting
40 in lieu thereof the word "superintendent".
41 Sec. 47. Sections five hundred thirty-four point
42 three (534.3), subsection three (3), paragraph b,
43 five hundred thirty-four point seven (534.7),
44 subsections one (1) and two (2), five hundred thirty-
45 four point twenty-nine (534.29), five hundred thirty-
46 four point thirty (534.30), five hundred thirty-four
47 point forty-one (534.41), five hundred thirty-four
48 point forty-seven (534.47), five hundred thirty-four
49 point forty-nine (534.49), five hundred thirty-four
50 point fifty-one (534.51), subsections one (1) and

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1 two (2), five hundred thirty-four point fifty-two
2 (534.52), five hundred thirty-four point fifty-three
3 (534.53), five hundred thirty-four point fifty-four
4 (534.54), five hundred thirty-four point fifty-five
5 (534.55), five hundred thirty-four point fifty-six
6 (534.56), five hundred thirty-four point fifty-eight
7 (534.58), five hundred thirty-four point sixty
8 (534.60), five hundred thirty-four point sixty-one
9 (534.61), five hundred thirty-four point sixty-two
10 (534.62), five hundred thirty-four point sixty-three
11 (534.63), and five hundred thirty-four point sixty-
12 six (534.66), Code 1977, are amended by striking the
13 words "auditor", "state auditor", "auditor of state",
14 "auditor of this state", and "auditor of the state"
15 wherever they may appear in those sections,
16 subsections, and paragraphs, and inserting in lieu
17 thereof the word "superintendent".

18 Sec. 48. Section five hundred thirty-four point
19 forty-one (534.41), Code 1977, is amended by striking
20 subsection one (1); and unnumbered paragraphs one
21 (1) through four (4), subsection two (2).

22 DIVISION V

23 Sec. 49. Chapter five hundred thirty-six (536),
24 Code 1977, is amended by adding the following new
25 section:

26 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
27 COUNSEL.

28 1. The financial institutions board shall act
29 with the superintendent in an advisory capacity
30 concerning the administration of this chapter, and
31 shall have other duties as provided in division one
32 (I) of this Act.

33 2. The general counsel shall act with the
34 superintendent in an advisory capacity concerning
35 the administration of this chapter, and shall have
36 other duties as provided in division one (I) of this
37 Act.

38 Sec. 50. Section five hundred thirty-six point
39 four (536.4), unnumbered paragraph three (3), Code
40 1977, is amended to read as follows:

41 If the application is denied the superintendent
42 shall within twenty days thereafter file ~~with the~~
43 banking in the records of the department a written
44 transcript of the evidence and decision and findings
45 with respect thereto containing the reasons supporting
46 the denial, and forthwith serve upon the applicant
47 a copy thereof.

48 Sec. 51. Section five hundred thirty-six point
49 nine (536.9), subsection seven (7), Code 1977, is
50 amended to read as follows:

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1 7. Whenever the superintendent shall revoke or
 2 suspend a license issued under this chapter, he or
 3 she shall forthwith file ~~with the banking in the~~
 4 records of the department a written transcript of
 5 the evidence and order to that effect and findings
 6 with respect thereto containing the reasons supporting
 7 the revocation or suspension, and forthwith serve
 8 upon the licensee a copy thereof.

9 Sec. 52. Section five hundred thirty-six point
 10 ten (536.10), unnumbered paragraph three (3), Code
 11 1977, is amended to read as follows:

12 Every licensee subject to examination, supervision
 13 and regulation by the superintendent, shall pay to
 14 the superintendent an examination fee, based on the
 15 ~~actual cost of the operation of the small loan division~~
 16 ~~of the department of banking, and the proportionate~~
 17 ~~share of costs and administrative expenses in the~~
 18 ~~operation of the department of banking which are~~
 19 ~~attributable to the small loan division administration~~
 20 of this chapter, as determined by the superintendent
 21 of banking. Such fee shall apply equally to all
 22 licenses and shall not be changed more frequently
 23 than annually and when changed, shall be effective
 24 on January 4 first of the year following the year
 25 in which the change is approved adopted.

26 Sec. 53. Section five hundred thirty-six point
 27 twenty-one (536.21), Code 1977, is amended to read
 28 as follows:

29 536.21 RULES. The superintendent ~~is hereby~~
 30 ~~authorized and empowered to make such reasonable and~~
 31 ~~relevant rules~~ may promulgate rules pursuant to chapter
 32 seventeen A (17A) of the Code as may be necessary
 33 for the execution and the enforcement of the provisions
 34 of this chapter, in addition hereto and not
 35 inconsistent herewith. All rules shall be filed and
 36 entered by the superintendent in the ~~banking department~~
 37 ~~in an indexed, permanent book or record, with the~~
 38 ~~effective date thereof suitably indicated, and such~~
 39 ~~book or record shall be a public document~~ records
 40 of the department.

41 Sec. 54. Section five hundred thirty-six point
 42 twenty-eight (536.28), Code 1977, is amended by adding
 43 the following new subsections:

44 NEW SUBSECTION. "Superintendent" means the
 45 superintendent of supervised lenders.

46 NEW SUBSECTION. "Department" means the department
 47 of supervised lenders.

48 NEW SUBSECTION. "Financial institutions board"
 49 means the board created under section two (2) of this
 50 Act.

NEW SUBSECTION. "General counsel" means the person appointed under section eight (8) of this Act.

Sec. 55. Sections five hundred thirty-six point one (536.1), five hundred thirty-six point twenty-two (536.22) and five hundred thirty-six point twenty-four (536.24), Code 1977, are amended by striking the words "superintendent of banking" wherever in those provisions those words appear and inserting in lieu thereof the word "superintendent".

Sec. 56. Sections five hundred thirty-six point thirteen (536.13), section title and subsection one (1), and five hundred thirty-six point twenty-three (536.23), Code 1977, are amended by striking the words "banking board" and "state banking board" wherever in those provisions those words appear and inserting in lieu thereof the words "financial institutions board".

Sec. 57. Section five hundred thirty-six A point two (536A.2), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. "Superintendent" means the superintendent of supervised lenders.

NEW SUBSECTION. "Department" means the department of supervised lenders.

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

NEW SUBSECTION. "General counsel" means the person appointed under section eight (8) of this Act.

Sec. 58. Section five hundred thirty-six A point fifteen (536A.15), Code 1977, is amended to read as follows:

536A.15 EXAMINATION OF LICENSEES--FEE. The ~~auditor~~ superintendent or his duly authorized representative shall, at least once each year without previous notice, examine and audit the books, accounts and records of each licensee engaged in the industrial loan business as defined by this chapter. Any licensee, in lieu of such examination and audit by the ~~auditor~~ superintendent or his duly authorized representative, at the option of the ~~auditor~~ superintendent, may be audited at the expense of the licensee by a certified public accountant licensed to practice in the state of Iowa. After receiving such an audit the ~~auditor~~ superintendent may make such further examination of the licensee as he may deem necessary. A record of each examination shall be kept in the ~~auditor's office~~ records of the department. Such examinations and reports, and other information connected therewith, shall be kept confidential ~~in the office of the auditor~~

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1 and shall not be subject to publication or disclosure
 2 to others except as in this chapter provided. Any
 3 evidence of criminal acts committed by officers,
 4 directors or employees of any industrial loan
 5 association shall be reported by the ~~auditor~~
 6 superintendent to the proper authorities. ~~The licensee~~
 7 ~~shall be charged and shall pay the actual costs of~~
 8 ~~the examination.~~

9 Every licensee shall pay to the superintendent
 10 an examination fee, based on the actual costs and
 11 administrative expenses in the operation of the
 12 department which are attributable to the adminis-
 13 tration of this chapter, as determined by the
 14 superintendent. The fee shall apply equally to all
 15 licensees and shall not be changed more frequently
 16 than annually, and when changed shall be effective
 17 on January first of the year following the year in
 18 which the change is adopted.

19 Sec. 59. Sections five hundred thirty-six A point
 20 three (536A.3), five hundred thirty-six A point four
 21 (536A.4), five hundred thirty-six A point six (536A.6),
 22 five hundred thirty-six A point seven (536A.7), five
 23 hundred thirty-six A point nine (536A.9), five hundred
 24 thirty-six A point ten (536A.10), five hundred thirty-
 25 six A point eleven (536A.11), five hundred thirty-
 26 six A point twelve (536A.12), five hundred thirty-
 27 six A point thirteen (536A.13), five hundred thirty-
 28 six A point fourteen (536A.14), five hundred thirty-
 29 six A point sixteen (536A.16), five hundred thirty-
 30 six A point seventeen (536A.17), five hundred thirty-
 31 six A point eighteen (536A.18), five hundred thirty-
 32 six A point nineteen (536A.19), five hundred thirty-
 33 six A point twenty-one (536A.21), five hundred thirty-
 34 six A point twenty-eight (536A.28), five hundred
 35 thirty-six A point twenty-nine (536A.29), and five
 36 hundred thirty-six A point thirty (536A.30), Code
 37 1977, are amended by striking the words "auditor of
 38 the state of Iowa" and "auditor" wherever those words
 39 appear in those sections and inserting in lieu thereof
 40 the word "superintendent".

41 Sec. 60. Section five hundred thirty-six A point
 42 two (536A.2), Code 1977, is amended by striking
 43 subsection four (4).

44 DIVISION VI

45 Sec. 61. The following new sections are enacted
 46 as a new chapter five hundred thirty-six B (536B)
 47 of the Code.

48 NEW SECTION. DEFINITIONS. As used in this chapter,
 49 unless the context otherwise requires:

50 1. "Superintendent" means the superintendent of

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1 supervised lenders.

2 2. "Department" means the department of supervised
3 lenders.

4 3. "Supervised lender" means and includes a person
5 licensed under the provisions of chapters five hundred
6 thirty-six (536) or five hundred thirty-six A (536A)
7 of the Code.

8 4. "Financial institutions board" means the board
9 created under section two (2) of this Act.

10 5. "General counsel" means the person appointed
11 under section eight (8) of this Act.

12 NEW SECTION. DEPARTMENT OF SUPERVISED LENDERS.

13 There is created a department of supervised lenders
14 which shall be the office of the superintendent, and
15 shall include personnel necessary for the discharge
16 of the duties and responsibilities imposed upon the
17 superintendent by the laws of this state.

18 NEW SECTION. SUPERINTENDENT.

19 1. APPOINTMENT. The governor shall appoint,
20 subject to confirmation of at least two-thirds of
21 the members of the senate, for an irregular term
22 ending June 30, 1981, and for each four-year period
23 thereafter, a superintendent of supervised loan
24 licensees. An appointee shall be selected solely
25 with regard to qualifications and fitness for office.
26 The superintendent shall hold office at the seat of
27 government.

28 2. TERM--REMOVAL--VACANCY. The regular term of
29 office of the superintendent shall be four years from
30 the first day of July of the year of his appointment,
31 subject to removal at the pleasure of the governor.
32 A vacancy in the office of superintendent occurring
33 while the general assembly is not in session shall
34 be filled by appointment by the governor, which
35 appointment shall expire at the end of thirty days
36 from the time the general assembly next convenes.
37 Prior to the expiration of that thirty days the
38 governor shall transmit to the senate for confirmation
39 an appointment for the unexpired portion of the regular
40 term. A vacancy occurring during a session of the
41 general assembly shall be filled as regular
42 appointments are made and before the end of the session
43 and for the unexpired portion of the regular term.

44 3. The governor shall obtain the advice of the
45 financial institutions board with respect to any
46 appointee to a regular term or vacancy as
47 superintendent of supervised lenders.

48 4. SALARY AND EXPENSES. The superintendent shall
49 receive a salary to be fixed by the governor and
50 comptroller, and shall be entitled to reimbursement

1 for expenses incurred in the performance of duties.

2 5. DUTIES AND POWERS. The superintendent shall
3 have the powers, duties and responsibilities provided
4 in chapters five hundred thirty-six (536) and five
5 hundred thirty-six A (536A) of the Code and other
6 powers, duties and responsibilities as the law may
7 provide.

8 6. BOND AND OATH. The superintendent, upon
9 appointment, shall give bond to the state, signed
10 by a responsible surety company, in the penal sum
11 of two thousand dollars, conditioned upon faithful
12 and impartial discharge of duties, and upon proper
13 accounting for all funds and other valuables which
14 may come into his or her hands. The superintendent
15 also shall take an oath of office, and the bond and
16 oath shall be approved by and filed with the governor.
17 The cost of the bond shall be paid by the department
18 as an expense.

19 NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT.

20 The superintendent shall make an annual report in
21 writing to the financial institutions board and the
22 general assembly. A copy of the report shall be
23 furnished at cost by the superintendent to each
24 supervised lender or other person upon request. The
25 annual report shall contain:

26 1. A summary of license applications approved
27 or denied by the superintendent since the last report.

28 2. A summary of the assets, liabilities and capital
29 structure of all supervised lenders as of December
30 thirty-first of the year for which the report is made.

31 3. A statement of the receipts and disbursements
32 of department funds during the calendar year ending
33 the preceding December thirty-first, and of the funds
34 on hand on that date.

35 4. Information which the superintendent may deem
36 appropriate and advisable to disclose.

37 5. Information which the financial institutions
38 board may require to be included.

39 NEW SECTION. PERSONNEL. The superintendent may
40 employ, subject to the approval of the governor and
41 the state comptroller, assistants, examiners and other
42 personnel necessary for the proper execution of his
43 or her duties and responsibilities. Chapter nineteen
44 A (19A) of the Code shall apply to all department
45 personnel except the superintendent and his or her
46 secretary. The salary of the secretary shall be fixed
47 by the superintendent. Examiner's salaries shall
48 be commensurate with those for examiners of the federal
49 deposit insurance corporation in this area of the
50 United States. Department personnel shall be

1 reimbursed for the actual and necessary expenses
2 incurred by them in the performance of their duties.

3 Before engaging in his or her duties each examiner
4 shall take an oath of office and shall give bond to
5 the state, signed by a responsible surety company,
6 in the penal sum of two thousand dollars, conditioned
7 upon faithful and impartial discharge of his or her
8 duty and upon proper accounting for all funds and
9 other valuables which may come into his or her hands.
10 Each bond and oath shall be approved by and filed
11 with the director. The cost of bonds shall be paid
12 by the department as an expense.

13 NEW SECTION. EXPENSES OF THE DEPARTMENT. All
14 expenses incurred by the department shall be paid
15 from appropriations. All fees shall be payable to
16 the superintendent who shall pay all fees and other
17 money received to the treasurer of state within the
18 time required by section twelve point ten (12.10)
19 of the Code. The treasurer shall hold the funds in
20 an account in the name of the department for the
21 payment of the expenses of the department. The account
22 at all times shall be subject to the warrant of the
23 state comptroller, drawn upon the written request
24 of the superintendent, for the payment of expenses
25 of the department.

26 The superintendent shall account for receipts and
27 disbursements according to the separate duties imposed
28 by the laws of this state.

29 NEW SECTION. FINANCIAL INSTITUTIONS BOARD--GENERAL
30 COUNSEL.

31 1. The financial institutions board shall act
32 with the superintendent in an advisory capacity
33 concerning the administration of this chapter, and
34 shall have other duties as provided in division one
35 (I) of this Act.

36 2. The general counsel shall act with the
37 superintendent in an advisory capacity concerning
38 the administration of this chapter, and shall have
39 other duties as provided in division one (I) of this
40 Act.

41 Sec. 62. The loan institution examination
42 supervisor, examiners and other related staff existing
43 within the loan institution section of the department
44 of banking are transferred to the department of
45 supervised lenders. The Iowa merit employment
46 commission shall promulgate rules to carry out this
47 transfer and shall arbitrate and decide any written
48 appeal made by any employee concerning this transfer.
49 No employee shall lose, because of this transfer, any
50 benefits accrued to him, including but not limited

1 to salary, retirement, vacation, sick leave or
2 longevity.

3 The state comptroller, pursuant to section eight
4 point thirty-nine (8.39) of the Code, shall determine
5 what portion of the appropriation made to the
6 department of banking will be in excess of need, if
7 any, because of the transfer of duties and personnel
8 a provided in this section, and shall transfer such
9 amounts to the account of the department of supervised
10 lenders. The comptroller also shall determine what
11 other funds or accounts, including reserves, are held
12 in the name or for the benefit of the loan institution
13 section of the department of banking and shall transfer
14 all assets and liabilities to the account of the
15 department of supervised lenders.

16 Sec. 63. All rules, regulations, forms, orders,
17 and directives promulgated by the superintendent of
18 banking or the banking board pursuant to chapter five
19 hundred thirty-six (536) of the Code, shall continue
20 in full force and effect as rules, regulations, forms,
21 orders and directives of the department of supervised
22 lenders until amended, supplemented or repealed by
23 affirmative action of the superintendent. Any
24 approval, certificate of authority, or any other form
25 of permission or license granted or issued by the
26 superintendent of banking or the banking board pursuant
27 to chapter five hundred thirty-six (536) of the Code,
28 and in effect on the date of enactment of this section,
29 shall continue to be in effect until it expires
30 according to the terms of its issuance or until it
31 is otherwise revoked, suspended or withdrawn as
32 provided by law.

33 Sec. 64. The supervisor, examiners and other staff
34 existing within the industrial loan division of the
35 office of the auditor of state are transferred to
36 the department of supervised lenders. The Iowa merit
37 employment commission shall promulgate rules to carry
38 out this transfer and shall arbitrate and decide any
39 written appeal made by any employee concerning this
40 transfer. No employee shall lose, because of this
41 transfer, any benefits accrued to him, including but
42 not limited to salary, retirement, vacation, sick
43 leave or longevity.

44 The state comptroller, pursuant to section eight
45 point thirty-nine (8.39) of the Code, shall determine
46 what portion of the appropriation made to the auditor
47 of state will be in excess of need, if any, because
48 of the transfer of duties and personnel as provided
49 in this section, and shall transfer such amounts to
50 the account of the department of supervised lenders.

1 The comptroller also shall determine what other funds
2 or accounts, including reserves, are held in the name
3 or for the benefit of the industrial loan division
4 of the office of the auditor of state and shall
5 transfer all assets and liabilities to the account
6 of the department of supervised lenders.

7 Sec. 65. All rules, regulations, forms, orders,
8 and directives promulgated by the auditor of state
9 or the supervisor pursuant to chapter five hundred
10 thirty-six A (536A) of the Code, shall continue in
11 full force and effect as rules, regulations, forms,
12 orders and directives of the department of supervised
13 lenders until amended, supplemented or repealed by
14 affirmative action of the superintendent. Any
15 approval, certificate of authority, or other form
16 of permission or license granted or issued by the
17 auditor, executive council or supervisor pursuant
18 to chapter five hundred thirty-six A (536A) of the
19 Code, and in effect on the effective date of this
20 Act, shall continue to be in effect until it expires
21 according to the terms of its issuance or until it
22 is otherwise revoked, suspended or withdrawn as
23 provided by law.

24 Sec. 66. All existing bonds, deposits, reserves
25 or other funds established pursuant to chapters five
26 hundred thirty-six (536) or five hundred thirty-six
27 A (536A) of the Code, of which the superintendent
28 of banking, the auditor of state, or another official
29 of the state of Iowa, is the beneficiary, trustee,
30 or payee, or by which the official acquired right,
31 authority or power, shall continue in effect, and
32 all right, power, authority or benefit shall inure
33 to the superintendent who shall be, for all intents
34 and purposes, a lawful substitute for the auditor,
35 superintendent of banking, or other official. All
36 pending legal proceedings, conservatorships,
37 receiverships or other actions initiated pursuant
38 to chapter five hundred thirty-six (536) or five
39 hundred thirty-six A (536A) of the Code, shall continue
40 and any rights, duties, or liabilities of the auditor,
41 superintendent of banking, or other official shall
42 be rights, duties or liabilities of the
43 superintendent.

44 Sec. 67. The Code editor shall codify sections
45 one (1) through eleven (11) of this Act as a new
46 chapter of the Code."

47 2. Amend the title by striking lines 1 through
48 3 and inserting in lieu thereof the following:

49 "An Act relating to the administration of the laws
50 regulating financial institutions, including banks,

H-4132
Page 39

1 savings and loan associations, credit unions, and
2 persons licensed under chapters five hundred thirty-
3 six (536) or five hundred thirty-six A (536A) of the
4 Code."

H-4132 FILED
RULED GERMANE
ADOPTED *as amended by 4134 (p. 2119)*
MAY 12, 1977

BY CHIODO of Polk
SMALL of Johnson
TAUKE of Dubuque
VARLEY of Adair
EVANS of Grundy
HANSEN of O'Brien
HALVORSON of Clayton
BROCKETT of Marshall
MONROE of Des Moines
AVENSON of Fayette
KOOGLER of Mahaska

SENATE FILE 137

H-4134

1 Amend amendment H-4132, to Senate File 137
2 as passed by the Senate as follows:
3 1. Page 1, by striking lines 41 and 42 and
4 inserting in lieu thereof the following:
5 "c. One member shall be either a director or
6 a manager of a credit union organized under Iowa
7 law."
8 2. Page 2, line 1, by inserting after the
9 word "Code." the following: "A person who by
10 reason of having an account with any of the
11 regulated institutions, thereby having ownership
12 in that institution because of that account, shall
13 not be considered directly affiliated to that
14 institution in which such an account is held."
15 3. Page 12, line 26, by inserting after the
16 period the following: "The superintendent may
17 give information secured from or about credit
18 unions to the Iowa Credit Union League and its
19 affiliates. The superintendent may provide
20 information regarding credit unions to the admin-
21 istrator of any share insurance corporation
22 including the National Credit Union Administration,
23 for the purpose of availability of the national
24 credit union insurance fund to the credit unions."

H-4134 FILED, RULED
GERMANE
ADOPTED *(p. 2119)*
MAY 12, 1977

BY CHIODO of Polk

H-3861

1 Amend Senate File 137 as follows:

2 1. Page 21, by inserting after line 3 the follow-
3 ing:

4 "Sec. _____. Section four hundred twenty-two point
5 sixty-one (422.61), subsection one (1), Code 1977,
6 is amended to read as follows:

7 1. "Financial institution" means a state bank
8 as defined in section 524.103, subsection 19, a
9 national banking association having its principal
10 office within this state, a trust company, a federally
11 chartered savings and loan association, a financial
12 institution chartered by the federal home loan bank
13 board, an association incorporated or authorized to
14 do business under chapter 534, a credit union
15 incorporated or authorized to do business under chap-
16 ter five hundred thirty-three (533) of the Code, or
17 a production credit association.

18 Sec. _____. Section four hundred twenty-two point
19 sixty-one (422.61), subsection four (4), Code 1977,
20 is amended to read as follows:

21 4. "Net income" means the net income of the
22 financial institution computed in accordance with
23 section 422.35, with the exception that interest and
24 dividends from federal securities, any amount of
25 franchise taxes paid or accrued under this division
26 during the taxable year, and any federal income taxes
27 paid or accrued during the taxable year, shall not
28 be subtracted and interest and dividends from evidences
29 of indebtedness and securities of this state and its
30 political subdivisions, exempt from federal income
31 tax under the Internal Revenue Code of 1954 as amended
32 to and including January 1, 1976, shall not be added,
33 and provided that net income of a credit union for
34 the purposes of this division shall be computed without
35 regard to the exemption of the credit union from
36 payment of federal income tax provided by section
37 501(c) of the Internal Revenue Code of 1954.

38 Sec. _____. Chapter four hundred twenty-two (422),
39 division five (V), Code 1977, is amended by adding
40 the following new section:

41 NEW SECTION. FEDERAL CREDIT UNIONS--VOLUNTARY
42 PAYMENT IN LIEU OF FRANCHISE TAX. A credit union
43 chartered under the laws of the United States and
44 relieved, by twelve (12) U.S.C. section one thousand
45 seven hundred sixty-eight (1768), from its obligation
46 to support the government of this state, may
47 voluntarily pay to the treasurer of state an amount
48 equal to the amount which would be required to be
49 paid by that credit union under this division if the
50 credit union were chartered under the laws of this

1 state.
2 1. Upon receipt of a payment permitted by this
3 section, if the payment is received on or before the
4 last day of the fourth month following the close of
5 the fiscal year of the credit union to which the
6 payment is applicable, and if the payment is
7 accompanied by such forms and information as the
8 director may prescribe as being necessary to determine
9 if the conditions of this section have been met, the
10 director shall issue to the credit union a certificate
11 of payment in lieu of franchise tax. Such a
12 certificate may be revoked by the director, upon
13 ninety days notice to the credit union, upon a
14 determination by the department that the amount paid
15 was less than the amount which the credit union would
16 have been required to pay under this division if it
17 were chartered under the laws of this state; provided
18 that such a determination shall be made by the
19 department within the time which would be prescribed
20 by section four hundred twenty-two point twenty-five
21 (422.25) of the Code for determination of tax if the
22 credit union were chartered under the laws of this
23 state, unless the credit union agrees in writing to
24 an extension of the applicable period; and provided
25 further that the certificate shall not be revoked,
26 or if revoked shall be reinstated, if, following such
27 a determination, the credit union shall pay to the
28 treasurer of state an amount which is at least equal
29 to the amount of the deficiency so determined plus
30 all amounts which the credit union would have been
31 obligated to pay as interest and penalty if the credit
32 union were chartered under the laws of this state
33 and the deficiency, interest and penalty had pertained
34 to a franchise tax required to be paid by this
35 division. In the event of a determination under this
36 subsection which is adverse to the credit union, the
37 credit union may appeal to the director for revision
38 of the determination in accordance with section four
39 hundred twenty-two point twenty-eight (422.28) of
40 the Code, and may seek judicial review of the actions
41 of the director in accordance with section four hundred
42 twenty-two point twenty-nine (422.29) of the Code,
43 each in the same manner as if such determination or
44 actions pertained to a franchise tax imposed by this
45 division on a state chartered credit union. A
46 certificate of payment in lieu of franchise tax shall
47 be valid for a period of one year from the date of
48 issuance and may be renewed for succeeding one-year
49 periods upon continued compliance with the requirements
50 of this subsection, unless revoked by the director

1 in the manner described above.

2 2. A credit union, other than a credit union
3 organized under chapter five hundred thirty-three
4 (533) of the Code, shall not, after April 30, 1978,
5 be entitled to the following privileges and benefits
6 unless the credit union shall hold a current
7 certificate of payment in lieu of franchise tax;
8 provided that failure to hold such a certificate shall
9 not impair the validity of any contract in force on
10 or prior to such date:

11 a. The privilege of maintaining any action, suit
12 or proceeding in any court of this state by the credit
13 union or any successor or assignee of the credit union
14 on any right, claim or demand; provided that this
15 paragraph shall not prevent a credit union from
16 defending any action, suit or proceeding.

17 b. The privilege of contracting with members of
18 the credit union and employers of members of the
19 credit union for the voluntary withholding, from wages
20 payable by such employers to such employees, of amounts
21 to be paid to the credit union on behalf of such
22 members in payment for shares of or deposits in the
23 credit union or in retirement of any debt owed by
24 such a member to the credit union. Any employer who
25 withholds an amount from an employee in furtherance
26 of an agreement prohibited by this paragraph shall
27 be liable to the employee for all amounts so withheld
28 plus additional damages equal to fifty percent of
29 the amounts so withheld.

30 c. The privileges of perfecting a security interest
31 in personal property under the provisions of chapter
32 five hundred fifty-four (554) of the Code; or recording
33 a mortgage under the provisions of chapter five hundred
34 fifty-eight (558) of the Code; or perfecting a security
35 interest in any vehicle subject to registration, under
36 the provisions of section three hundred twenty-one
37 point fifty (321.50) of the Code. In any action to
38 enforce such a security interest or mortgage it shall
39 be a valid defense and release that such security
40 interest or mortgage was perfected or recorded at
41 a time when the credit union did not hold a current
42 certificate of payment in lieu of franchise tax as
43 required by this subsection.

44 d. The privilege of contracting to receive interest
45 in excess of the statutory rate prescribed by section
46 five hundred thirty-five point two (535.2), subsection
47 one (1) of the Code, regardless of the provisions
48 of that subsection or of any other law of this state
49 permitting the credit union to agree in writing to
50 receive interest at a higher rate.

1 3. A certificate of payment in lieu of franchise
2 tax shall be displayed prominently in the place of
3 business of the credit union which has been issued
4 the certificate, and the serial number thereof shall
5 be provided by the credit union at the request of
6 any person who desires to conduct business with the
7 credit union.

8 4. After April 30, 1978, any person who provides
9 a credit union which is not organized under chapter
10 five hundred thirty-three (533) of the Code or which
11 does not hold a current certificate of payment in
12 lieu of franchise tax with a location from which to
13 conduct the business of the credit union shall be
14 considered, for the purposes of divisions two (II)
15 and three (III) of this chapter, to have received
16 income in an amount equal to the fair rental value
17 of the location so provided, and shall not be entitled
18 to deduct any portion of such amount as a business
19 expense or gift to the credit union.

20 5. For tax years beginning on or after January
21 1, 1978, no person shall be entitled, in computing
22 the amount of income on which any tax is imposed under
23 divisions two (II) or three (III) of this chapter,
24 to deduct any interest amount paid after April 30,
25 1978 to a credit union which was not organized under
26 chapter five hundred thirty-three (533) of the Code
27 or which did not, at the time such interest was paid,
28 hold a current certificate of payment in lieu of
29 franchise tax.

30 Sec. . Section five hundred thirty-three point
31 twenty-four (533.24), Code 1977, is amended by striking
32 unnumbered paragraph one (1)."

33 2. Title page, line 2, by inserting before the
34 word "and" the words "the taxation of credit unions,".

SENATE 7
APRIL 21, 1977

SENATE FILE 137

S-3392

1 Amend the Hill of Jasper amendment, S-3383 to
2 Senate File 137 as follows:

3 1. Page 2, by inserting after line 15 the
4 following section:

5 "Sec. ____ . Section five hundred twenty-four
6 point two hundred one (524.201), paragraph one (1),
7 Code 1977, is amended to read as follows:

8 1. The governor shall, within sixty days
9 following the convening of the regular session of the
10 general assembly in 1973, and each four years there-
11 after, appoint with the approval of two-thirds of the
12 members of the senate, a superintendent of banking.
13 Such appointee shall be selected solely with regard
14 to his or her qualification and fitness to discharge
15 the duties of office, ~~and no person shall be appointed~~
16 ~~who has not had at least five years experience in a~~
17 ~~bank or in the regulation or examination of banks.~~
18 Prior to his or her confirmation, the appointee shall
19 divest himself or herself of any financial holdings
20 and resign from any position which potentially may
21 result in a conflict of interest."

S-3392 FILED & LOST (p. 1113)
APRIL 20, 1977

BY RICHARD R. RAMSEY

SENATE FILE 137

S-3394

1 Amend the Hill of Jasper amendment, S-3383 to
2 Senate File 137 as follows:

3 1. Page 1, line 23, by striking the word "three"
4 and inserting in lieu thereof the word "two".

5 2. Page 1, line 30, by striking the word "two"
6 and inserting in lieu thereof the word "three".

7 3. Page 2, by striking from lines 5 and 6 the
8 words "one member who is an executive officer of a
9 bank and one" and inserting in lieu thereof the word
10 "two".

S-3394 FILED & ADOPTED (p. 1113)
APRIL 20, 1977

BY GEORGE R. KINLEY

- 1 Amend Senate File 137 as follows:
 2 1. Page 1, by striking lines 12 and 13.
 3 2. By renumbering subsections to conform to this
 4 amendment.

S-3387 FILED & ADOPTED (p. 1114) BY CLOYD E. ROBINSON
 APRIL 20, 1977 JOHN S. MURRAY

SENATE FILE 137

S-3391

- 1 Amend Senate File 137 as follows:
 2 1. Page 2, by inserting after line 15 the
 3 following section:
 4 "Sec. ____ . Section five hundred twenty-four point
 5 two hundred one (524.201), paragraph one (1) of
 6 the Code is amended to read as follows:
 7 1. The governor shall, within sixty days following
 8 the convening of the regular session of the general
 9 assembly in 1973, and each four years thereafter,
 10 appoint with the approval of two-thirds of the
 11 members of the senate, a superintendent of banking.
 12 Such appointee shall be selected solely with regard
 13 to his or her qualification and fitness to discharge
 14 the duties of office, ~~and no person shall be appointed~~
 15 ~~who has not had at least five years experience in a~~
 16 ~~bank or in the regulation or examination of banks.~~
 17 Prior to his or her confirmation, the appointee
 18 shall divest himself or herself of any financial
 19 holdings and resign from any position which
 20 potentially may result in a conflict of interest."

S-3391 FILED & W/D
 APRIL 20, 1977

BY RICHARD R. RAMSEY

SENATE FILE 137

S-3397

- 1 Amend the Hill of Jasper amendment, S-3383 to
 2 Senate File 137 as follows:
 3 1. Page 2, by inserting after line 15 the
 4 following section:
 5 "Sec. ____ . Section five hundred twenty-four
 6 point two hundred one (524.201), paragraph one (1),
 7 Code 1977, is amended to read as follows:
 8 1. The governor shall, within sixty days
 9 following the convening of the regular session of the
 10 general assembly in 1973, and each four years there-
 11 after, appoint with the approval of two-thirds of the
 12 members of the senate, a superintendent of financial
 13 institutions. Such appointee shall be selected solely
 14 with regard to his or her qualification and fitness
 15 to discharge the duties of office, ~~and no person shall~~
 16 ~~be appointed who has not had at least five years~~
 17 ~~experience in a bank or in the regulation or~~
 18 ~~examination of banks. "~~

S-3397 FILED & WITHDRAWN
 APRIL 20, 1977

BY RICHARD RAMSEY
 JOAN ORR

SENATE FILE 137

S-3383

1 Amend Senate File 137 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section five hundred twenty-four point
5 one hundred three (524.103), subsection twenty-one
6 (21), Code 1977, is amended by striking the section
7 and inserting in lieu thereof the following:

8 21. "Superintendent" means the superintendent
9 of financial institutions of this state.

10 Sec. 2. Section five hundred twenty-four point
11 two hundred five (524.205), Code 1977, is amended
12 to read as follows:

13 524.205 ~~STATE-BANKING-BOARD~~ FINANCIAL INSTITUTIONS
14 BOARD.

15 1. ~~The state-banking~~ financial institutions board
16 shall be composed of the superintendent, who shall
17 be an ex officio nonvoting member and ~~chairman~~
18 chairperson, and ~~six~~ seven other members, appointed
19 by the governor, who shall be chosen from various
20 sections of the state. Provided, however, that ~~in~~
21 ~~no event shall more than five members of such board~~
22 ~~be engaged in the business of banking in any executive~~
23 ~~capacity~~ three of such members shall be executive
24 officers of a bank, one of such members shall be an
25 executive officer of a credit union incorporated under
26 the provisions of chapter five hundred thirty-three
27 (533) of the Code, one of such members shall be a
28 licensee or an executive officer of a licensee under
29 the provisions of chapter five hundred thirty-six
30 (536) of the Code, and neither of the remaining two
31 members shall be an executive officer of a bank or
32 credit union or a consumer loan licensee or executive
33 officer of a consumer loan licensee. In case of a
34 vacancy in the state-banking financial institutions
35 board, other than one resulting from a vacancy in
36 the office of the superintendent, the governor shall
37 appoint a new member meeting the prescribed
38 qualifications for appointment to fill such vacancy
39 for the unexpired term.

40 2. ~~The regular term of office of each member,~~
41 ~~other than the superintendent, shall be contemporaneous~~
42 ~~with the regular term of office of the superintendent~~
43 ~~as defined in subsection 2 of section 524.204, and~~
44 ~~each such member shall hold his office for such term~~
45 ~~and until his successor shall have been appointed.~~
46 The governor shall appoint members of the financial
47 institutions board for terms commencing July 1, 1977
48 as follows: one member who is an executive officer
49 of a bank and one member who is an executive officer
50 of a credit union shall be appointed for terms of

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1 four years; one member who is an executive officer
2 of a bank and one member who is a licensee or an
3 executive officer of a licensee under chapter five
4 hundred thirty-six (536) of the Code shall be appointed
5 for terms of three years; one member who is an
6 executive officer of a bank and one of the remaining
7 members shall be appointed for two year terms; and
8 the remaining member shall be appointed for a one
9 year term. At the expiration of each of those terms
10 and every four years thereafter a person meeting the
11 prescribed qualification for appointment shall be
12 appointed to serve a term of four years. A person
13 appointed as a member of the financial institutions
14 board shall hold office for such term and until a
15 successor is appointed.

16 3. A member of the state-banking financial
17 institutions board, other than the superintendent,
18 shall receive no salary but shall be allowed and paid
19 the sum of forty dollars per day for each day or any
20 part thereof in which he-is engaged in the performance
21 of his duties, together with reimbursement for actual
22 and necessary expenses incurred by-him in connection
23 with such duties.

24 4. The state-banking financial institutions board
25 shall act with the superintendent in an advisory
26 capacity concerning all matters pertaining to the
27 conduct of the administration of the provisions of
28 this chapter and other laws relating to persons subject
29 to regulation or supervision by the superintendent
30 or the department of banking, and shall perform such
31 other duties as are specifically provided for by the
32 laws of this state.

33 5. The state-banking financial institutions board
34 shall meet each month on such date and at such place
35 as the state-banking board may designate, and shall
36 meet at such other times as the board may deem
37 necessary, or when called by the chairman of the
38 board, or any two members thereof.

39 Sec. 3. Section five hundred thirty-three point
40 thirty-six (533.36), Code 1977, is amended by adding
41 the following new subsection:

42 NEW SUBSECTION. "Superintendent" means the
43 superintendent of financial institutions.

44 Sec. 4.- Section five hundred thirty-six point
45 twenty-eight (536.28), Code 1977, is amended by adding
46 the following new subsection:

47 NEW SUBSECTION. "Superintendent" means the
48 superintendent of financial institutions.

49 Sec. 5. Sections five hundred twenty-four point
50 two hundred two (524.202), five hundred twenty-four

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1 point two hundred four (524.204), subsection three
2 (3), five hundred twenty-four point two hundred seven
3 (524.207), five hundred twenty-four point two hundred
4 nineteen (524.219), unnumbered paragraphs one (1)
5 and (2), and five hundred thirty-six point thirteen
6 (536.13), Code 1977, are amended by striking the words
7 "state banking board" wherever in those provisions
8 those words appear, and inserting in lieu thereof
9 the words "financial institutions board".

10 Sec. 6. Sections four hundred fifty-three point
11 six (453.6), unnumbered paragraph one (1); four hundred
12 fifty-four point seven (454.7); four hundred fifty-
13 four point fourteen (454.14), unnumbered paragraph
14 three (3); four hundred fifty-four point fifteen
15 (454.15); four hundred fifty-four point sixteen
16 (454.16); four hundred fifty-four point seventeen
17 (454.17); five hundred twenty-four point two hundred
18 one (524.201), subsection one (1); five hundred twenty-
19 four point two hundred four (524.204), subsection
20 one (1); five hundred twenty-seven point one (527.1),
21 subsection six (6); five hundred twenty-seven point
22 three (527.3), subsection one (1); five hundred thirty-
23 three A point one (533A.1), subsection three (3);
24 and five hundred thirty-three B point one (533B.1),
25 Code 1977, are amended by striking the words
26 "superintendent of banking" whenever those words
27 appear in those provisions and by inserting in lieu
28 thereof the words "superintendent of financial
29 institutions".

30 Sec. 7. Sections five hundred twenty-four point
31 one thousand six (524.1006), unnumbered paragraph
32 two (2); five hundred thirty-three point one (533.1);
33 five hundred thirty-three point two (533.2); five
34 hundred thirty-three point four (533.4), subsection
35 thirteen (13); five hundred thirty-three point six
36 (533.6), subsections one (1), two (2), three (3),
37 four (4) and five (5); five hundred thirty-three point
38 eight (533.8); five hundred thirty-three point
39 seventeen (533.17), subsection one (1), paragraph
40 b, unnumbered subparagraph two (2), and subsection
41 three (3); five hundred thirty-three point twenty
42 (533.20), subsections one (1), two (2), three (3),
43 four (4) and five (5); five hundred thirty-three point
44 twenty-two (533.22), subsection three (3); five hundred
45 thirty-three point twenty-three (533.23); five hundred
46 thirty-three point twenty-seven (533.27), unnumbered
47 paragraph two (2); five hundred thirty-three point
48 thirty (533.30), subsections one (1), three (3) and
49 four (4); five hundred thirty-three point thirty-four
50 (533.34), subsections one (1) and two (2); five hundred

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1 thirty-three point thirty-five (533.35), subsection
2 one (1); five hundred thirty-six point one (536.1);
3 five hundred thirty-six point ten (536.10), unnumbered
4 paragraph three (3); five hundred thirty-six point
5 twenty-two (536.22); and five hundred thirty-six point
6 twenty-four (536.24), Code 1977, are amended by
7 striking the words "superintendent of banking" whenever
8 those words appear in those provisions and inserting
9 in lieu thereof the word "superintendent".
10 2. Amend the title by striking lines 1 through
11 3 and inserting in lieu thereof the following: "An
12 Act reorganizing the state banking board as the
13 financial institutions board, and providing for its
14 composition, and for its duties with respect to the
15 regulation of banks, credit unions, and persons
16 licensed under chapter five hundred thirty-six (536)
17 of the Code."

S-3383 FILED - Last 4/20 (p. 1116) BY EUGENE M. HILL
APRIL 19, 1977 WARREN E. CURTIS
Amended by 3394 and 3398

SENATE FILE 137

S-3398

1 Amend the Hill of Jasper amendment, S-3383 to
2 Senate File 137 as follows:
3 1. Page 2, by inserting after line 15 the
4 following section:
5 "Sec. ____ . Section five hundred twenty-four
6 point two hundred one (524.201), paragraph one (1),
7 Code 1977, is amended to read as follows:
8 1. The governor shall, within sixty days
9 following the convening of the regular session of the
10 general assembly in 1973, and each four years there-
11 after, appoint, with the approval of two-thirds of the
12 members of the senate, a superintendent of financial
13 institutions. Such appointee shall be selected solely
14 with regard to his or her qualification and fitness
15 to discharge the duties of office, ~~and no person shall~~
16 ~~be appointed who has not had at least five years~~
17 ~~experience in a bank or in the regulation or~~
18 ~~examination of banks.~~ Prior to his or her confirmation,
19 the appointee shall resign from any position he or she
20 may hold with a financial institution which potentially
21 may result in a conflict of interest."

S-3398 FILED & ADOPTED (p. 1115) BY RICHARD R. RAMSEY
APRIL 20, 1977 JOAN ORR

REPORT OF THE SECOND CONFERENCE COMMITTEE
ON SENATE FILE 137

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the second conference committee appointed to consider the differences between the Senate and the House of Representatives on Senate File 137, a bill for an Act relating to the establishment and operation of an agency for the regulation of credit unions, and providing penalties, respectfully make the following report:

1. That the Senate recede from its amendments to the House amendment S-3614 to Senate File 137 as amended and passed by the Senate.

2. That the House recede from its amendment S-3614 to Senate File 137 as amended and passed by the Senate.

3. That Senate File 137 as amended and passed by the Senate be amended by striking everything after the enacting clause and inserting in lieu thereof the following:

"DIVISION I

Section 1. Chapter five hundred thirty-three (533), Code 1977, is amended by adding sections two (2) through seventeen (17) of this Act.

Sec. 2. NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Credit union" means a cooperative, nonprofit association, incorporated in accordance with the provisions of this chapter. A credit union is also a supervised financial organization as defined and used in the Iowa consumer credit code.

2. "Board" means the credit union review board, created in section four (4) of this Act.

3. "Administrator" means the administrator appointed by the governor to direct and regulate credit unions pursuant to this chapter.

4. "Account insurance plan" means a plan providing ac-

count and share insurance which is of a type authorized under section fifteen (15) of this Act.

Sec. 3. NEW SECTION. DEPARTMENT CREATED. A credit union department of state government is created which shall consist of an administrator, a seven-member board and additional officers and employees as required.

Sec. 4. NEW SECTION. CREDIT UNION REVIEW BOARD.

1. A credit union review board is created. The board shall consist of seven members, each of whom shall have been a member in good standing for at least the previous five years of an Iowa state chartered credit union or a credit union chartered under the Federal Credit Union Act. Two of the members shall not be credit union directors or employees. Each member shall serve for a term of three years except that the terms of the members first appointed after the effective date of this Act shall expire, as designated by the governor at the time of appointment as follows:

- a. Two members on June 30, 1980.
- b. Two members on June 30, 1981.
- c. Three members expiring on June 30, 1982.

2. The members of the board shall be appointed by the governor with approval of the senate. The governor may appoint the members of the board from a list of nominees submitted to the governor by the credit unions located in the state of Iowa.

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

4. Each member of the board shall receive actual and necessary expenses incurred in the discharge of official duties.

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

Sec. 5. NEW SECTION. POWERS AND DUTIES.

1. The board may adopt, amend, and repeal rules pursu-

ant to chapter seventeen A (17A) of the Code or take other action as it deems necessary or suitable, to effect the provisions of this Act.

2. The board shall set the salary and prescribe the duties of the administrator who shall serve at the pleasure of the governor.

Sec. 6. NEW SECTION. ADMINISTRATOR.

1. The administrator shall be appointed by the governor, subject to approval by the senate, and must possess a minimum of five years credit union experience.

2. The administrator may employ special assistants, examiners, and other employees as are necessary to carry out the provisions of this Act. The administrator shall, subject to approval by the board, establish salaries for the persons employed.

3. The administrator may make further rules as necessary, subject to the prior approval of the rules by the board.

Sec. 7. NEW SECTION. DEPUTY ADMINISTRATOR.

1. The administrator shall appoint a deputy administrator who shall assist the administrator in the performance of his or her office and who shall perform the duties of the administrator as directed by him or her during the absence or inability of the administrator.

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

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

Sec. 8. NEW SECTION. EXPENSES. The administrator, deputy administrator, assistants, examiners and other employees of the credit union department are entitled to receive reimbursement for expenses incurred in the performance of their duties subject to approval by the board. The administrator, and when specifically authorized by the administra-

tor, the deputy administrator, assistants, examiners and other employees of the credit union department, are entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools or seminars relating to the performance of their duties.

Sec. 9. NEW SECTION. INSURANCE AND SURETY BOND. The administrator shall acquire good and sufficient bond in a company authorized to do business in this state to insure the faithful performance of the deputy administrator, assistants, examiners and all other employees of the credit union department and to insure against any liability which may accrue in case of the loss of property of a credit union, or of a member of a credit union or of any other person, in the course of an examination, investigation, or other function required or allowed by the laws of this state. The administrator shall be bonded in accordance with the provisions of chapter sixty-four (64) of the Code, provided that such bond shall be in the amount of one hundred thousand dollars.

Sec. 10. NEW SECTION. SUBPOENA--CONTEMPT.

1. The administrator, the deputy administrator, and upon the approval of the administrator, any assistant or examiner shall have the power to subpoena witnesses, to compel their attendance, to administer oaths, to examine any person under oath and to require the production of relevant books or papers. The examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the administrator under the provisions of this chapter.

2. When a person subpoenaed pursuant to subsection one (1) of this section neglects or refuses to obey the terms of the subpoena, or to produce books or papers or to give testimony, as required, the administrator may apply to the district court of Polk county for the enforcement of the subpoena or for the issuance of an order compelling compliance as the court directs.

3. The refusal without reasonable cause of a person to obey an order of the district court, issued pursuant to sub-

section two (2) of this section, shall be considered contempt of court.

Sec. 11. NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT.

1. Records of the credit union department are public records subject to the provisions of chapter sixty-eight A (68A) of the Code, except that papers, documents, reports, reports of examinations and other writings relating specifically to the supervision and regulation of a specific credit union or of other persons by the administrator pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

2. The credit union review board or the administrator may notify the Iowa credit union league of the name of any credit union which the board or administrator has reasonable cause to believe may have violated any of the provisions of this chapter or may be in danger of becoming insolvent or which has been the subject of a report of examination which the board or administrator deems unsatisfactory in any respect, and thereafter the administrator may give information secured from or about that credit union to the Iowa credit union league.

3. The administrator, deputy administrator, assistants or examiners shall not be subpoenaed in any cause or proceeding to give testimony concerning information relating to the supervision and regulation of a specific credit union or persons by the administrator pursuant to the laws of this state, nor shall the records of the credit union department which relate to the supervision and regulation of a specific credit union or persons be offered in evidence in a court or subject to subpoena by a party except where relevant:

a. In actions or proceedings brought by the administrator.

b. In matters in which an interested and proper party seeks review of a decision of the administrator.

c. In actions or proceedings which arise out of the

criminal provisions of the laws of this state or of the United States.

d. In actions brought as shareholder derivative suits against a credit union.

e. In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation or misuse of credit union funds.

Sec. 12. NEW SECTION. ANNUAL REPORT OF ADMINISTRATOR.

1. The administrator shall make a report in writing annually to the governor in the manner and within the time required by chapter seventeen (17) of the Code. A copy of the report shall be furnished by the administrator to each credit union and to the Iowa credit union league and its affiliates.

2. In addition to the matters required by chapter seventeen (17) of the Code, the annual report of the administrator shall contain:

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

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

c. A statement of the receipts and disbursements of funds of the administrator during the calendar year ending on the preceding December thirty-first and of the funds on hand on that December thirty-first, including an estimate of the disbursements of department funds for consumer credit protection during the year for which the report is made.

d. Other information the administrator deems appropriate and advisable to fairly disclose the discharge of the duties imposed upon him or her by this chapter.

e. Information which the administrator of the Iowa consumer credit code may require to be included.

Sec. 13. NEW SECTION. EXAMINATION AND SUPERVISION FEES-
-PENALTIES.

1. Each credit union shall pay to the administrator an annual filing fee which shall be submitted with the annual report. The fee shall be based upon the actual operating costs of the department, exclusive of examination expenses, and shall be established and promulgated as a rule by the administrator. The administrator shall assess against a credit union the actual and necessary expenses of the agency incidental to any examination of that credit union made pursuant to the provisions of this Act or to an order of the administrator.

2. Failure of a credit union to pay an annual filing fee or examination fee shall result in a penalty of five dollars per day, or for any part of a day, during which the credit union is delinquent, and may be the grounds for revocation of the charter of the credit union which failed to make payment.

3. All expenses required in the discharge of the duties and responsibilities imposed upon the administrator and the board by the laws of this state shall be paid from funds appropriated from the general fund of the state. The administrator shall pay all fees and other money received by the administrator to the treasurer of state within the same time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the credit union department shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the administrator or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the credit union department.

4. The administrator, deputy or employees of the department shall not be members of nor have any business dealings with a credit union. Credit unions shall not accept moneys for deposit and shall not have any business transaction with the administrator, deputy or an employee of the credit union department. If a person willfully receives or accepts a de-

posit or undertakes to establish a business dealing contrary to this section, upon conviction that person shall be guilty of a serious misdemeanor, and shall be permanently disqualified from acting as an officer, director or employee of a state chartered credit union and permanently disqualified from acting as administrator, deputy or employee of the state credit union department.

Sec. 14. NEW SECTION. FALSE STATEMENTS--PENALTIES.

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

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

Sec. 15. NEW SECTION. ACCOUNT INSURANCE. Every credit union organized under this chapter, as a condition of maintaining its privilege of organization after December 31, 1980, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. Such insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the Iowa commissioner of insurance and the administrator of the credit union department. Every credit union not so insured

as of the effective date of this Act shall submit an application for share and deposit insurance not later than July 1, 1979.

The administrator may furnish to any official of an insurance plan by which the accounts of a credit union are insured, any information relating to examinations and reports of the status of that credit union for the purpose of availability of insurance to that credit union.

Sec. 16. NEW SECTION. FALSE STATEMENT FOR CREDIT. Any person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person or any other person in which such person is interested or for whom such person is acting with the intent that such statement shall be relied upon by a credit union for the purpose of procuring the delivery of property, the payment of cash or the receipt of credit in any form, for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, shall be guilty of a fraudulent practice.

Sec. 17. NEW SECTION. CENTRAL CREDIT UNIONS. Credit unions known as "central credit unions" may exist for the purpose of serving members of dissolved credit unions, directors, officers and employees of credit unions, employee groups as defined in subsection thirteen (13) of section five hundred thirty-three point four (533.4) of the Code, and such other persons as the administrator shall approve.

Sec. 18. Section five hundred twenty-seven point two (527.2), subsections five (5) and six (6), Code 1977, are amended to read as follows:

5. "Premises" means and includes only those locations where by applicable law financial institutions are authorized to maintain a principal place of business and other offices for the conduct of their respective businesses. However, in the case of a credit union with an occupational field of membership, the premises shall also include any area under

the control of the sponsor of the credit union.

6. "Administrator" means and includes both the superintendent of banking and, the supervisor of savings and loan associations within the office of the auditor of state, and the administrator of the credit union department. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section ~~twelve-(42)~~ of this chapter five hundred twenty-seven point three (527.3) of the Code.

Sec. 19. Section five hundred twenty-seven point three (527.3), subsection one (1), Code 1977, is amended to read as follows:

1. For purposes of this chapter the superintendent of banking only shall have the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks ~~and credit unions. The~~; the supervisor of savings and loan associations only shall have and exercise such powers and authority with respect to savings and loan associations; and the administrator of the credit union department only shall have and exercise such powers and authority with respect to credit unions.

Sec. 20. Section five hundred thirty-three point one (533.1), unnumbered paragraph two (2), Code 1977, is amended by striking the paragraph and inserting in lieu thereof the following:

ADMINISTRATION. The administrator shall have the supervisory and regulatory authority of all state chartered credit unions and shall be charged with the administration and execution of the laws of this state relating to credit unions. Subject to the approval of the credit union review board, the administrator shall have power to adopt such rules as in his or her opinion are necessary to properly and effectively safeguard the interests of depositors and shareholders of credit unions, and otherwise to carry out

and enforce the provisions of this chapter.

Sec. 21. Section five hundred thirty-three point one (533.1), unnumbered paragraphs three (3), four (4) and five (5), Code 1977, are amended to read as follows:

ORGANIZATION. Any seven residents of the state of Iowa may apply to the superintendent-of-banking administrator for permission to organize a credit union.

A credit union is organized in the following manner:

1. The applicants shall execute in duplicate articles of incorporation by the terms of which they agree to be bound. The articles shall state:

a. The name and location of the proposed credit union.

b. The names and addresses of the subscribers to the articles and the number of shares subscribed by each.

c. The par value of the shares of the credit union which shall not exceed twenty-five dollars each and shall be established by the board of directors. A credit union may have more than one class of shares.

2. Said applicants shall prepare and adopt bylaws for the general government of the credit union consistent with the provisions of this chapter, and execute the same in duplicate.

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

4. The superintendent administrator shall, within thirty days of the receipt of said articles and bylaws, determine whether they conform with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit the its members ~~of-it~~ and be consistent with the purposes of this chapter.

5. The superintendent administrator shall thereupon notify the applicants of his or her decision. If ~~it~~ the decision is favorable ~~he~~ the administrator shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and the administrator shall return the same, together with the duplicate bylaws to the applicants.

6. The applicants shall thereupon file ~~the-said~~ this duplicate of the ~~articles of incorporation~~7--with and the attached certificate of approval ~~attached-thereto~~7, with the county recorder of the county within which the credit union is to ~~de~~ have its principal place of business7--whe. The county recorder shall record and index the same and return it~~7~~ with his or her certificate of record attached ~~thereto~~7 to the ~~said-superintendent-of-banking~~ administrator for permanent record.

7. The applicants shall thereupon become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the ~~superintendent-of-banking~~7--upon-the-taking-effect-of-this chapter~~7--or-as-soon-thereafter-as-sufficient-fees-shall-have accumulated-to-liquidate-the-cost-of-same~~7, administrator shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter which may be used by credit union incorporators for their guidance, and on written application of any seven residents of the state, shall supply them without charge with blank articles of incorporation and a copy of ~~said~~ this form of suggested bylaws.

Sec. 22. Section five hundred thirty-three point two (533.2), Code 1977, is amended to read as follows:

533.2 AMENDMENTS. The articles of incorporation or the bylaws may be amended by a favorable vote of a majority of the members present at any meeting, which number must constitute a quorum provided the proposed amendment was contained in the notice of the meeting. Any and all such amendments must be approved by the ~~superintendent-of-banking~~ administrator before they become effective.

Sec. 23. Section five hundred thirty-three point four (533.4), subsection five (5), paragraph e, subsection twelve (12), subsection thirteen (13) and subsection seventeen (17), Code 1977, are amended to read as follows:

e. Purchase of notes of liquidating credit unions with

the approval of the superintendent-of-banking administrator.

12. Apply ~~to the administrator of the national credit union administration~~ for credit-union share account and deposit account insurance which meets the requirements of this chapter under Title III of the federal Credit Union Act as amended by Public Law 94-468 and take all actions necessary to maintain an insured status thereunder.

13. Upon the approval of the superintendent-of-banking administrator, serve an employee group having an insufficient number of members to form or conduct the affairs of a separate credit union. There shall be no requirement for the existence of a common bond relationship between the said small employee group and the credit union effecting such service.

17. Subject to the prior approval of the superintendent administrator, 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.

Sec. 24. Section five hundred thirty-three point four (533.4), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. Establish one or more offices other than its main office, subject to the approval and regulation of the administrator, if such offices shall be reasonably necessary to furnish service to its membership. A credit union office may furnish all credit union services ordinarily furnished to the membership at the principal place of business of the credit union which operates the office. All transactions of a credit union office shall be transmitted daily to the principal place of business of the credit union which operates the office, and no current record keeping functions shall be maintained at a credit union office except to the extent the credit union which operates the office deems

it desirable to keep at the office duplicates of the records kept at the principal place of business of the credit union. The central executive and official business functions of a credit union shall be exercised only at the principal place of business.

A credit union office shall not be opened without the prior written approval of the administrator. Upon application by a credit union in the form prescribed by the administrator, the administrator shall determine, after notice and hearing, if the establishment of the credit union office is reasonably necessary for service to, and is in the best interests of, the members of the credit union.

NEW SUBSECTION. Purchase insurance or make the purchase of insurance available for members.

NEW SUBSECTION. Notwithstanding the provisions of un-numbered paragraph one (1) of subsection four (4) of section five hundred thirty-three point sixteen (533.16) of the Code, a credit union may take a second mortgage on real property to secure a loan made by the credit union, subject to rules promulgated by the administrator.

NEW SUBSECTION. Subject to the written approval of the administrator, any credit union may engage in any activity in which it could engage if it were federally chartered, provided that the activity is not prohibited by the laws of this state.

NEW SUBSECTION. Credit unions may issue credit cards and debit cards and upon so doing, such shall be subject to the provisions of chapter five hundred thirty-seven (537) of the Code.

Sec. 25. Section five hundred thirty-three point four (533.4), subsection sixteen (16), Code 1977, is amended by striking the subsection and inserting in lieu thereof the following:

16. Sell, participate in, or discount the obligations of its members without recourse. Purchase the obligations of Iowa credit union members, provided the obligations meet the requirements of this chapter.

Sec. 26. Section five hundred thirty-three point five (533.5), Code 1977, is amended to read as follows:

533.5 MEMBERSHIP. Credit union membership shall consist of the incorporators and such other persons as who may be elected to membership and subscribe for at least one share, and who pay the installment thereon and the entrance fee, if any. Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit union organization shall be limited to groups having of individuals who have a common bond of occupation or association, or to groups of individuals who reside within a well-defined neighborhood, community, or rural district. However, membership also may be extended to persons related to a member within the common bond by the first or second degree of consanguinity or affinity, including foster children and adopted children, and to such relatives of a deceased member. If adopted as a policy by the board of directors of a credit union, members ~~who are no longer included in the common bond of association~~ cease to meet the qualifications of membership may retain their credit union membership and all membership privileges.

Sec. 27. Section five hundred thirty-three point six (533.6), Code 1977, is amended to read as follows:

533.6 REPORTS--EXAMINATIONS.

1. Credit unions organized under this chapter shall report annually on or before the first day of February to the ~~superintendent of banking annually on or before the first day of February~~ administrator on blanks supplied by ~~him~~ the administrator for that purpose. Additional reports may be required. If any report remains in arrears for more than five days, a fine of five dollars for each day such report remains in arrears may be levied against ~~such~~ the offending credit union in addition to the fine for failure to pay the annual fee. If such report is not returned within thirty days of the due date, the ~~superintendent of banking~~ administrator may, after written notice to the president of ~~such~~ the credit union ~~of his intention to do so,~~ suspend or

revoke the certificate of approval, take possession of the business and property of such credit union, and order its dissolution.

2. The superintendent-of-banking administrator shall annually examine, or cause to be examined, each credit union annually. Each credit union and all of its officers and agents shall give to the representatives of said-superintendent the administrator free access to all books, papers, securities, records and other sources of information under their control, ~~and-for-the-purposes-of-such-examination-said-representatives shall-have-the-power-to-subpoena-witnesses, administer-oaths, compel-the-giving-of-testimony, and-require-the-submission of-documents.~~ A report of such examination shall be forwarded to the president chairperson of each credit union within thirty days after the completion of the examination. Within thirty days of the receipt of such this report, a meeting of the directors shall be called to consider matters contained in the report and the action taken shall be set forth in the minutes of the board. ~~The-superintendent-may-furnish-to-the administrator-or-any-other-official-of-the-national-credit union-administration-any-information-or-report-relating-to examinations-and-reports-of-the-status-of-any-state-credit union-insured-by-the-national-credit-union-administration.~~ The superintendent-of-banking administrator may accept, in lieu of the annual examination of a credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the superintendent of-banking administrator. The cost of the audit shall be paid by the credit union.

3. The superintendent-of-banking administrator may require any credit union, whose records are inadequate or whose books have not been balanced as of the end of the month not less than thirty days previously or whose affairs are in an unfavorable condition, to submit to an additional examination each year.

~~4.---Each-credit-union-shall-pay-to-the-superintendent-of banking-a-fee-for-making-examinations, based-on-the-actual~~

~~cost-of-the-operation-of-the-credit-union-division-of-the
department-of-banking-and-the-proportionate-share-of
administrative-expenses-in-the-operation-of-the-department
of-banking, attributable to credit unions, to be determined
by the superintendent of banking, in accordance with chapter
47A.~~

5 4. If it shall appear that any credit union is insolvent or that it has violated any of the provisions of this chapter, the ~~superintendent of banking~~ administrator may, after a hearing or giving after an opportunity for a hearing is given, order such that credit union to correct such the condition and. The administrator shall grant it the credit union not less than sixty days within which to comply and failure so with the order. Failure to do comply shall afford the said superintendent administrator grounds to revoke the certificate of approval and shall afford the administrator the authority to apply to the district court of the district in which such this credit union is located for the appointment of a receiver for the credit union. The district court shall appoint the superintendent administrator of the credit union department as receiver unless the superintendent administrator of the credit union department has tendered the appointment to the administrator of the national credit union administration plan by which the accounts of the credit union are insured. The Either administrator as receiver shall possess the rights, powers, and privileges granted by state law to a receiver of a state credit union. Neither the superintendent nor the administrator shall be required to furnish bond as receiver of a state credit union.

5. When the administrator has reason to believe that an officer, director, or employee of a credit union has violated any law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator to discontinue or correct such violation or unsafe or unsound practice, the administrator may cause notice to be served upon the officer, director, or employee to appear before the

administrator to show cause why he or she should not be removed from office or employment. A copy of such notice shall be sent by restricted delivery mail to each director of the credit union affected. If, after granting the accused reasonable opportunity to be heard, the administrator finds that the accused has violated a law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator, the administrator in his or her discretion may order that the accused be removed from office and from any position of employment with the credit union. A copy of the order shall be served upon the accused and upon the credit union affected, at which time the accused shall cease to be an officer, director, or employee of the credit union.

Sec. 28. Section five hundred thirty-three point eight (533.8), Code 1977, is amended to read as follows:

533.8 ELECTIONS. At the organization meeting there shall be elected a board of directors of not less than nine members to hold office for such terms as the bylaws provide and until successors are elected and qualify. At each annual meeting there shall be elected one member to fill each position vacated by reason of expiring terms or other causes. A record of the names and addresses of the directors, officers and committee persons shall be filed with the superintendent-of banking administrator within ten days following each election.

Sec. 29. Section five hundred thirty-three point sixteen (533.16), Code 1977, is amended to read as follows:

533.16 LOANS.

1. A credit union may loan to members.---Loans-must-be a member for a provident or productive purpose and-are-made. Loans shall be subject to the conditions contained in this section and in the bylaws. A-borrower-may-repay-his-loan
A loan may be repaid by the borrower, in whole or in part, any day the office of the credit union is open for business. Every loan shall be pursuant to an application with supportive credit information. Any credit or financial information which is required shall be updated by the credit union or by the

member not less frequently than every eighteen months for re-financed loans or for periodic advances made under an open-end credit plan.

2. A credit union shall not lend in the aggregate to any one member more than one hundred dollars or ten percent of its capital, whichever is greater.

3. A director of a credit union may borrow from that credit union under the provisions of this chapter, but the loan shall not be made on terms more favorable than those extended to other members. A director of a credit union may borrow from that credit union to the extent and in the amount of such director's holdings in the credit union in shares and deposits. A director desiring to borrow from the credit union an amount in excess of the director's holdings in shares and deposits shall first submit application for approval by the board of directors at a regular or special meeting. The director making application for the loan shall not be in attendance at the time the board of directors considers the application and shall not take part in the consideration. Prior to consideration of such loan, the director must have submitted to the board a detailed current financial statement. The aggregate amount of director loans shall not exceed twenty percent of the assets of the credit union.

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

4 a. If the terms of the instrument securing such loan call for payment at maturity the loan shall not be for a period in excess of five years and the amount loaned shall not exceed fifty percent of the appraised value of the property given as security.

2 b. If the terms of the instrument securing such loan call for installment payments which are sufficient to retire at least forty percent of the principal of the loan within ten years the amount loaned shall not exceed sixty percent of the appraised value of the property given as security and

shall not be for a period in excess of ten years.

3 c. If the terms of the instrument securing such loan call for monthly installment payments, including principal and interest, at least equal to one percent of the principal of the loan, the amount loaned shall not exceed eighty percent of the appraised value of the property given as security.

~~The foregoing restrictions or limitations shall not prevent the renewal or extension of loans and shall not apply to loans which are secured under the provisions of the national housing Act, as amended, or to loans made to families of low or moderate income as a part of programs authorized in sections 220.4 to 220.36 and approved by the Iowa housing finance authority. The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed twenty-five years. The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall not exceed fifteen percent of the aggregate total of the member share and deposit accounts.~~

d. The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed thirty years, if the terms of the instrument securing such loans require substantially equal payments of principal or of principal and interest at successive intervals of not more than one year. The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall be established by rule by the administrator.

5. Loans which are not secured by real property shall be subject to the following conditions:

a. Loans to any one member which in the aggregate exceed the unsecured loan limit established by the board of directors

of a credit union shall be secured by one or more cosigners or guarantors, or, by a first lien on collateral having a value which is approximately equal to the amount in excess of such unsecured loan limit. Every cosigner or guarantor shall furnish the credit union with evidence of financial responsibility.

b. Nothing contained in this subsection shall be deemed to preclude a credit committee or loan officer from requiring security for any loan.

c. A credit union may make loans insured under the provisions of Title twenty (XX), United States Code, section one thousand seventy-one (1071) through section one thousand eighty-seven (1087) or similar state programs, loans insured by the federal housing administration under Title twelve (XII), United States Code, section one thousand seven hundred three (1703), and loans to families of low or moderate income as a part of programs authorized in sections two hundred twenty point one (220.1) to two hundred twenty point thirty-six (220.36) of the Code.

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

6. Nothing contained in this section shall prevent the renewal or extension of loans.

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

8. No credit union shall loan to any one member more than one hundred dollars or ten percent of its total assets whichever is greater. The provisions of the Iowa consumer credit code shall apply to consumer loans made by a credit union, and a provision of that code shall supersede any

conflicting provision of this chapter with respect to a consumer loan.

Sec. 30. Section five hundred thirty-three point seventeen (533.17), subsection one (1), paragraph b, and subsection three (3), Code 1977, are amended to read as follows:

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

Whenever the legal reserve falls below ten percent or seven and one-half percent of the total of outstanding loans and risk assets, as the case may be, the difference shall be replaced by regular contributions in order to maintain the seven and one-half percent or ten percent reserve. Any entrance fees, charges and transfer fees shall, after payment of organization expenses, be added to the legal reserve. The legal reserve shall belong to the credit union and shall be used to meet losses except those resulting from an excess of expenses over income. The reserve shall not be distributed except on liquidation of the credit union or in accordance with a plan approved by the superintendent-of-banking administrator.

3. The superintendent-of-banking administrator may require a credit union to set aside additional amounts as a special reserve if an examination of its assets should disclose that its legal reserve is inadequate.

Sec. 31. Section five hundred thirty-three point twenty (533.20), Code 1977, is amended to read as follows:

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

1. At a special meeting called for the that purpose, notice-of-which-purpose-must-be-contained-in-the-call, a credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote at the special meeting. Notice of the meeting's purpose shall be contained in the meeting's notice. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of dissolution

by signing a statement in the form approved by the ~~superintendent-of-banking-and-the~~ administrator. This vote shall have the same force and effect as if cast at the meeting.

2. The credit union shall cease to do business except for the purposes of liquidation immediately upon the giving ~~of~~ notice of the special meeting ~~of-the~~ called for the members ~~to~~ vote on dissolution ~~and-the~~. The board of directors shall immediately notify the ~~superintendent-of-banking~~ administrator of the intention of the credit union to dissolve. The credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members ~~shall~~ have revoked prior affirmative action to dissolve as provided for in subsection 4 of this section.

3. The board of directors shall have power to terminate and settle the affairs of a credit union in voluntary dissolution. The credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in order to terminate its affairs. The credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled. During the course of dissolution proceedings, the credit union shall make such reports and shall be subject to such examinations as the ~~superintendent of-banking~~ administrator may require. If at any time, after the affirmative vote of a majority of the members of a credit union to dissolve the credit union, the ~~superintendent-of banking~~ administrator finds that the credit union is not making reasonable progress toward terminating its affairs or finds that the credit union is insolvent, he the administrator may apply to the district court for a appointment of a receiver to-be-appointed to terminate the affairs of the credit union.

4. ~~A-credit-union-may-at~~ At any time prior to any distribution of its assets, a credit union may revoke the voluntary dissolution proceedings upon by the affirmative

vote of a majority of its members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose in the manner prescribed by the bylaws. The board of directors shall immediately notify the ~~superintendent-of~~ banking administrator of any such action to revoke voluntary dissolution proceedings.

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

6. The board of directors may appoint by resolution any responsible person as defined in section four point one (4.1) of the Code, whose appointment has been approved by the administrator, to exercise its powers to terminate and settle the affairs of the credit union pursuant to this section. The administrator is authorized to promulgate rules pursuant to chapter seventeen A (17A) of the Code establishing the qualifications which must be met by such appointees, including but not limited to filing a surety bond with the administrator.

Sec. 32. Section five hundred thirty-three point twenty-one (533.21), subsections one (1) through three (3), Code 1977, are amended to read as follows:

1. In all situations in which the ~~superintendent~~ administrator has been appointed as receiver as provided in ~~section-533-6-and-section-533-20-he~~ this chapter, the administrator shall make a diligent effort to collect and realize on the assets of the credit union, and shall make distribution of the proceeds from time to time to those entitled thereto in the order provided for by law. The

superintendent administrator may execute as receiver, or after the receivership has terminated, assignments, releases, and satisfactions to effectuate sales and transfers ~~as-receiver or-after-the-receivership-has-terminated~~. Upon the order of the court in which the receivership is pending, the superintendent administrator may sell or compound all bad or doubtful debts, ~~and, in a like order~~. Upon the order of the court in which the receivership is pending, the administrator may sell all the real and personal property of the credit union, on such terms as the court shall direct.

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

3. At the termination of the receivership, the superintendent administrator shall file ~~his~~ a final report ~~containing~~ which shall contain the details of his or her actions therein, ~~together with~~ and such additional facts as the court may require.

Sec. 33. Section five hundred thirty-three point twenty-two (533.22), subsection three (3), Code 1977, is amended to read as follows:

3. The ~~superintendent-of-banking~~ administrator shall assume custody of the records of a credit union dissolved pursuant to this chapter and shall retain ~~them~~ these records in accordance with the provisions of section 533.26. The superintendent administrator may cause film, photographic, photostatic, or other copies of ~~such~~ these records to be made and the administrator shall retain ~~such~~ these copies in lieu of the original records.

Sec. 34. Section five hundred thirty-three point twenty-three (533.23), Code 1977, is amended to read as follows:

533.23 CHANGE IN PLACE OF BUSINESS. A credit union may change its place of business on written notice to the ~~superintendent-of-banking~~ administrator.

Sec. 35. Section five hundred thirty-three point twenty-seven (533.27), unnumbered paragraph two (2), Code 1977, is

amended to read as follows:

For the purpose of assisting credit unions in the retention of only necessary records and files, or for the destruction of those which are obsolete or unnecessary, credit unions are authorized to destroy such records and files or classes thereof within the period of limitation of actions upon the joint recommendation of the superintendent-of-banking administrator and a the credit union review board relating to records-consisting-of-the-directors-of-the-Iowa-credit union-league.

Sec. 36. Section five hundred thirty-three point thirty (533.30), subsections one (1), three (3), and four (4), Code 1977, are amended to read as follows:

1. A credit union may, ~~with the approval of the superintendent-of-banking~~, merge with another credit union under the existing organization of the other credit union if the merger receives approval of the administrator and if the merger is pursuant to a plan agreed upon by the majority of the board of directors of each credit union joining in the merger and which plan is approved by the affirmative vote of a majority of the members of the merging credit unions.

3. The certificate and a copy of the agreed plan of merger ~~agreed-upon~~ shall be forwarded to the superintendent-of-banking administrator, certified by him or her, and returned to both credit unions within thirty days of the date of receipt by the administrator.

4. Upon return of the certificates from the superintendent-of-banking administrator, all property, property rights, and members' interest of the merged credit union shall vest in the surviving credit union without deed, ~~endorsement~~ the legal need for deeds, endorsements or other instrument instruments of transfer, and all debts, obligations and liabilities of the merged credit union are shall be assumed by the surviving credit union under whose charter the merger was effected. The rights and privileges of the members of the merged credit union shall remain intact. Credit union membership in the surviving credit union shall be available

to persons within the field of membership of the merged credit union.

Sec. 37. Section five hundred thirty-three point thirty-three (533.33), Code 1977, is amended to read as follows:

533.33 ~~ADMINISTRATION-OF-NATIONAL-UNION~~ ADMINISTRATOR OF ACCOUNT INSURANCE PLAN AS RECEIVER.

1. The ~~superintendent~~ administrator of the credit union department may tender to the administrator of ~~the-national-credit-union-administration~~ an account insurance plan approved under this chapter the appointment as receiver for an insured credit union. If the insurance plan administrator accepts the appointment as receiver, the rights of the members and other creditors of the insured credit union shall be determined in accordance with the laws of this state.

2. The administrator of ~~the-national-credit-union administration~~ an account insurance plan as receiver shall possess the powers, rights, and privileges given to the ~~superintendent~~ administrator of the credit union department as provided by law.

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

Sec. 38. Section five hundred thirty-three point thirty-four (533.34), Code 1977, is amended to read as follows:

533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL CREDIT UNION.

1. A state credit union may convert into a federal credit union ~~upon~~ with the approval of the administrator of the national credit union administration and by the affirmative vote of a majority of ~~its~~ the credit union's members eligible

to vote. This vote, if taken, shall be at a special meeting called for that purpose and shall be in the manner prescribed by the bylaws and with the approval of the administrator of the national credit union administration. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of conversion by signing a statement in a form satisfactory to the superintendent of banking and the administrator of the credit union department. This vote shall have the same force and effect as if cast at the meeting.

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

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

Sec. 39. Section five hundred thirty-three point thirty-five (533.35), subsection one (1) and two (2), Code 1977, are amended to read as follows:

1. A federal credit union may convert into a state credit union ~~upon~~ by compliance with the laws of the United States and upon the approval by of the superintendent of banking administrator of the credit union department. Application

for approval of the conversion to a state credit union shall be submitted to the superintendent administrator of the credit union department in the form prescribed by the superintendent administrator, together with the articles of incorporation and bylaws as required by section 533.1. The superintendent of-banking administrator of the credit union department may cause an examination to be made of any converting federal credit union ~~and-the~~. The credit union shall pay to the superintendent administrator the same examination fee as paid for examinations of state credit unions.

2. If the superintendent-shall administrator of the credit union department should approve the application of a federal credit union for conversion to a state credit union, he or she shall cause the articles of incorporation of the resulting state credit union to be filed and recorded in the county in which the credit union has its principal place of business and he or she shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union ~~to-do-business-under-the-laws-of-this-state~~. The credit union shall then become a state credit union subject to the laws of this state. The superintendent administrator of the credit union department shall furnish a copy of the certificate to the administrator of the national credit union administration.

Sec. 40. Section five hundred thirty-three point thirty-six (533.36), Code 1977, is amended by striking the section.

Sec. 41. Section five hundred thirty-three point thirty-seven (533.37), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

533.37 ENFORCEMENT OF IOWA CONSUMER CREDIT CODE.

1. The administrator of the credit union department shall enforce the Iowa consumer credit code with respect to credit unions, as provided in sections five hundred thirty-seven point two thousand three hundred three (537.2303), five hundred thirty-seven point two thousand three hundred five (537.2305) and five hundred thirty-seven point six thousand one hundred five (537.6105) of the Code.

2. The administrator of the credit union department shall cooperate with the administrator of the Iowa consumer credit code as designated in section five hundred thirty-seven point six thousand one hundred three (537.6103) of the Code, and shall assist that administrator whenever necessary to provide for the discharge of the duties of that administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the administrator of the credit union department shall authorize to be furnished to the administrator of the Iowa consumer credit code, access to or copies of records in the custody of the credit union department which relate to a credit union, when necessary to enable the administrator of the Iowa consumer credit code to enforce chapter five hundred thirty-seven (537) of the Code.

Sec. 42. Section five hundred thirty-three point thirty-eight (533.38), subsection two (2), Code 1977, is amended to read as follows:

2. It may buy or sell investment securities and corporate bonds which are evidences of indebtedness. However, the buying and selling of such investment securities and corporate bonds shall be limited to buying and selling without recourse to marketable obligations evidencing indebtedness of any corporation or state or federal agency, under further definitions of the term "investment securities" as prescribed by the ~~superintendent~~ administrator. The total amount of the investment securities of any one obligor or maker held by the credit union shall at no time exceed five percent of the shares, undivided earnings and reserves of the credit union except that this limit shall not apply to obligations of the federal government. The aggregate total of the investment securities held by the credit union shall not exceed fifteen percent of the shares, undivided earning and reserves of said credit union.

Sec. 43. Effective January 1, 1979, all of the jurisdiction, authorities, powers, records, duties and reserves conferred and imposed upon the superintendent of banking by the laws of this state which are in existence as of December

31, 1978, and which pertain to credit unions shall be transferred to the credit union department. All funds held in the general fund as of January 1, 1979 for the use of the superintendent of banking which pertain to credit union supervision and examination fees shall be transferred to the credit union department effective January 1, 1979.

All department of banking personnel who are assigned to the credit union division may transfer to the credit union department created by section three (3) of this Act effective January 1, 1979. However, no person shall be transferred in a supervisory capacity. Supervisory personnel shall be appointed at the discretion of the administrator.

Sec. 44. Sections one (1) through forty-three (43) of this Act shall take effect January 1, 1979.

DIVISION II

Sec. 45. Section four hundred twenty-two point sixty (422.60), Code 1977, is amended to read as follows:

422.60 IMPOSITION OF TAX. A franchise tax according to and measured by net income is hereby imposed on financial institutions for the privilege of doing business in this state.

Sec. 46. Section four hundred twenty-two point sixty-one (422.61), subsection four (4), Code 1977, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities and any amount of franchise taxes paid or accrued under this division during the taxable year shall not be subtracted and interest and dividends from evidences of indebtedness and securities of this state and its political subdivisions, exempt from federal income tax under the Internal Revenue Code of 1954 as amended to and including January 1, 1976, shall not be added.

Sec. 47. Section forty-five (45) of this Act shall take effect as provided by law. Section forty-six (46) of this Act shall take effect for tax years beginning on or after

January 1, 1979.

DIVISION III

Sec. 48. Section five hundred twenty-four point nine hundred four (524.904), subsection four (4), Code 1977, is amended by adding the following new paragraph as paragraph i:

NEW PARAGRAPH. i. Obligations of a customer as endorser or guarantor for a corporation in which that customer owns or controls more than fifty percent of the shares entitled to vote.

Sec. 49. Section five hundred twenty-four point nine hundred five (524.905), subsection six (6), Code 1977, is amended by adding the following new paragraph as paragraph h of that subsection:

NEW PARAGRAPH. h. Property improvement loans subject to section five hundred twenty-four point nine hundred six (524.906) of the Code.

Sec. 50. Section five hundred twenty-four point nine hundred six (524.906), subsection seven (7), paragraph a, Code 1977, is amended to read as follows:

a. Are secured by first liens on real property, except that loans for the maintenance, repair, landscaping, modernization, furniture and fixtures, improvement and equipment of such real property shall be subject to the provisions of this section regardless of whether or not secured by a first lien on the real property.

Sec. 51. Section five hundred thirty-four point nineteen (534.19), subsection six (6), Code 1977, is amended to read as follows:

6. PROPERTY IMPROVEMENT LOANS. To make loans for maintenance, repair, landscaping, modernization, furniture and fixtures, improvement and equipment, with or without security provided that no such loan without security shall exceed ten thousand dollars, and provided further that not in excess of twenty percent of the assets of the association shall be so invested, said twenty percent to be exclusive of the forty percent of assets power set out in section 534.21

~~hereof. Such-loans,-other-than-consumer-loans-as-defined
in-the-Iowa-consumer-credit-code,-shall-be-amortized-to-mature
in-not-to-exceed-eight-years.~~ The provisions of the Iowa
consumer credit code shall apply to consumer loans made by
a savings and loan association and a provision of that code
shall supersede any conflicting provision of this chapter
with respect to a consumer loan. Loans made pursuant to this
subsection which are not consumer loans shall be made at
interest rates not in excess of rates allowed for consumer
loans. Loans made pursuant to this subsection shall be for
terms not exceeding fifteen years.

Sec. 52. Sections forty-eight (48) through fifty-one (51)
of this Act shall take effect January 1, 1979.

DIVISION IV

Sec. 53. Section five hundred twenty-four point one
thousand two hundred one (524.1201), Code 1977, is amended
to read as follows:

524.1201 GENERAL PROVISIONS. No bank shall open or maintain
a branch bank. A state bank may establish and operate bank
offices subject to approval and regulation of the
superintendent and to the restrictions upon location and
number imposed by section 524.1202. A bank office may furnish
all banking services ordinarily furnished to customers and
depositors at the principal place of business of the state
bank which operates the office, and an officer or employee
of the bank shall be physically present at each bank office
during all business hours. The central executive and official
business and principal record-keeping functions of a state
bank shall be exercised only at its principal place of
business, except that data processing services referred to
in section 524.804 may be performed for the state bank at
some other point. All transactions of a bank office shall
be immediately transmitted to the principal place of business
of the state bank which operates the office, and no current
record-keeping functions shall be maintained at a bank office
except to the extent the state bank which operates the office
deems it desirable to keep there duplicates of the records

kept at the principal place of business of the state bank.

Sec. 54. Section five hundred twenty-four point one thousand two hundred two (524.1202), subsection two (2), Code 1977, is amended to read as follows:

2. A state bank located in a municipal corporation may establish not more than ~~two~~ three bank offices within the boundaries of the municipal corporation, each of which shall have adequate off-street parking as determined by the superintendent, and may also have facilities to serve pedestrian customers. A state bank located in a municipal corporation, or in an urban complex, composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, having a population of over fifty thousand according to the most recent federal census may establish ~~two~~ three such offices within the boundaries of the municipal corporation or urban complex; ~~however, such a municipal corporation or urban complex on boundaries of the state having a contiguous municipal corporation in another state may have one additional such office,~~ if the municipal corporation or urban complex has a population of over one hundred thousand but not over two hundred thousand according to the most recent federal census, the state bank may establish ~~three~~ four such offices within the boundaries of the municipal corporation or urban complex; and if the municipal corporation or urban complex has a population of over two hundred thousand, the state bank may establish ~~four~~ five such offices within the boundaries of the municipal corporation or urban complex. A state bank located in a municipal corporation or urban complex which has an Iowa population of over fifty thousand and which is located on a boundary of this state and contiguous to a municipal corporation in another state may have one office in addition to the number of offices permitted by the preceding sentence. ~~Such a~~ A facility located ~~in the proximity of a state bank's principal place of business may be found by the superintendent to be an integral part of the principal place of business,~~ and not a adjacent to or cornering upon

the property on which the principal place of business or an office of a bank is located, or separated from being adjacent to or cornering upon such property only by a street, alley or other publicly owned right-of-way, may be found by the superintendent to be an integral part of that location and not a separate bank office within the meaning of this section. A banking facility existing and operating on January 1, 1979, and which had been found by the superintendent to be an integral part of the principal place of business of a bank and not a bank office, shall be allowed to continue its existence and operation without regard to this subsection.

Sec. 55. Section five hundred twenty-four point one thousand two hundred twelve (524.1212), Code 1977, is amended to read as follows:

524.1212 LOCATION OF SATELLITE TERMINALS. Any state bank may utilize a satellite terminal, as defined in section 527.2, when that satellite terminal is lawfully being operated, at any location within this state. A satellite terminal authorized by which complies with the requirements of chapter 527 shall not be considered a branch bank or an office of a bank and shall not be subject to the restrictions on location or number set forth in section 524.1202. Any transaction engaged in through the use of a satellite terminal 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. 56. Sections fifty-three (53) through fifty-five (55) of this Act shall take effect January 1, 1979.

DIVISION V

Sec. 57. Section five hundred thirty-five point two (535.2), Code 1977, is amended to read as follows:

535.2 RATE OF INTEREST.

1. Except as provided in subsection 2 hereof, the rate of interest shall be five seven cents on the hundred by the year in the following cases, unless the parties shall agree in writing for the payment of interest not exceeding nine cents on the hundred by the year:

- a. Money due by express contract.
- b. Money after the same becomes due.
- c. Money loaned.
- d. Money received to the use of another and retained beyond a reasonable time, without the owner's consent, express or implied.
- e. Money due on the settlement of accounts from the day the balance is ascertained.
- f. Money due upon open accounts after six months from the date of the last item.
- g. Money due, or to become due, where there is a contract to pay interest, and no rate is stipulated.

2. Any domestic or foreign corporation or real estate investment trust as defined in section 856 of the Internal Revenue Code, and any person purchasing securities as defined in chapter 502 on credit from a broker or dealer registered or licensed under chapter 502 or under the Security Exchange Act of 1934, 48 Stat. 881, 15 United States Code 78A, as amended, may agree in writing to pay any rate of interest in excess of the rate prescribed in subsection 1 hereof, and no such corporation or real estate investment trust or person so agreeing in writing shall plead or interpose the claim or defense of usury in any action or proceeding.

3. a. Notwithstanding the limitation contained in subsection one (1) of this section, the maximum lawful rate of interest which may be provided for in any written agreement for the payment of interest entered into during any calendar month after June 30, 1978, and before July 1, 1981, shall be two percent above the monthly average ten-year constant maturity interest rate of United States government notes and bonds as published by the board of governors of the federal reserve system for the calendar month second preceding the month during which the maximum rate based thereon will be effective, rounded to the nearest one-fourth of one percent per year.

On or before the twentieth day of each month the superintendent of banking shall determine, based on available statistics,

the monthly average ten-year constant maturity interest rate of United States government notes and bonds for the preceding month, and the maximum lawful rate of interest for the following calendar month as prescribed herein, and shall cause such rate to be published, as a notice in the Iowa administrative bulletin or as a legal notice in a newspaper of general circulation published in Polk county, prior to the first day of the following calendar month. Such maximum lawful rate of interest shall be effective on the first day of the calendar month following publication.

b. Any rate of interest specified in any written agreement providing for the payment of interest shall, if such rate was lawful at the time the agreement was made, remain lawful during the entire term of the agreement, including any extensions or renewals thereof, for all money due or to become due thereunder including future advances, if any.

c. Any contract, note or other written agreement providing for the payment of a rate of interest permitted by this subsection which contains any provision providing for an increase in the rate of interest prescribed therein shall, if such increase could be to a rate which would have been unlawful at the time the agreement was made, also provide for a reduction in the rate of interest prescribed therein, to be determined in the same manner and with the same frequency as any increase so provided for.

4. Notwithstanding the provisions of subsection three (3) of this section, with respect to any agreement which was executed prior to the effective date of this section and which contained a provision for the adjustment of the rate of interest specified in that agreement, the maximum lawful rate of interest which may be imposed under that agreement shall be nine cents on the hundred by the year, and any excess charge shall be a violation of section five hundred thirty-five point four (535.4) of the Code.

Sec. 58. Chapter five hundred thirty-five (535), Code 1977, is amended by adding the following new section:

NEW SECTION. ADVANCE PAYMENT OF INTEREST. A person shall

nct, as a condition of the loan of money secured by a first lien on the dwelling of the borrower and given to finance the acquisition of that dwelling, require the payment by the borrower of any interest prior to the time the interest has been earned at the rate prescribed by the loan contract. As used in this section, the term "interest" includes any charge directly proportional to the amount of the loan, but does not include any of the following:

1. Taxes.

2. Charges for insurance obtained from or through the person making the loan if the person furnishes the borrower with a clear, conspicuous and specific statement in writing setting forth the cost of the insurance and stating either that the borrower may obtain the insurance from or through any other person or that the insurance is not required as a condition of the loan.

3. Escrows for future payments of taxes, including assessments for improvements, insurance and water, sewer and land rents.

4. Fees or premiums for title examination, abstract of title, title insurance, or similar purposes including surveys.

5. Any amount specified in the loan contract as a delinquency charge or similar payment if the amount is not charged when the loan is repaid in accordance with the other terms of the loan contract.

6. A loan origination fee, closing fee, commitment fee or similar charge which does not exceed one percent of the amount loaned in the case of a construction loan or a combined construction and permanent loan or one percent of the amount loaned in the case of all other loans subject to this section if that charge plus any amount referred to in subsection seven (7) of this section, if amortized over the term of the loan contract and added to the interest otherwise payable thereunder, would not result in a rate of return to the lender in excess of the maximum lawful rate of interest which the lender otherwise would be permitted to receive under section five hundred thirty-five point two (535.2) of the Code.

7. Any amount payable under a point, discount or other system of charges used by the lender in connection with loans insured or guaranteed by an agency of the federal government if such amount plus any charge referred to in subsection six (6) of this section, if amortized over the term of the loan contract and added to the interest otherwise payable thereunder, would not result in a rate of return to the lender in excess of the maximum lawful rate of interest which the lender would otherwise be permitted to receive under section five hundred thirty-five point two (535.2) of the Code.

8. Any amount payable under a point, discount, or other system of charges used by a lender in connection with a loan which is subject to the provisions of section six hundred eighty-two point forty-six (682.46) of the Code.

Sec. 59. Chapter five hundred thirty-five (535), Code 1977, is amended by adding the following new section:

NEW SECTION. PREPAYMENT PENALTIES ON LOANS SECURED BY REAL ESTATE MORTGAGES PROHIBITED.

1. As used in this section:

a. "Loan" means money loaned to a borrower who has furnished, as security for all or any part of the loan, a mortgage on real property which is a single-family or a two-family dwelling to be occupied by the borrower; and means money loaned to a borrower for an agricultural purpose, if the borrower has furnished a first lien on real property as security for all or any part of the loan and if the term of the loan does not exceed seven years. The term "loan" does not include any loan which is a consumer loan as defined in chapter five hundred thirty-seven (537) of the Code.

b. "Lender" means any state or federally chartered bank, savings and loan association or credit union, any industrial loan company, any person licensed under chapter five hundred thirty-six (536) of the Code, any insurance company, or any other person or entity which makes a loan, as defined in this section.

2. Whenever a borrower under a loan as defined in this section which is secured by a mortgage on a single-family

or two-family dwelling, repays the full amount of the loan in connection with a transfer of ownership of the real property given as security for that loan, or whenever a borrower under a loan as defined in this section which is made for an agricultural purpose repays the full amount of the loan, the lender shall not receive an amount in payment of interest which is greater than the amount determined by applying the rate of interest agreed upon by the lender and the borrower to the unpaid balance of the loan for the period of time during which the borrower had the use of the money loaned; and the lender shall not impose any penalty or other charge in addition to the amount of interest due as a result of the repayment of that loan at a date earlier than is required by the terms of the loan agreement. A lender may, however, require advance notice of not more than thirty days of a borrower's intent to repay the full amount of a loan at a date earlier than is required by the terms of the loan agreement.

3. If any lender receives an amount of interest greater than permitted by subsection two (2) of this section, or imposes any penalty or other charge prohibited by subsection two (2) of this section, the borrower shall have the right to recover all amounts paid the lender which are in excess of the amounts permitted by subsection two (2) of this section, plus attorney's fees and court costs incurred in any action necessary to effect such recovery.

Sec. 60. Section five hundred twenty-four point nine hundred five (524.905), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. If a customer elects to repay a loan which is subject to the provisions of this section at a date earlier than is required by the terms of the loan, the state bank shall be governed by section fifty-nine (59) of this Act.

Sec. 61. Section five hundred thirty-three point sixteen (533.16), Code 1977, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If a member elects to repay a loan secured by a mortgage or deed of trust upon real property which is a single-family or a two-family dwelling at a date earlier than is required by the terms of the loan, the credit union shall be governed by section fifty-nine (59) of this Act.

Sec. 62. Section five hundred thirty-four point twenty-one (534.21), subsection ten (10), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred thirty-three (133), section seven (7), is amended to read as follows:

10. ADVANCE INTEREST ON PREPAYMENTS. Real estate loans on a single-family or a two-family dwelling may be repaid in part or in full at any time, subject to the provisions of section fifty-nine (59) of this Act. Real estate loans on ~~one-to~~ three and four family dwellings may be repaid in part or in full at any time, excepting that the association may charge not to exceed six months advance interest on that part of the aggregate amount of all prepayments made on such loan in any twelve-month period which exceeds twenty percent of the original principal amount of the loan; and may charge any negotiated rate on other loans, except real estate loans on single-family and two-family dwellings.

Sec. 63. Section five hundred thirty-six point thirteen (536.13), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. If a customer elects to repay a loan secured by a mortgage or deed of trust upon real property which is a single-family or a two-family dwelling at a date earlier than is required by the terms of the loan, the licensee shall be governed by section fifty-nine (59) of this Act.

Sec. 64. Section five hundred thirty-six A point twenty-three (536A.23), subsection one (1), Code 1977, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If a customer elects to repay a loan secured by a mortgage or deed of trust upon real

property at a date earlier than is required by the terms of the loan, the licensee shall be governed by section fifty-nine (59) of this Act.

Sec. 65. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection fifteen (15), paragraph b, subparagraph two (2), Code 1977, is amended to read as follows:

(2) A loan secured by an interest in land if the security interest is bona fide and not for the purpose of circumvention or evasion of this chapter and the finance charge ~~does not exceed twelve percent per year~~, calculated according to the actuarial method on the assumption that the debt will be paid according to the agreed terms and will not be paid before the end of the agreed term, does not exceed the rate of finance charge permitted under chapter five hundred thirty-five (535) of the Code.

Sec. 66. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection twenty (20), paragraph a, subparagraph one (1), Code 1977, is amended to read as follows:

(1) Interest or any amount payable under a point, discount or other system of charges, however denominated, except that, ~~with respect to a consumer loan secured by a first lien on a dwelling of the debtor given to finance the acquisition of that dwelling, points, consisting of a charge paid in cash at the time of commitment or closing of a loan transaction~~ or, with respect to a consumer credit sale of goods or services, a cash discount of five percent or less of the stated price of goods or services which is offered to the consumer for payment by cash, check or the like either immediately or within a period of time, shall not be part of the finance charge for the purpose of determining maximum charges pursuant to section 537.2401 and chapters 524, 534, and 535. A cash discount permitted by this subparagraph shall not be considered part of the finance charge for the purpose of determining compliance with Truth in Lending pursuant to

section 537.3201 if it is properly disclosed as required by the Truth in Lending Act as amended to and including October 28, 1975 and regulations issued pursuant to that Act as so amended prior to October 28, 1975.

Sec. 67. Sections fifty-seven (57) through sixty-six (66) of this Act shall take effect July 1, 1978, and shall apply only to agreements executed on or after that date.

Sec. 68. With respect to any loan secured by a first lien on a dwelling of a natural person given to finance the acquisition of that dwelling and executed on or after July 1, 1974, but before July 1, 1978, the assessment and collection pursuant to that loan transaction of points, consisting of a charge paid in cash at the time of commitment or closing of the transaction, shall not be considered as part of the contractual interest rate for the purpose of determining whether or not the interest rate agreed to exceeded the rate permitted by section five hundred thirty-five point two (535.2) of the Code as it existed during that period of time. The provisions of this section are retroactive to July 1, 1974, to the extent necessary to effect its purpose.

DIVISION VI

Sec. 69. Section five hundred thirty-seven point two thousand two hundred two (537.2202), subsection three (3), Code 1977, is amended to read as follows:

3. If the billing cycle is monthly, the charge may not exceed an amount equal to one and ~~one-half~~ one-third percent of that part of the maximum amount pursuant to subsection 2 which is five hundred dollars or less and one and ~~one-fourth~~ one-sixth percent of that part of the maximum amount which is more than five hundred dollars; provided, however, that a creditor directly or indirectly operating not more than one retail business with not more than two locations in this state which employs ten or fewer full-time employees may impose, for consumer credit sales originating in connection with the operation of that retail business, a charge which does not exceed an amount equal to one and one-half percent

of that part of the maximum amount pursuant to subsection two (2) of this section which is five hundred dollars or less and one and one-fourth percent of that part of the maximum amount which is more than five hundred dollars. If the billing cycle is not monthly, the maximum charge for the billing cycle shall bear the same relation to the applicable monthly maximum charge as the number of days in the billing cycle bears to three hundred sixty-five divided by twelve. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from the regular date.

Sec. 70. Section five hundred thirty-seven point two thousand four hundred two (537.2402), subsection three (3), Code 1977, is amended to read as follows:

3. If the billing cycle is monthly, the charge may not exceed an amount equal to one and ~~one-half~~ one-third percent of that part of the maximum amount pursuant to subsection 2 which is five hundred dollars or less and one and ~~one-fourth~~ one-sixth percent of that part of the maximum amount which is more than five hundred dollars. If the billing cycle is not monthly, the maximum charge for the billing cycle shall bear the same relation to the applicable monthly maximum charge as the number of days in the billing cycle bears to three hundred sixty-five divided by twelve. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from the regular date.

Sec. 71. Chapter five hundred thirty-seven (537), article two (2), part one (1), Code 1977, is amended by adding the following new sections as sections five hundred thirty-seven point two thousand one hundred three (537.2103) and five hundred thirty-seven point two thousand one hundred four (537.2104), respectively:

NEW SECTION. 537.2103 APPLICABILITY. The limitations on a finance charge which are imposed by sections five hundred thirty-seven point two thousand two hundred two (537.2202)

and five hundred thirty-seven point two thousand four hundred two (537.2402) of the Code shall apply irrespective of the domicile of the creditor or lender if the following conditions apply:

1. The extension of credit to the buyer, lessor or debtor is pursuant to a seller credit card or a lender credit card;

2. The cardholder was a resident of this state at the time the credit card was issued for his or her use; or the cardholder has become a resident of this state since the credit card was issued and has given notice thereof to the card issuer, and the card issuer has not discontinued the credit arrangement which permits the use of the credit card; and

3. The card issuer authorizes one or more sellers or lessors engaged in business in this state, whether or not affiliated with the card issuer, to accept credit cards issued by the card issuer as tender of payment for property or services provided by the seller or lessor to holders of those credit cards.

NEW SECTION. 537.2104 ACCEPTANCE OF CERTAIN CREDIT CARDS PROHIBITED.

1. A person engaged in the business of selling or leasing property or services or both in this state shall not agree with any credit card issuer to accept, or accept from any cardholder, or advertise or otherwise communicate to any cardholder that he or she accepts, any seller credit card or lender credit card as tender of payment for property or services sold or leased if the person knows or has reason to know that the card issuer imposes upon cardholders who are residents of this state a finance charge with respect to the credit card account which exceeds the amount permitted under this article.

2. The prohibition contained in subsection one (1) of this section shall apply whether or not the card issuer has or claims to have any right or privilege under the laws of the United States or any other state to impose a finance

charge in excess of that permitted under this article.

3. In the event of a violation of subsection one (1) of this section, a consumer has a cause of action against the violator to recover actual damages incurred as a result of the violation, if any, and to recover a penalty in an amount determined by the court of not less than one hundred dollars nor more than one thousand dollars, plus costs of the action, plus reasonable attorney fees as determined according to the provisions of subsection eight (8) of section five hundred thirty-seven point five thousand two hundred one (537.5201) of the Code.

4. In the event the administrator of chapter five hundred thirty-seven (537) of the Code determines that a lender or seller whose credit cards are issued to cardholders in this state imposes a finance charge with respect to credit card accounts in excess of that permitted under this article, the administrator may give notice thereof in writing by certified mail to any seller or lessor who is subject to the provisions of subsection one (1) of this section. Upon receipt of the notice the seller or lessor shall be deemed to have reason to know that the card issuer identified in the notice imposes upon cardholders who are residents of this state a finance charge with respect to the credit card accounts which exceeds the amount permitted under this article.

Sec. 72. Sections sixty-nine (69) through seventy-one (71) of this Act shall take effect January 1, 1979. The provisions of sections sixty-nine (69) and seventy (70) of this Act shall apply with respect to any credit balance of a consumer which initially is incurred by the consumer on or after January 1, 1979.

DIVISION VII

Sec. 73. NEW SECTION. DEFINITIONS. For purposes of this chapter, unless the context otherwise requires:

1. "Red-lining" means the practice by which a financial institution designates a certain area as unsuitable for the making of mortgage loans and rejects applications for mortgage

loans upon property within that area because of the prevailing income, racial or ethnic characteristics of the area, or because of the age of the structures in the area.

2. "Mortgage loan" means a loan for the purchase, construction, improvement or rehabilitation of residential property containing or to contain four or fewer family dwelling units in which the property is used as security for the loan.

3. "Financial institution" means any bank, credit union, insurance company, mortgage banking company or savings and loan association, industrial loan company, or like institution which operates or has a place of business in this state.

4. "Reporting financial institution" means a financial institution with an excess of ten million dollars in assets accepting mortgage loan applications in any city with a population in excess of ten thousand as determined in the most recent regular census or in any standard metropolitan statistical area.

5. "Varying the terms of a mortgage loan" includes, but is not limited to the following:

a. Requiring a greater than average down payment than is usual for the particular type of mortgage loan involved.

b. Requiring a shorter period of amortization than is usual for the particular type of mortgage loan involved.

c. Charging a higher interest rate than is usual for the particular type of mortgage loan involved.

d. An unreasonable underappraisal of real estate or item of property offered as security.

Sec. 74. NEW SECTION. RED-LINING PROHIBITED. A financial institution accepting mortgage loan applications shall not engage in the practice of red-lining as defined in section seventy-three (73) of this Act. Violations shall be subject to the remedies and penalties provided in sections seventy-eight (78) through eighty-one (81) of this Act.

Sec. 75. NEW SECTION. DISCRIMINATORY LENDING PRACTICE. Subject to section seventy-six (76) of this Act, a financial institution in contemplation of any mortgage loan to any

person shall not:

1. Deny any person any of the services normally offered by such an institution, or provide any person with any service which is different from or provided to other persons similarly situated.

2. Deny or vary the terms of a mortgage loan without having considered all of the regular and dependable income of each person who will be liable for the repayment of the mortgage loan. Agencies administering this Act shall promulgate rules as to what constitutes regular and dependable income.

3. Deny or vary the terms of a mortgage loan without considering without prejudice the combined income of both husband and wife for the purpose of extending mortgage credit to a married couple or either member of the marriage if both persons are liable for repayment of the mortgage loan.

4. Deny or vary the terms of a mortgage loan on the sole basis of the childbearing capacity of an applicant or applicant's spouse.

5. Utilize lending qualifications or standards that have no demonstrable economic basis and which are discriminatory in effect. For the purposes of this subsection, a policy providing for a minimum mortgage loan amount shall be suspect.

6. Make statements which discourage loan applications, loan requests, or inquiries about mortgage loans with respect to property located in a certain area because of the prevailing income, racial or ethnic characteristics of the area, or because of the age of the structures in the area.

7. Deny an individual the opportunity to submit a written loan application.

Violations of this section shall be subject to the remedies and penalties provided in sections seventy-eight (78) through eighty-one (81) of this Act.

Sec. 76. NEW SECTION. DISCRETION OF FINANCIAL INSTITUTION. Nothing contained in this chapter shall preclude a financial institution from applying economically sound

underwriting practices in contemplation of any mortgage loan to any person. Such practices shall include but are not limited to the following:

1. The willingness and the financial ability of the borrower to repay the mortgage loan.
2. The appraised value of any real estate or other item of property proposed as security for any mortgage loan.
3. Diversification of the financial institution's investment portfolio.

Sec. 77. NEW SECTION. DISCLOSURE. Each reporting financial institution accepting an application for a mortgage loan shall:

1. Maintain a record of mortgage loan applications by census tract.
2. Annually make a report based on the mortgage loan application records which shall:
 - a. State the total number of mortgage loan applications filed by census tract.
 - b. Clearly show the total number of mortgage loans which were approved and which were not approved by census tract.
3. The report required by this section shall be placed on file with the Iowa housing finance authority and shall be available to the public.
4. In accordance with subsections one (1), two (2) and three (3) of this section, the superintendent of banking, the administrator of the credit union department, the auditor of state and the commissioner of insurance shall establish rules for the enforcement of the provisions of this section. Rules established pursuant to this chapter may permit federal reporting forms to be used as state reporting forms to the extent that the federal reporting forms are in compliance with the provisions of this section.

Reporting periods shall be established by rule and shall be uniform for all financial institutions. Rules may also specify separate treatment of oral and written mortgage loan applications. However, records shall be kept on both.

The director of the Iowa housing finance authority or the director's designee shall advise and assist the superintendent of banking, the administrator of the credit union department, the commissioner of insurance, and the auditor of state on the establishment of rules for the enforcement of this section and shall encourage uniformity among the administrator's rule promulgation to the maximum extent practical.

Sec. 78. NEW SECTION. AGENCY TO ADMINISTER. The chapter shall be administered and enforced by the following agencies:

1. The superintendent of banking or the superintendent's designee shall be responsible for enforcing the provisions of this chapter in regard to all banks and shall be responsible for enforcing the provisions of this chapter in regard to mortgage banking companies.

2. The auditor of state or a designee shall be responsible for enforcing the provisions of this chapter in regard to all savings and loan associations and all persons licensed under chapter five hundred thirty-six A (536A) of the Code.

3. The commissioner of insurance or the commissioner's designee shall be responsible for enforcing the provisions of this chapter in regard to all insurance companies.

4. The administrator of the credit union department or a designee shall be responsible for enforcing the provisions of this chapter in regard to credit unions.

Sec. 79. NEW SECTION. AGGRIEVED PARTY. Any person who has been aggrieved as a result of a violation of this chapter may bring an action in the district court of the county in which the violation occurred or in the county where the financial institution involved is located.

Upon a finding that a financial institution has committed a violaton of either section seventy-four (74), seventy-five (75), or seventy-seven (77) of this Act, the court may award actual damages and court costs.

Sec. 80. NEW SECTION. CRIMINAL PENALTY. Any person who knowingly engages in a practice which violates the provisions of section seventy-four (74), seventy-five (75), or seventy-

seven (77) of this Act is guilty of a serious misdemeanor.

Sec. 81. NEW SECTION. CIVIL PENALTY. Any person who in bad faith fails to comply with the provisions of this chapter, is subject to punitive damages not to exceed one thousand dollars in addition to actual damages.

Sec. 82. The director of the Iowa housing authority shall report to the Iowa general assembly in February of 1980, an analysis of the nature and status of the disclosure reports filed with the authority by the superintendent of banking, the administrator of the credit union department, commissioner of insurance and the auditor of state in accordance with section seventy-seven (77) of this Act.

The director's report shall also include but is not limited to an analysis of the financial needs of economically depressed urban residential areas, and recommendations for future action to insure the economic health of urban residential areas.

Sec. 83. Sections seventy-three (73) through eighty-one (81) of this Act shall be codified as a new chapter of the Code.

Sec. 84. Sections seventy-three (73) through eighty-two (82) of this Act shall take effect January 1, 1979.

DIVISION VIII

Sec. 85. Section six hundred thirty-three point one hundred twenty-six (633.126), subsection one (1), Code 1977, is amended to read as follows:

1. "Common trust fund" means a fund maintained by a bank or trust company exclusively for the collective investment and reinvestment of moneys contributed thereto by the that bank or trust company, or by another bank or trust company at least eighty percent of the voting stock of which is owned or controlled by a bank holding company which owns or controls at least eighty percent of the voting stock of the bank or trust company maintaining the common trust fund, in its capacity as a fiduciary or cofiduciary.

Sec. 86. Section six hundred thirty-three point one hundred twenty-seven (633.127), Code 1977, is amended to read

as follows:

633.127 ESTABLISHMENT OF COMMON TRUST FUNDS. Any bank or trust company qualified to act as fiduciary in this state may establish common trust funds, or may utilize one or more common trust funds previously established by it, for the purpose of furnishing investments to itself as fiduciary, or to itself and others, as cofiduciaries, or to another bank or trust company as fiduciary or cofiduciary; and may, as such a fiduciary or cofiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds maintained by it or by another bank or trust company at least eighty percent of the voting stock of which is owned or controlled by a bank holding company which owns or controls at least eighty percent of the common stock of the bank or trust company investing such funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of cofiduciaries, the bank or trust company procures the consent of its cofiduciaries to such investment. If the instrument creating the fiduciary relationship gives to the bank or trust company the exclusive right to select investments, the consent of the cofiduciary shall not be required.

Sec. 87. Sections eighty-five (85) and eighty-six (86) of this Act shall take effect January 1, 1979."

DIVISION IX

Sec. 88. Section five hundred seventy-two point eighteen (572.18), Code 1977, is amended to read as follows:

572.18 PRIORITY OVER OTHER LIENS. Mechanics' liens shall be preferred to all other liens which may attach to or upon any building or improvement and to the land upon which it is situated, except liens of record prior to the time of the original commencement of the work or improvements, provided that a first lien which is given by the owner as security for money loaned to purchase the property or to finance the improvements shall be preferred to any mechanic's lien claim

or portion thereof based upon labor or material actually supplied subsequent to the date of recording of that lien; but the rights of purchasers, encumbrancers, and other persons who acquire interests in good faith and for a valuable consideration, and without notice, after the expiration of the time for filing claims for such liens, shall be prior to the claims of all contractors or subcontractors who have not, at the dates such rights and interests were acquired, filed their claims for such liens.

Sec. 89. Section five hundred seventy-two point twenty (572.20), Code 1977, is amended to read as follows:

572.20 PRIORITY AS TO BUILDINGS OVER PRIOR LIENS UPON LAND. Mechanics' liens, including those for additions, repairs, and betterments, shall attach to the building or improvement for which the material or labor was furnished or done, in preference to any prior lien, encumbrance, or mortgage upon the land upon which such building or improvement was erected or situated, provided that a first lien which is given by the owner as security for money loaned to purchase the property or to finance the improvements shall be preferred to any mechanic's lien claim or portion thereof based upon labor or material actually supplied subsequent to the date of recording of that lien.

Sec. 90. Section five hundred seventy-two point twenty-one (572.21), Code 1977, is amended to read as follows:

572.21 FORECLOSURE OF MECHANIC'S LIEN WHEN LIEN ON LAND. In the foreclosure of a mechanic's lien when there is a prior lien, encumbrance, or mortgage upon the land or a first lien given as security for money loaned to purchase the property or to finance the improvements, the following regulations shall govern:

1. LIEN ON ORIGINAL AND INDEPENDENT BUILDING OR IMPROVEMENT. If such material was furnished or labor performed in the construction of an original and independent building or improvement commenced after the attaching or execution of such any prior lien, encumbrance, or mortgage, the court

may, in its discretion, order such building or improvement to be sold separately under execution, and the purchaser may remove the same in such reasonable time as the court may fix. If the court shall find that such building or improvement should not be sold separately, it shall take an account of and ascertain the separate values of the land, and the building or improvement, and order the whole sold, and distribute the proceeds of such sale so as to secure to ~~the~~ a prior lien, encumbrance, or mortgage priority upon the land, and to the preferred first lien and the mechanic's lien priority upon the building or improvement as provided in sections five hundred seventy-two point eighteen (572.18) and five hundred seventy-two point twenty (572.20) of the Code.

2. LIEN ON EXISTING BUILDING OR IMPROVEMENT FOR REPAIRS OR ADDITIONS. If the material furnished or labor performed was for additions, repairs, or betterments upon any building or improvement, the court shall take an accounting of the values before such material was furnished or labor performed, and the enhanced value caused by such additions, repairs, or betterments; and upon the sale of the premises, distribute the proceeds of such sale so as to secure to the prior mortgagee or lienholder priority upon the land and improvements as they existed prior to the attaching of the mechanic's lien, and to the mechanic's lienholder priority upon the enhanced value caused by such additions, repairs, or betterments provided that with respect to a building or improvement which is subject to a preferred first lien the distribution of proceeds shall be such as to secure the relative priorities as between the preferred first lien and mechanics' lienholders as provided in sections five hundred seventy-two point eighteen (572.18) and five hundred seventy-two point twenty (572.20) of the Code. In case the premises do not sell for more than sufficient to pay off the prior mortgage or other lien, the proceeds shall be applied on the prior mortgage or other liens.

Sec. 91. Sections eighty-eight (88) through ninety (90)

of this Act shall take effect January 1, 1979."

4. Amend the title by striking lines 1 through 3 and inserting in lieu thereof the following: "An Act relating to the regulation of persons who extend credit, and providing penalties, and including certain provisions which are retroactive to July 1, 1974."

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ON THE PART OF THE SENATE:

TOM SLATER, CHAIRPERSON
BOB CARR
LOWELL L. JUNKINS

ON THE PART OF THE HOUSE:

W. R. MONROE, CHAIRPERSON
JACK E. WOODS
ALBERT L. GARRISON

FILED:
MAY 11, 1978

RULED OUT OF ORDER (p. 1475)

SENATE CLIP SHEET

MARCH 13, 1978

Fured
REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 137

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the first conference committee appointed to consider the differences between the Senate and the House of Representatives on Senate File 137, a bill for an Act relating to the establishment and operation of an agency for the regulation of credit unions, and providing penalties, respectfully make the following report:

1. That the Senate recede from its amendments to the House amendment S-3614 to Senate File 137 as amended and passed by the Senate.

2. That the House recede from its amendment S-3614 to Senate File 137 as amended and passed by the Senate.

3. That Senate File 137 as amended and passed by the Senate be amended as follows:

a. By striking everything after the enacting clause and inserting in lieu thereof the following:

"DIVISION I

Section 1. NEW SECTION. DEFINITIONS. As used in this division, unless the context otherwise requires:

1. "Board" means the financial institutions board created by section two (2) of this Act.
2. "Department" means and includes the department of banking, the department of credit unions, the department of savings and loan associations, and the department of supervised lenders.
3. "Superintendent" means and includes the superintendent of banking, the superintendent of credit unions, the superintendent of savings and loan associations, and the superintendent of supervised lenders.
4. "Supervised lender" means a person licensed under chapter five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code.

Sec. 2. NEW SECTION. FINANCIAL INSTITUTIONS BOARD.

1. There is created a financial institutions board which shall consist of seven members, not more than four of whom shall be of the same political party. Members of the financial institutions board shall be appointed by the governor, subject to confirmation by the Senate. The membership of the financial institutions board shall be chosen from various sections of the state and according to the following provisions:

- a. One member shall be an executive officer of a state bank;
- b. One member shall be an executive officer of a savings and loan association organized under Iowa law;
- c. One member shall be an executive officer of a credit union organized under Iowa law;
- d. One member shall be an executive officer of a lender licensed under chapters five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code; and
- e. Three members shall be residents of the state who are not directly affiliated with any bank, savings and loan

association, credit union, or person licensed under chapters five hundred thirty-three A (533A), five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code. A person is directly affiliated with a financial institution for purposes of this chapter only if the person:

- (1) Is a director, officer or employee of a financial institution;
- (2) Is a director, officer or employe of any corporation controlling or controlled by a financial institution;
- (3) Is the holder of stock in a financial institution, either individually or jointly, as owner, administrator, custodian, executor, guardian, or trustee, which in the aggregate constitutes three percent or more of the outstanding shares of any one class of stock; or
- (4) Is the holder of one or more shares or other deposit accounts in a savings and loan association or credit union, either individually or jointly, as owner, administrator, custodian, executor, guardian, or trustee, which in the aggregate constitutes three percent or more of the total amount held by that association as share or other deposit accounts.

2. Members of the financial institutions board shall serve terms of four years, commencing July first of the year of appointment and until a successor has been appointed. The governor shall appoint initial members of the board for irregular terms commencing July 1, 1980 as follows:

- a. The bank officer shall be appointed for a term ending June 30, 1984; and
- b. The savings and loan association officer shall be appointed for a term ending June 30, 1983; and
- c. The credit union member shall be appointed for a term term ending June 30, 1982; and
- d. The chapter five hundred thirty-six (536) or five hundred thirty-six A (536A) licensee member shall be appointed for a term ending June 30, 1981; and
- e. The remaining members shall be appointed for terms

ending June thirtieth of the years 1984, 1983 and 1982, respectively.

Upon the expiration of the initial terms, appointments shall be made for regular four-year terms.

3. The members of the financial institutions board shall select one of their public members to serve as chairperson of the board for a two-year term. The chairperson shall preside at meetings of the board, except as the rules of the board otherwise may provide.

4. Four members of the financial institutions board shall constitute a quorum for the transaction of business; provided that the affirmative vote of a majority of the full membership of the board is required to take any substantive action. All members of the board shall have the right to vote on any matter within the jurisdiction of the board.

5. A member of the financial institutions board shall be allowed actual and necessary expenses incurred in the performance of duties, and in lieu of salary shall receive a per diem of forty dollars each day in which engaged in official duties.

6. A member of the financial institutions board may be removed from office for any of the causes and in the manner provided in chapter sixty-six (66) of the Code. Removal from office shall not be in lieu of any other penalty provided by law.

7. Any vacancy on the board which occurs when the general assembly is not in session shall be filled by appointment by the governor, which appointment shall expire at the end of thirty days following the convening of the next session of the general assembly. Prior to the expiration of the thirty-day period, the governor shall transmit to the senate for its approval the name of the appointee for the unexpired portion of the regular term. Any vacancy occurring when the general assembly is in session shall be filled in the same manner as regular appointments are made, and before the end

of the session, and for the unexpired portion of the regular term.

Sec. 3. NEW SECTION. BOARD MEETINGS. The financial institutions board shall meet regularly once each month; and in addition shall meet at the call of its chairperson, upon not less than two days' notice. Upon the written request of any two board members, or upon the written request of the superintendent of banking, or the superintendent of savings and loan associations, or the superintendent of credit unions, or the superintendent of supervised lenders, a meeting of the financial institutions board shall be called, upon not less than two days' notice.

Sec. 4. NEW SECTION. DEPARTMENTS SUBJECT TO BOARD. The financial institutions board shall have the authority conferred by this chapter with respect to the department of banking, the department of credit unions, the department of savings and loan associations, and the department of supervised lenders.

Sec. 5. NEW SECTION. DUTIES OF BOARD. The financial institutions board shall:

1. Act with each superintendent in an advisory capacity, either upon the request of a superintendent or upon its own motion, concerning laws which the superintendent is charged to administer;

2. Review all existing or proposed rules of a superintendent which are required to be promulgated under chapter seventeen A (17A) of the Code by any law of this state which a superintendent has the duty to administer;

3. Promulgate rules, subject to chapter seventeen A (17A) of the Code, relating to the exercise of the powers and duties of the financial institutions board;

4. Review the budget of each superintendent prior to the submission of the budget to the governor and the general assembly, and make recommendations to the governor and the general assembly respecting each budget;

5. Review administrative and internal operations guidelines used within the departments and make recommendations to encourage reasonable uniformity among departments to the extent permitted by applicable law;

6. Establish and maintain uniformity in the application of chapters five hundred twenty-seven (527) and five hundred thirty-seven (537) of the Code;

7. Receive annual reports prepared by superintendents as required by law and submit those reports in a consolidated form covering the year ending June thirtieth of each year, along with comments, recommendations, and legislative proposals of the financial institutions board, to the governor and general assembly; and

8. Exercise any other duties established in the financial institutions board by law.

Sec. 6. NEW SECTION. AUTHORITY OVER DEPARTMENTAL ACTIONS.

1. The financial institutions board is empowered to exercise the following specific powers with respect to actions of the superintendent of banking, the superintendent of savings and loan associations, the superintendent of credit unions, and the superintendent of supervised lenders:

a. To disapprove any proposed administrative rule, including rules relating to the administration of chapter five hundred twenty-seven (527) of the Code, if the board determines that the rule would be inconsistent with other departmental rules.

b. To make recommendations to the governor and to the general assembly with respect to the budget proposal of a department.

2. A superintendent shall not promulgate any rule which has been disapproved by the financial institutions board without first holding a public hearing and thereafter submitting to the financial institutions board written findings and conclusions in support of the proposed rule.

Sec. 7. NEW SECTION. COSTS OF ADMINISTRATION.

1. All expenses incurred in the administration of this chapter shall be paid from appropriations. The state comptroller shall draw warrants on the treasurer of state for all disbursements authorized by the provisions of this chapter upon itemized and verified vouchers bearing the approval of the executive secretary of the financial institutions board.

2. Expenses incurred in the administration of this chapter shall be certified annually by the treasurer of state to the respective superintendents, and shall be assessed by the respective superintendents against financial institutions as follows:

a. Twenty-five percent of the expenses shall be expenses of administering chapter five hundred twenty-four (524) of the Code, and shall be assessed against state banks by the superintendent of banking in the same manner as other general administration expenses of the department of banking are assessed under section five hundred twenty-four point two hundred nineteen (524.219) of the Code.

b. Twenty-five percent of the expenses shall be expenses of administering chapter five hundred thirty-three (533) of the Code, and shall be assessed against credit unions by the superintendent of credit unions in the same manner as other general administration expenses of the department of credit unions are assessed under section eighteen (18) of this Act.

c. Twenty-five percent of the expenses shall be expenses of administering chapter five hundred thirty-four (534) of the Code, and shall be assessed against savings and loan associations by the superintendent of savings and loan associations in the same manner as other general administration expenses of the department of savings and loan association are assessed under section five hundred thirty-four point sixty-one (534.61) of the Code.

d. Twenty-five percent of the expenses shall be expenses of administering chapters five hundred thirty-three A (533A),

five hundred thirty-three B (533B), five hundred thirty-six (536) and five hundred thirty-six A (536A) of the Code, and shall be assessed against supervised lenders by the superintendent of supervised lenders in the same manner as other general administration expenses of the department of supervised lenders are assessed under sections five hundred thirty-six point ten (536.10) and five hundred thirty-six A point twelve (536A.12) of the Code.

3. Notwithstanding any provision of chapters five hundred twenty-four (524), five hundred thirty-three (533), five hundred thirty-four (534), five hundred thirty-six (536), or five hundred thirty-six A (536A) of the Code to the contrary, amounts received by a superintendent which represent payment of the assessments imposed by this section shall be credited to the general fund, and not to any revolving fund or other departmental account.

Sec. 8. NEW SECTION. EXECUTIVE SECRETARY--ASSISTANCE FROM DEPARTMENTS.

1. The financial institutions board shall employ an executive secretary who shall hold office during the pleasure of the board, and who shall perform such duties as may be required by the financial institutions board. The executive secretary shall receive a salary as determined by the merit employment department, and shall be reimbursed for actual and necessary expenses incurred in the performance of official duties. The executive secretary shall be employed full-time and shall not be an officer or director of, or otherwise be affiliated with, any bank, credit union, savings and loan association, or supervised lender.

2. The executive secretary shall keep a complete record of the proceedings of the financial institutions board.

3. The financial institutions board shall not employ other personnel. The financial institutions board may request that the superintendent of banking, the superintendent of credit unions, the superintendent of savings and loan associations,

or the superintendent of supervised lenders make personnel of their departments available from time to time to assist the board, and each superintendent shall make personnel available except when such would result in the neglect of other duties of the department.

DIVISION II

Sec. 9. Section five hundred twenty-four point one hundred three (524.103), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

Sec. 10. Section five hundred twenty-four point two hundred one (524.201), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. The superintendent may be removed from office for any of the causes and in the manner provided in chapter sixty-six (66) of the Code. Removal from office shall not be in lieu of any other penalty provided by law.

NEW SUBSECTION. The governor shall obtain the advice of the financial institutions board with respect to any appointee to a regular term or vacancy as superintendent of banking.

Sec. 11. Section five hundred twenty-four point two hundred two (524.202), Code 1977, is amended to read as follows:

524.202 SUPERINTENDENT--SALARY. The superintendent shall receive a salary to be fixed by the ~~state-banking-board~~ governor and comptroller. The superintendent shall be entitled to receive reimbursement for expenses incurred in the performance of his duties, subject to the provisions of section 524.209.

Sec. 12. Section five hundred twenty-four point two hundred four (524.204), subsection three (3), Code 1977, is amended to read as follows:

3. The deputy superintendent shall receive a salary to be fixed by the ~~state-banking~~ financial institutions board. The deputy superintendent shall be entitled to receive

reimbursement for expenses incurred in the performance of his duties, subject to the provisions of section 524.209.

Sec. 13. Section five hundred twenty-four point two hundred five (524.205), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

524.205 FINANCIAL INSTITUTIONS BOARD. The financial institutions board shall act with the superintendent in an advisory capacity concerning the administration of this chapter, and shall have other duties as provided in division one (I) of this Act.

Sec. 14. Section five hundred twenty-four point two hundred eight (524.208), Code 1977, is amended to read as follows:

524.208 ASSISTANTS, EXAMINERS AND OTHER EMPLOYEES. The superintendent may appoint such assistants, examiners and other employees as he or she may deem necessary to the proper discharge of the duties imposed upon ~~him~~ by the laws of this state. The merit system as established by chapter 19A, shall apply to all employees of the department of banking, except the superintendent, deputy superintendent and one stenographer or secretary. The salary of such stenographer or secretary shall be fixed by the ~~state-banking-board~~ superintendent. Pay plans shall be established for employees subject to the merit system, other than clerical, who examine the accounts and affairs of state banks and who examine the accounts and affairs of other persons, subject to supervision and regulation by the superintendent which are substantially equivalent to those paid by the Federal Deposit Insurance Corporation and other federal supervisory agencies in this area of the United States.

Sec. 15. Section five hundred twenty-four point two hundred sixteen (524.216), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

The superintendent shall make a report in writing annually to the ~~governor~~ financial institutions board in the manner and within the time required by chapter 17. A copy of the

consolidated report prepared by the financial institutions board shall be furnished by the superintendent to each state bank.

DIVISION III

Sec. 16. Section five hundred twenty-seven point two (527.2), subsection six (6), Code 1977, is amended to read as follows:

6. "Administrator" means and includes both the superintendent of banking ~~and the supervisor of savings and loan associations within the office of the auditor of state,~~ the superintendent of savings and loan associations, and the superintendent of credit unions. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section ~~twelve-(12)-of-this chapter~~ five hundred twenty-seven point three (527.3), subsection one (1) of the Code.

Sec. 17. Section five hundred twenty-seven point three (527.3), subsection one (1), Code 1977, is amended to read as follows:

1. For purposes of this chapter the superintendent of banking only shall have the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks ~~and credit unions.~~ The supervisor superintendent of savings and loan associations only shall have and exercise such powers and authority with respect to savings and loan associations. The superintendent of credit unions only shall have and exercise such powers and authority with respect to credit unions.

Sec. 18. Chapter five hundred thirty-three (533), Code 1977, is amended by adding the following new sections:

NEW SECTION. DEPARTMENT OF CREDIT UNIONS. There is created the department of credit unions which shall be the office

of the superintendent, and shall include other personnel employed in the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state.

NEW SECTION. SUPERINTENDENT OF CREDIT UNIONS.

1. APPOINTMENT. The governor shall appoint, subject to the approval of at least two-thirds of the members of the senate, for an irregular term ending June 30, 1982, and for each four-year period thereafter, a superintendent of credit unions. An appointee shall be selected solely with regard to qualifications and fitness for office. The superintendent shall hold office at the seat of government. A person shall not be appointed as superintendent unless the person has had at least five years experience in a credit union or in the regulation or examination of credit unions.

2. TERM--REMOVAL--VACANCY. The regular term of office of the superintendent shall be four years from the first day of July of the year of his appointment, subject to removal from office for any of the causes and in the manner provided in chapter sixty-six (66) of the Code. Removal from office shall not be in lieu of any other penalty provided by law. A vacancy in the office of superintendent occurring while the general assembly is not in session shall be filled by appointment by the governor, which appointment shall expire at the end of thirty days from the time the general assembly next convenes. Prior to the expiration of that thirty days the governor shall transmit to the senate for confirmation an appointment for the unexpired portion of the regular term. A vacancy occurring during a session of the general assembly shall be filled as regular appointments are made and before the end of the session and for the unexpired portion of the regular term.

3. The governor shall obtain the advice of the financial institutions board with respect to any appointee to a regular term or vacancy as superintendent.

4. SALARY AND EXPENSES. The superintendent shall receive

a salary to be fixed by the governor and comptroller, and shall be reimbursed for actual and necessary expenses incurred in the performance of duties.

5. BOND AND OATH. The superintendent, upon appointment, shall give bond to the state, signed by a responsible surety company, in the penal sum of one hundred thousand dollars, conditioned upon faithful and impartial discharge of duties, and upon proper accounting for all funds and other valuables which may come into his or her hands. The superintendent shall take an oath of office, and the bond and oath shall be approved by and filed with the governor. The cost of the bond shall be paid by the department as an expense.

NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT. The superintendent shall make an annual report in writing to the financial institutions board. The report shall be for the one-year period ending June thirtieth of each year. A copy of the consolidated report prepared by the financial institutions board shall be furnished by the superintendent at cost to each credit union or other person on request. The annual report shall contain:

1. A summary of applications approved or denied by the superintendent since the last report.
2. A summary of the assets, liabilities and capital structure of all credit unions as of June thirtieth of the year for which the report is made.
3. A statement of the receipts and disbursements of the department during the year ending June thirtieth, and of the funds on hand on that date.
4. Information which the superintendent may deem appropriate and advisable to disclose.
5. Information which the financial institutions board may require to be included.

Prior to July 1, 1980, the annual report required by this section shall be submitted by the superintendent to the governor and the general assembly.

NEW SECTION. PERSONNEL. The superintendent may employ, subject to the approval of the governor and state comptroller, assistants, examiners and other personnel necessary for the proper execution of duties and responsibilities. Chapter nineteen A (19A) of the Code shall apply to all department personnel except the superintendent and his or her secretary. The salary of the secretary shall be fixed by the superintendent. Examiners' salaries shall be commensurate with those of national credit union administration examiners having similar duties. Department personnel shall be reimbursed for the actual and necessary expenses incurred by them in the performance of their duties. All salaries and reimbursements shall be department expenses.

The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state insuring the faithful performance of assistants, examiners, and all other employees of the department of credit unions and insuring against any liability which may accrue in the case of the loss of any property of a credit union, of a customer of a credit union or of any other person, in the course of any examination, investigation, or other function required or allowed by the laws of this state. The cost of the bond shall be paid by the department as an expense.

NEW SECTION. EMPLOYEE EXPENSES. The superintendent, and when specifically authorized by the superintendent, the assistants, examiners and other employees of the department, shall be entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties, and such expenses shall be department expenses.

NEW SECTION. EXPENSES OF THE DEPARTMENT. All expenses required in the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state shall be paid from funds appropriated from the general fund of the state. The superintendent shall pay all fees and other

money received by the superintendent to the treasurer of state within the time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the department of credit unions shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the superintendent or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the department of credit unions.

The superintendent shall account for receipts and disbursements according to the separate duties imposed by the laws of this state.

NEW SECTION. FINANCIAL INSTITUTIONS BOARD. The financial institutions board shall act with the superintendent in an advisory capacity concerning the administration of this chapter, and shall have other duties as provided in division one (I) of this Act.

This section shall take effect July 1, 1980.

NEW SECTION. SUBPOENA--CONTEMPT.

1. The superintendent, and upon the approval of the superintendent, any assistant or examiner shall have the power to subpoena witnesses, to compel their attendance, to administer oaths, to examine any person under oath and to require the production of relevant books or papers. The examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the superintendent under the provisions of this Act.

2. When a person subpoenaed pursuant to subsection one (1) of this section neglects or refuses to obey the terms of the subpoena, or to produce books or papers or to give testimony, as required, the superintendent may apply to the district court of Polk county for the enforcement of the subpoena or for the issuance of an order compelling compliance as the court directs.

3. The refusal without reasonable cause of a person to obey an order of the district court, issued pursuant to subsection two (2) of this section, shall be considered contempt of court.

NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT. Records of the credit union department are public records subject to the provisions of chapter sixty-eight A (68A) of the Code, except that papers, documents, reports, reports of examinations and other writings relating specifically to the supervision and regulation of a specific credit union or persons by the superintendent pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

The superintendent and all employees and deputies may give information secured from or about credit unions to the Iowa credit union league and its affiliates. The superintendent may provide information regarding credit unions to the administrator of any share insurance corporation including the national credit union administration, for the purpose of availability of a credit union insurance fund to the credit unions.

The superintendent or other employees of the department shall not be subpoenaed in any cause or proceeding to give testimony concerning information relating to the supervision and regulation of a specific credit union or persons by the superintendent pursuant to the laws of this state, nor shall the records of the credit union department which relate to the supervision and regulation of a specific credit union or persons be offered in evidence in a court or subject to subpoena by a party except where relevant:

1. In actions or proceedings brought by the superintendent.
2. In matters in which an interested and proper party seeks review of a decision of the superintendent.

3. In actions or proceedings which arise out of the criminal provisions of the laws of this state or of the United States.

4. In actions brought as shareholder derivative suits against a credit union.

5. In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation or misuse of credit union funds.

NEW SECTION. CONFLICTS PROHIBITED. The superintendent and employees of the department shall not be members of nor have any business dealings with a credit union. Credit unions shall not accept moneys for deposit and shall not have any business transaction with the superintendent or an employee of the credit union department. If a person willfully receives or accepts a deposit or undertakes to establish a business dealing contrary to this section, upon conviction that person shall be guilty of a serious misdemeanor, and shall be permanently disqualified from acting as an officer, director or employee of a state chartered credit union and permanently disqualified from acting as superintendent or employee of the state credit union department.

Sec. 19. Section five hundred thirty-three point one (533.1), unnumbered paragraphs two (2) and three (3), and subsections three (3) through seven (7), Code 1977, are amended to read as follows:

ADMINISTRATION. The superintendent ~~of banking~~ shall be charged with the execution of the laws of this state relating to credit unions.

ORGANIZATION. Any seven residents of the state of Iowa may apply to the superintendent ~~of banking~~ for permission to organize a credit union.

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

4. The superintendent shall, within thirty days of the

receipt of said articles and bylaws, determine whether they conform with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit ~~the~~ its members ~~of-it~~ and be consistent with the purposes of this chapter.

5. The superintendent shall thereupon notify the applicants of his or her decision. If ~~it~~ the decision is favorable ~~he~~ the superintendent shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and the superintendent shall return the same, together with the duplicate bylaws to the applicants.

6. The applicants shall thereupon file ~~the-said~~ this duplicate of the articles of incorporation, ~~with~~ and the attached certificate of approval ~~attached-there-to,~~ with the county recorder of the county within which the credit union is to ~~de~~ have its principal place of business, ~~where.~~ The county recorder shall record and index the same and return it, with his or her certificate of record attached ~~thereto,~~ to the ~~said~~ superintendent ~~of-banking~~ for permanent record.

7. The applicants shall thereupon become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the superintendent ~~of-banking,~~ ~~upon-the-taking-effect-of-this~~ ~~chapter,~~ ~~or-as-seen-thereafter-as-sufficient-fees-shall-have~~ ~~accumulated-to-liquidate-the-cost-of-same,~~ shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter which may be used by credit union incorporators for their guidance, and on written application of any seven residents of the state, shall supply them without charge with blank articles of incorporation and a copy of ~~said~~ this form of suggested bylaws.

Sec. 20. Section five hundred thirty-three point four (533.4), subsection five (5), paragraph e, and subsection

thirteen (13), Code 1977, are amended to read as follows:

e. Purchase of notes of liquidating credit unions with the approval of the superintendent ~~of-banking~~.

13. Upon the approval of the superintendent ~~of-banking~~, serve an employee group having an insufficient number of members to form or conduct the affairs of a separate credit union. There shall be no requirement for the existence of a common bond relationship between the said small employee group and the credit union effecting such service.

Sec. 21. Section five hundred thirty-three point six (533.6), Code 1977, is amended to read as follows:

533.6 REPORTS--EXAMINATIONS.

1. Credit unions organized under this chapter shall report annually on or before the first day of February to the superintendent ~~of-banking-annually-on-or-before-the-first day-of-February~~ on blanks supplied by ~~him~~ the superintendent for that purpose. Additional reports may be required. If any report remains in arrears for more than five days, a fine of five dollars for each day such report remains in arrears may be levied against ~~such~~ the offending credit union in addition to the fine for failure to pay the annual fee. If such report is not returned within thirty days of the due date, the superintendent ~~of-banking~~ may, after written notice to the president of ~~such~~ the credit union ~~of-his-intention to-do-so~~, suspend or revoke the certificate of approval, take possession of the business and property of such credit union, and order its dissolution.

2. The superintendent ~~of-banking~~ shall annually examine, or cause to be examined, each credit union ~~annually~~. Each credit union and all of its officers and agents shall give to the representatives of ~~said~~ the superintendent free access to all books, papers, securities, records and other sources of information under their control, ~~and-for-the-purposes-of such-examination-said-representatives-shall-have-the-power to-subpeena-witnesses, administer oaths, compel the giving~~

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~~of testimony, and require the submission of documents.~~ A report of such examination shall be forwarded to the president chairperson of each credit union within thirty days after the completion of the examination. Within thirty days of the receipt of such this report, a meeting of the directors shall be called to consider matters contained in the report and the action taken shall be set forth in the minutes of the board. ~~The superintendent may furnish to the administrator or any other official of the national credit union administration any information or report relating to examinations and reports of the status of any state credit union insured by the national credit union administration.~~ The superintendent of banking may accept, in lieu of the annual examination of a credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the superintendent of banking. The cost of the audit shall be paid by the credit union.

3. The superintendent of banking may require any credit union, whose records are inadequate or whose books have not been balanced as of the end of the month not less than thirty days previously or whose affairs are in an unfavorable condition, to submit to an additional examination each year.

~~4. -- Each credit union shall pay to the superintendent of banking a fee for making examinations, based on the actual cost of the operation of the credit union division of the department of banking and the proportionate share of administrative expenses in the operation of the department of banking, attributable to credit unions, to be determined by the superintendent of banking, in accordance with chapter 47A.~~

4. At the time of filing its annual report each credit union shall pay an annual filing fee, which shall be based on the actual costs and administrative expenses in the operation of the department, as determined by the superintendent. The fee shall be established by the superin-

tendent by rule pursuant to chapter seventeen A (17A) of the Code, and may not be changed more frequently than annually, and when changed shall be effective on January first of the year following the year in which the change was adopted.

The superintendent shall assess against each credit union the actual and necessary expenses incidental to any examination made pursuant to an order under authority of this chapter. Upon completion, the examiner in charge shall render a bill for the fee, in triplicate, and shall deliver one copy to the credit union and one copy to the superintendent. Failure to pay the fee to the superintendent within ten days after the date of receipt of the bill shall subject the credit union to an additional fee equal to five percent of the amount of the fee for each day the payment is delinquent.

Failure of a credit union to pay an annual filing fee or examination fee shall result in a penalty of five dollars per day, or for any part of a day, during which the credit union is delinquent, and may be the grounds for revocation of the charter of the credit union which failed to make payment.

5. If it shall appear that any credit union is insolvent or that it has violated any of the provisions of this chapter, the superintendent ~~of banking~~ may, after a hearing or ~~giving~~ after an opportunity for a hearing is given, order ~~such~~ that credit union to correct ~~such~~ the condition ~~and~~. The superintendent shall grant ~~it~~ the credit union not less than sixty days within which to comply ~~and-failure-to~~ with the order. Failure to ~~do~~ comply shall afford the said superintendent grounds to revoke the certificate of approval and shall afford the superintendent the authority to apply to the district court of the district in which ~~such~~ this credit union is located for the appointment of a receiver for the credit union. The district court shall appoint the superintendent as receiver unless the superintendent has tendered the appointment to the administrator of the national

credit union administration. The administrator as receiver shall possess the rights, powers, and privileges granted by state law to a receiver of a state credit union. Neither the superintendent nor the administrator shall be required to furnish bond as receiver of a state credit union.

Sec. 22. Section five hundred thirty-three point twenty (533.20), Code 1977, is amended to read as follows:

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

1. At a special meeting called for the that purpose, ~~notice-of-which-purpose-must-be-contained-in-the-call,~~ a credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote at the special meeting. Notice of the meeting's purpose shall be contained in the meeting's notice. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of dissolution by signing a statement in the form approved by the superintendent ~~of-banking-and-the.~~ This vote shall have the same force and effect as if cast at the meeting.

2. The credit union shall cease to do business except for the purposes of liquidation immediately upon ~~the~~ giving of notice of the special meeting ~~of-the~~ called for the members to vote on dissolution ~~and-the.~~ The board of directors shall immediately notify the superintendent ~~of-banking~~ of the intention of the credit union to dissolve. The credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members shall have revoked prior affirmative action to dissolve as provided for in subsection 4 of this section.

3. The board of directors shall have power to terminate and settle the affairs of a credit union in voluntary dissolution. The credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in

order to terminate its affairs. The credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled. During the course of dissolution proceedings, the credit union shall make such reports and shall be subject to such examinations as the superintendent ~~of-banking~~ may require. If at any time, after the affirmative vote of a majority of the members of a credit union to dissolve the credit union, the superintendent ~~of-banking~~ finds that the credit union is not making reasonable progress toward terminating its affairs or finds that the credit union is insolvent, he the superintendent may apply to the district court for a an appointment of a receiver ~~to-be-appointed~~ to terminate the affairs of the credit union.

4. ~~A-credit-union-may-at~~ At any time prior to any distribution of its assets, a credit union may revoke the voluntary dissolution proceedings ~~upon~~ by the affirmative vote of a majority of its members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose in the manner prescribed by the bylaws. The board of directors shall immediately notify the superintendent ~~of banking~~ of any such action to revoke voluntary dissolution proceedings.

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

Sec. 23. Section five hundred thirty-three point twenty-one (533.21), subsections one (1) through three (3), Code 1977, are amended to read as follows:

1. In all situations in which the superintendent has been appointed as receiver as provided in ~~section-533-6-and-section-533-20~~ this chapter, the superintendent shall make a diligent effort to collect and realize on the assets of the credit union, and shall make distribution of the proceeds from time to time to those entitled thereto in the order provided for by law. The superintendent may execute as receiver or after the receivership has terminated assignments, releases, and satisfactions to effectuate sales and transfers ~~as-receiver-or-after-the-receivership-has-terminated~~. Upon the order of the court in which the receivership is pending, the superintendent may sell or compound all bad or doubtful debts ~~and, on a like order~~. Upon the order of the court in which the receivership is pending, the superintendent may sell all the real and personal property of the credit union, on such terms as the court shall direct.

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

3. At the termination of the receivership, the superintendent shall file ~~his~~ a final report containing which shall contain the details of his or her actions ~~therein~~ together with and such additional facts as the court may require.

Sec. 24. Section five hundred thirty-three point twenty-two (533.22), subsection three (3), Code 1977, is amended to read as follows:

3. The superintendent ~~of banking~~ shall assume custody of the records of a credit union dissolved pursuant to this chapter and shall retain ~~them~~ these records in accordance with the provisions of section 533.26. The superintendent

may cause film, photographic, photostatic, or other copies of such these records to be made and the superintendent shall retain such these copies in lieu of the original records.

Sec. 25. Section five hundred thirty-three point twenty-seven (533.27), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

For the purpose of assisting credit unions in the retention of only necessary records and files, or for the destruction of those which are obsolete or unnecessary, credit unions are authorized to destroy such records and files or classes thereof within the period of limitation of actions upon the joint recommendation of the superintendent ~~of banking~~ and a credit union review board relating to records consisting of the directors of the Iowa credit union league.

Sec. 26. Section five hundred thirty-three point thirty (533.30), subsections one (1), three (3), and four (4), Code 1977, are amended to read as follows:

1. A credit union may ~~with the approval of the superintendent of banking~~ merge with another credit union under the existing organization of the other credit union if the merger receives approval of the superintendent and if the merger is pursuant to a plan agreed upon by the majority of the board of directors of each credit union joining in the merger and which plan is approved by the affirmative vote of a majority of the members of the merging credit unions.

3. The certificate and a copy of the agreed plan of merger ~~agreed upon~~ shall be forwarded to the superintendent ~~of banking~~, certified by him or her, and returned to both credit unions within thirty days of the date of receipt by the superintendent.

4. Upon return of the certificates from the superintendent ~~of banking~~, all property, property rights, and members' interest of the merged credit union shall vest in the surviving credit union without deed ~~endorsement~~ the legal need for deeds, endorsements or other ~~instrument~~ instruments of transfer,

and all debts, obligations and liabilities of the merged credit union are shall be assumed by the surviving credit union under whose charter the merger was effected. The rights and privileges of the members of the merged credit union shall remain intact. Credit union membership in the surviving credit union shall be available to persons within the field of membership of the merged credit union.

Sec. 27. Section five hundred thirty-three point thirty-three (533.33), subsection one (1), Code 1977, is amended to read as follows:

1. The superintendent may tender to the administrator of the national credit union administration the appointment as receiver for an insured credit union. If the administrator of the national credit union administration accepts the appointment as receiver, the rights of the members and ~~other~~ the rights of creditors of the insured credit union shall be determined in accordance with the laws of this state.

Sec. 28. Section five hundred thirty-three point thirty-four (533.34), Code 1977, is amended to read as follows:

533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL CREDIT UNION.

1. A state credit union may convert into a federal credit union ~~upon~~ with the approval of the superintendent and by the affirmative vote of a majority of its the credit union's members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose and shall be in the manner prescribed by the bylaws and-with-the-approval of-the-administrator-of-the-national-credit-union administration. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of conversion by signing a statement in a form satisfactory to the superintendent ~~of banking-and-the.~~ This vote shall have the same force and effect as if cast at the meeting.

2. The board of directors of the state credit union shall

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

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

Sec. 29. Section five hundred thirty-three point thirty-five (533.35), subsection one (1) and two (2), Code 1977, are amended to read as follows:

1. A federal credit union may convert into a state credit union ~~upon~~ by compliance with the laws of the United States and upon the approval by of the superintendent ~~of~~-banking. Application for approval of the conversion to a state credit union shall be submitted to the superintendent in the form prescribed by the superintendent, together with the articles of incorporation and bylaws as required by section 533.1. The superintendent ~~of~~-banking may cause an examination to be made of any converting federal credit union ~~and the~~. The credit union shall pay to the superintendent the same examination fee as paid for examinations of state credit unions.

2. If the superintendent ~~shall~~ should approve the application of a federal credit union for conversion to a state credit union, he or she shall cause the articles of incorporation of the resulting state credit union to be filed

and recorded in the county in which the credit union has its principal place of business and he or she shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union ~~to do business under the laws of this state~~. The credit union shall then become a state credit union subject to the laws of this state. The superintendent shall furnish a copy of the certificate to the administrator of the national credit union administration.

Sec. 30. Section five hundred thirty-three point thirty-six (533.36), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. "Superintendent" means the superintendent of credit unions.

NEW SUBSECTION. "Department" means the department of credit unions.

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

Sec. 31. The credit union examination supervisor, examiners and other staff existing within the department of banking, credit union section, are transferred to the department of credit unions. The Iowa merit employment commission shall promulgate rules to carry out this transfer and shall arbitrate and decide any written appeal made by any employee concerning this transfer. No employee shall lose, because of this transfer, any benefits accrued, including but not limited to salary, retirement, vacation, sick leave or longevity.

The state comptroller, pursuant to section eight point thirty-nine (8.39) of the Code, shall determine what portion of the appropriation made to the department of banking will be in excess of need, if any, because of the transfer of duties and personnel as provided in this section, and shall transfer such amounts to the account of the department of credit unions. The comptroller also shall determine what other funds or accounts, including reserves, are held in the

name or for the use or benefit of the existing section of credit unions within the department of banking, and shall transfer all assets and liabilities to the account of the department of credit unions.

Sec. 32. All effective rules, regulations, forms, orders and directives promulgated by the superintendent of banking or other authority pursuant to chapter five hundred thirty-three (533) of the Code shall continue in full force and effect as rules, regulations, forms, orders and directives of the superintendent of credit unions until amended, supplemented or repealed by affirmative action of the superintendent of credit unions. Any approval or certificate of authority, or any other form of permission or license granted or issued by the superintendent of banking or other authority pursuant to chapter five hundred thirty-three (533) of the Code, and in effect on the effective date of this Act, shall continue to be in effect until it expires according to the terms of its issuance or until it is otherwise revoked, suspended or withdrawn as provided by law.

Sec. 33. All existing bonds, deposits, reserves or other funds established pursuant to chapter five hundred thirty-three (533) of the Code, and of which the superintendent of banking is the beneficiary, trustee, or payee, or by which the superintendent of banking acquired right, authority or power, shall continue in effect, and all right, authority, power or benefit shall inure to the superintendent of credit unions who for all intents and purposes shall be a lawful substitute for the superintendent of banking. All legal proceedings, conservatorships, receiverships or other actions pending shall be continued, and any rights, duties or liabilities of the superintendent of banking in those actions shall be rights, duties or liabilities of the superintendent of credit unions.

Sec. 34. Sections five hundred thirty-three point two (533.2), five hundred thirty-three point eight (533.8), five

hundred thirty-three point seventeen (533.17), subsections one (1) and three (3), five hundred thirty-three point twenty-three (533.23), Code 1977, are amended by striking the words "superintendent of banking" wherever in those sections, subsections, or paragraphs they may appear, and inserting in lieu thereof the word "superintendent".

DIVISION IV

Sec. 35. Section five hundred thirty-four point two (534.2), Code 1977, is amended by striking subsection two (2) and inserting in lieu thereof the following:

2. "Superintendent" means the superintendent of savings and loan associations.

Sec. 36. Section five hundred thirty-four point two (534.2), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. "Department" means the department of savings and loan associations.

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

Sec. 37. Chapter five hundred thirty-four (534), Code 1977, is amended by adding the following new sections:

NEW SECTION. DEPARTMENT OF SAVINGS AND LOAN ASSOCIATIONS. There is created a department of savings and loan associations which shall be the office of the superintendent and shall include other personnel necessary for the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state.

NEW SECTION. SUPERINTENDENT OF SAVINGS AND LOAN ASSOCIATIONS.

1. APPOINTMENT. The governor shall appoint, subject to the confirmation of at least two-thirds of the members of the senate, for a term ending June 30, 1984 and for each four-year period thereafter, a superintendent of savings and loan associations. An appointee shall be selected solely with regard to qualification and fitness to discharge the duties

of office. A person shall not be appointed as superintendent unless the person has had at least five years experience in a savings and loan association or in the regulation or examination of savings and loan associations. The superintendent shall hold office at the seat of state government.

2. TERM--REMOVAL--VACANCY. The regular term of office of the superintendent shall be four years from the first day of July of the year of his or her appointment, subject to removal from office for any of the causes, and in the manner, provided in chapter sixty-six (66) of the Code. Removal from office shall not be in lieu of any other penalty provided by law. A vacancy in the office of superintendent occurring while the general assembly is not in session shall be filled by temporary appointment by the governor, which appointment shall expire at the end of thirty days from the time the general assembly next convenes. Prior to the expiration of that thirty days the governor shall transmit to the senate for confirmation an appointment for the unexpired portion of the regular term. A vacancy occurring during a session of the general assembly shall be filled as regular appointments are made and before the end of the session and for the unexpired portion of the regular term.

3. The governor shall obtain the advice of the financial institutions board with respect to any appointee to a regular term or vacancy as superintendent of savings and loan associations.

4. SALARY AND EXPENSES. The superintendent shall receive a salary to be fixed by the governor and comptroller and he or she shall be entitled to reimbursement for expenses incurred in the performance of duties.

5. DUTIES AND POWERS. The superintendent shall be charged with the administration and execution of the laws relating to savings and loan associations, and with other duties and responsibilities as provided by law.

6. BOND AND OATH. The superintendent, upon appointment, shall give bond to the state, signed by a responsible surety company, in the penal sum of one hundred thousand dollars, conditioned upon faithful and impartial discharge of duties, and upon proper accounting for all funds and other valuables which may come into his or her hands. The superintendent also shall take an oath of office, and the bond and oath shall be approved by and filed with the governor. The cost of the bond shall be paid by the department as an expense.

NEW SECTION. PERSONNEL. The superintendent may employ, subject to the approval of the governor and the state comptroller, examiners, assistants and other personnel necessary for the execution of the duties and obligations imposed upon the superintendent. Chapter nineteen A (19A) of the Code shall apply to all department personnel except the superintendent and his or her secretary. The salary of the secretary shall be fixed by the superintendent. Examiners' salaries shall be commensurate with those for examiners of the federal savings and loan insurance corporation in this area of the United States. Department personnel shall be reimbursed for the actual and necessary expenses incurred by them in the performance of their duties.

The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state insuring the faithful performance of assistants, examiners, and all other employees of the department of savings and loan associations and insuring against any liability which may accrue in the case of the loss of any property of a savings and loan association, of a customer of a savings and loan association or of any other person, in the course of any examination, investigation, or other function required or allowed by the laws of this state. The cost of the bond shall be paid by the department as an expense.

NEW SECTION. EMPLOYEE EXPENSES. The superintendent, and the assistants, examiners and other employees of the de-

partment when specifically authorized by the superintendent, shall be entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties, and such expenses shall be department expenses.

NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT. The superintendent shall make an annual report in writing to the financial institutions board. The report shall be for the one-year period ending June thirtieth of each year. A copy of the consolidated report prepared by the financial institutions board shall be furnished by the superintendent to each savings and loan association. The annual report shall contain:

1. A summary of the petitions for certificate of incorporation approved and denied during the period of the report.
2. A summary of the assets, liabilities and capital structure of all savings and loan associations as of the year ending June thirtieth.
3. A statement of the receipts and disbursements of department funds during the year ending on June thirtieth, and of the funds on hand on that date.
4. Information which the superintendent may deem appropriate and advisable to disclose.
5. Information which the financial institutions board may require to be included.

NEW SECTION. FINANCIAL INSTITUTIONS BOARD. The financial institutions board shall act with the superintendent in an advisory capacity concerning the administration of this chapter, and shall have other duties as provided in division one (I) of this Act.

Sec. 38. Section five hundred thirty-four point thirty-eight (534.38), Code 1977, is amended to read as follows:

534.38 APPROVAL BY MEMBERS. Such plan shall be submitted to the members of both associations, either at the regular

meeting or at special meetings called for that purpose, and if approved by a vote of fifty-one percent of the members of each association, voted in person or by proxy at said meeting, the same shall then be filed ~~in the office of the auditor of state~~ with the superintendent, who shall issue a certificate authorizing the consolidation.

Sec. 39. Section five hundred thirty-four point forty-one (534.41), subsection six (6), Code 1977, is amended to read as follows:

6. RECORD REQUIRED.

a. A record of such examination shall be kept in the ~~auditor's office~~ department, showing in detail as to each association all matters connected with the conduct of the business, its financial standing and everything touching its solvency, plan of business and integrity.

b. Such examinations and reports, and other information connected therewith, shall be kept confidential ~~in the office of the auditor of state and the supervisor of savings and loan associations~~, and shall not be subject to publication or disclosure to others except as in this chapter provided. However, any evidence of felonious acts on the part of the officers, directors or employees of such association may be referred by the ~~office of the auditor of state~~ superintendent to proper authorities. Members of such associations, other than their officers and directors, shall not be entitled to inspection of any such records or information and shall not be entitled to any information relative to the names of the members of any association, or the amounts invested by them, as disclosed in the ~~auditor's office~~ records of the department, or in the records of any such association.

Sec. 40. Section five hundred thirty-four point three (534.3), subsection one (1), Code 1977, is amended to read as follows:

1. PETITION FOR CERTIFICATE OF INCORPORATION. At any time hereafter any five or more individuals ~~hereinafter~~,

referred to as the "incorporators", who are citizens of this state may form an association to promote thrift and home financing, subject to approval as hereinafter provided in this chapter by signing and acknowledging, before an officer competent to take acknowledgements of deeds, two copies of a petition for a certificate of incorporation in the form prescribed by the ~~savings-and-lean-supervisor~~ superintendent, and of the bylaws in a form approved by the ~~savings-and-lean supervisor~~ superintendent, which shall be filed with the ~~savings-and-lean-supervisor-in-the-office-of-the-auditer-of state~~ superintendent and accompanied by an incorporation fee.

Sec. 41. Section five hundred thirty-four point three (534.3), subsection three (3), paragraph a, Code 1977, is amended to read as follows:

a. The proposed articles of incorporation for any proposed new association, together with proposed bylaws, shall be ~~presented-to-the-auditer-of-state~~ filed with the superintendent and by him or her submitted to the state executive council and if it finds that they are in conformity with the law and based upon a plan equitable in all respects to its members, and further finds from the best sources at its command and from such investigation as it may deem necessary, that the proposed incorporators are persons of good character, ability and responsibility, that a reasonable necessity exists for such new institution in the community to be served, that it can be established and operated without undue injury to existing local thrift and home financing institutions and that the proposed name of such institution is not similar to that of any other association operating in the same community and is not misleading or deceitful, the executive council shall attach thereto its certificate of approval and enter its approval of record, and thereupon such articles of incorporation shall be recorded in the office of the secretary of state and in the office of the recorder of the county in which the association's principal place of business

is to be situated and then shall be filed in the office of the auditor of state with the superintendent who shall at that time issue a certificate authorizing the association to transact business as a building and loan or savings and loan association.

Sec. 42. Section five hundred thirty-four point four (534.4), subsection one (1), paragraph d, unnumbered subparagraphs two (2) and three (3), Code 1977, are amended to read as follows:

The population of any such city shall be determined by the ~~said supervisor~~ superintendent in accordance with the latest federal decennial census.

The treasurer of the incorporators committee shall file with the ~~said supervisor~~ superintendent a fidelity bond, signed by ~~himself~~ the treasurer and an authorized surety company acceptable to the ~~supervisor~~ superintendent, in a penal sum at least equal to the required paid-in savings liability and expense fund as hereinbefore required, payable to the ~~supervisor of building and loan associations~~ superintendent. Such bond shall assure the safekeeping and delivery to the association, after issuance of a certificate of incorporation, and after the association's authorized officers have filed the required bonds of all of such required paid-in savings liability and expense fund, or in the event of failure to complete organization, such bond shall assure the return to the persons providing such paid-in savings liability and expense funds of the amounts contributed thereto by them, less any necessary cost and expenses.

Sec. 43. Section five hundred thirty-four point sixty-one (534.61), subsection one (1), Code 1977, is amended by striking the subsection and inserting in lieu thereof the following:

1. All expenses required in the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state shall be paid from funds appropriated from

the general fund of the state. The superintendent shall pay all fees and other money received by the superintendent to the treasurer of state within the time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the department of savings and loan associations shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the superintendent or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the department of savings and loan associations.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by any provisions of the laws of this state.

Sec. 44. Section five hundred thirty-four point sixty-six (534.66), subsection six (6), Code 1977, is amended to read as follows:

6. APPROVAL--CERTIFICATE OF AUTHORITY. If the executive council approves the plan or method of business of any such building and loan association, it shall endorse its approval upon the statement of the resources and liabilities and plan of business presented to it, and such statement shall thereupon be filed ~~in the office of the auditor of state~~ with the superintendent, who shall issue a certificate to such building and loan association to transact business within the state, if such association has deposited with him or her the mortgages and securities required by the other provisions of this chapter.

Sec. 45. The supervisor, examiners and other staff existing within the savings and loan division of the office of the auditor of state are transferred to the department of savings and loan associations. The Iowa merit employment commission shall promulgate rules to carry out this transfer and shall arbitrate and decide any written appeal made by any employee

concerning this transfer. No employee shall lose, because of this transfer, any benefits he or she may have accrued, including but not limited to salary, retirement, vacation, sick leave or longevity.

The state comptroller, pursuant to section eight point thirty-nine (8.39) of the Code, shall determine what portion of the appropriation made to the auditor of state will be in excess of need, if any, because of the transfer of duties and personnel as provided in this section, and shall transfer such amounts to the account of the department. The comptroller also shall determine what other funds or accounts, including reserves, are held in the name or for the benefit of the division of savings and loans, and shall transfer all assets and liabilities to the account of the department.

Sec. 46. All rules, regulations, forms, orders, and directives promulgated by the auditor of state or the supervisor of savings and loan associations pursuant to chapter five hundred thirty-four (534) of the Code, shall continue in full force and effect as rules, regulations, forms, orders and directives of the department of savings and loan associations until amended, supplemented or repealed by affirmative action of the superintendent. Any approval, certificate of authority, or other form of permission or license granted or issued by the auditor, executive council or supervisor pursuant to chapter five hundred thirty-four (534) of the Code, and in effect on the effective date of this Act, shall continue to be in effect until it expires according to the terms of its issuance or until it is otherwise revoked, suspended or withdrawn as provided by law.

Sec. 47. All existing bonds, deposits, reserves or other funds established pursuant to chapter five hundred thirty-four (534) of the Code, of which the auditor of state or the supervisor of savings and loan associations is the beneficiary, trustee, or payee, or by which the auditor or the supervisor acquired right, authority or power, shall continue in effect,

and all right, authority, power or benefit shall inure to the superintendent who shall be for all intents and purposes a lawful substitute for the auditor or supervisor. All pending legal proceedings, conservatorships, receiverships or other actions initiated pursuant to chapter five hundred thirty-four (534) of the Code, shall be continued and any rights, duties or liabilities of the auditor or supervisor in those actions shall be rights, duties or liabilities of the superintendent.

Sec. 48. Sections five hundred thirty-four point two (534.2), subsections two (2) and nineteen (19), five hundred thirty-four point three (534.3), subsection one (1), five hundred thirty-four point three (534.3), subsection three (3), paragraph c, five hundred thirty-four point five (534.5), subsections one (1) and two (2), five hundred thirty-four point six (534.6), five hundred thirty-four point seventeen (534.17), subsection two (2), unnumbered paragraph two (2), five hundred thirty-four point eighteen (534.18), five hundred thirty-four point nineteen (534.19), subsection seven (7), unnumbered paragraph one (1), five hundred thirty-four point nineteen (534.19), subsections nine (9), thirteen (13), fifteen (15), and subsection eighteen (18), unnumbered paragraphs one (1) and two (2), five hundred thirty-four point twenty (534.20), unnumbered paragraph two (2), five hundred thirty-four point twenty-one (534.21), subsections one (1) and four (4), five hundred thirty-four point twenty-four (534.24), subsections one (1) and two (2), five hundred thirty-four point thirty-two (534.32), five hundred thirty-four point thirty-four (534.34), five hundred thirty-four point forty-one (534.41), five hundred thirty-four point forty-two (534.42), five hundred thirty-four point forty-six (534.46), five hundred thirty-four point sixty-one (534.61), and five hundred thirty-four point sixty-eight (534.68), Code 1977, are amended by striking the words "savings and loan supervisor", "supervisor", "supervisor of savings and loan

associations", and "supervisor of state chartered associations" wherever they may appear in those sections, subsections, and paragraphs, and inserting in lieu thereof the word "superintendent".

Sec. 49. Sections five hundred thirty-four point three (534.3), subsection three (3), paragraph b, five hundred thirty-four point seven (534.7), subsections one (1) and two (2), five hundred thirty-four point twenty-nine (534.29), five hundred thirty-four point thirty (534.30), five hundred thirty-four point forty-one (534.41), five hundred thirty-four point forty-seven (534.47), five hundred thirty-four point forty-nine (534.49), five hundred thirty-four point fifty-one (534.51), subsections one (1) and two (2), five hundred thirty-four point fifty-two (534.52), five hundred thirty-four point fifty-three (534.53), five hundred thirty-four point fifty-four (534.54), five hundred thirty-four point fifty-five (534.55), five hundred thirty-four point fifty-six (534.56), five hundred thirty-four point fifty-eight (534.58), five hundred thirty-four point sixty (534.60), five hundred thirty-four point sixty-one (534.61), five hundred thirty-four point sixty-two (534.62), five hundred thirty-four point sixty-three (534.63), and five hundred thirty-four point sixty-six (534.66), Code 1977, are amended by striking the words "auditor", "state auditor", "auditor of state", "auditor of this state", and "auditor of the state" wherever they may appear in those sections, subsections, and paragraphs, and inserting in lieu thereof the word "superintendent".

Sec. 50. Section five hundred thirty-four point forty-one (534.41), Code 1977, is amended by striking subsection one (1), unnumbered paragraphs one (1) through four (4) of subsection two (2), and subsection eight (8).

DIVISION V

Sec. 51. Section five hundred thirty-three A point one (533A.1), subsection three (3), Code 1977, is amended to read as follows:

3. "Superintendent" means the superintendent of banking supervised lenders.

Sec. 52. Section five hundred thirty-three B point one (533B.1), Code 1977, is amended to read as follows:

533B.1 PERMISSION FROM SUPERINTENDENT OF BANKING SUPERVISED LENDERS. No person shall engage in the business of selling written instruments for the transmission or payment of money, whether in the form of checks, drafts, money orders, travelers checks or otherwise, unless such person's net worth is at all times at least twenty-five thousand dollars as shown by financial statements satisfactory to the superintendent of banking supervised lenders and such person has deposited and at all times keeps on deposit with the superintendent of banking supervised lenders fifty thousand dollars in cash or securities satisfactory to the superintendent of banking supervised lenders. However, the superintendent of banking supervised lenders may at his or her option accept a surety bond in the sum of fifty thousand dollars in the form satisfactory to him or her and issued by a surety company acceptable to him or her in lieu of such deposit. Such deposit or bond shall be for the protection of purchasers or holders of instruments sold by such person and the superintendent or any aggrieved party may enforce claims on such instruments against such deposit or bond. Simultaneously with the making of such deposit or delivery of such bond and annually thereafter each such person shall pay to the superintendent of banking supervised lenders an annual fee of one hundred dollars.

Sec. 53. Chapter five hundred thirty-six (536), Code 1977, is amended by adding the following new section:

NEW SECTION. FINANCIAL INSTITUTIONS BOARD. The financial institutions board shall act with the superintendent in an advisory capacity concerning the administration of this chapter, and shall have other duties as provided in division one (I) of this Act.

Sec. 54. Section five hundred thirty-six point four (536.4), unnumbered paragraph three (3), Code 1977, is amended to read as follows:

If the application is denied the superintendent shall within twenty days thereafter file ~~with-the-banking~~ in the records of the department a written transcript of the evidence and decision and findings with respect thereto containing the reasons supporting the denial, and forthwith serve upon the applicant a copy thereof.

Sec. 55. Section five hundred thirty-six point nine (536.9), subsection seven (7), Code 1977, is amended to read as follows:

7. Whenever the superintendent shall revoke or suspend a license issued under this chapter, he or she shall forthwith file ~~with-the-banking~~ in the records of the department a written transcript of the evidence and order to that effect and findings with respect thereto containing the reasons supporting the revocation or suspension, and forthwith serve upon the licensee a copy thereof.

Sec. 56. Section five hundred thirty-six point ten (536.10), unnumbered paragraph three (3), Code 1977, is amended to read as follows:

Every licensee subject to examination, supervision and regulation by the superintendent, shall pay to the superintendent an examination fee, based on the actual cost ~~of-the-operation-of-the-small-lean-division-of-the-department of-banking-and-the-proportionate-share-of~~ costs and administrative expenses in the operation of the department of-banking which are attributable to the small-lean-division administration of this chapter, as determined by the superintendent ~~of-banking~~. Such fee shall apply equally to all licenses and shall not be changed more frequently than annually and when changed, shall be effective on January 4 first of the year following the year in which the change is approved adopted.

Sec. 57. Section five hundred thirty-six point twenty-one (536.21), Code 1977, is amended to read as follows:

536.21 RULES. ~~The superintendent is hereby authorized and empowered to make such reasonable and relevant rules~~ may promulgate rules pursuant to chapter seventeen A (17A) of the Code as may be necessary for the execution and the enforcement of the provisions of this chapter, in addition hereto and not inconsistent herewith. All rules shall be filed and entered by the superintendent in the banking department ~~in an indexed, permanent book or record, with the effective date thereof suitably indicated, and such book or record shall be a public document~~ records of the department.

Sec. 58. Section five hundred thirty-six point twenty-eight (536.28), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. "Superintendent" means the superintendent of supervised lenders.

NEW SUBSECTION. "Department" means the department of supervised lenders.

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

Sec. 59. Sections five hundred thirty-six point one (536.1), five hundred thirty-six point twenty-two (536.22) and five hundred thirty-six point twenty-four (536.24), Code 1977, are amended by striking the words "superintendent of banking" wherever in those provisions those words appear and inserting in lieu thereof the word "superintendent".

Sec. 60. Sections five hundred thirty-six point thirteen (536.13), section title and subsection one (1), and five hundred thirty-six point twenty-three (536.23), Code 1977, are amended by striking the words "banking board" and "state banking board" wherever in those provisions those words appear and inserting in lieu thereof the words "financial institutions board".

Sec. 61. Section five hundred thirty-six A point two

(536A.2), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. "Superintendent" means the superintendent of supervised lenders.

NEW SUBSECTION. "Department" means the department of supervised lenders.

NEW SUBSECTION. "Financial institutions board" means the board created under section two (2) of this Act.

Sec. 62. Section five hundred thirty-six A point fifteen (536A.15), Code 1977, is amended to read as follows:

536A.15 EXAMINATION OF LICENSEES--FEE. The ~~auditee~~ superintendent or ~~his~~ a duly authorized representative shall, at least once each year without previous notice, examine and audit the books, accounts and records of each licensee engaged in the industrial loan business as defined by this chapter. Any licensee, in lieu of such examination and audit by the ~~auditee~~ superintendent or ~~his~~ a duly authorized representative, at the option of the ~~auditee~~ superintendent, may be audited at the expense of the licensee by a certified public accountant licensed to practice in the state of Iowa. After receiving such an audit the ~~auditee~~ superintendent may make such further examination of the licensee as he or she may deem necessary. A record of each examination shall be kept in the ~~auditee's~~ office records of the department. Such examinations and reports, and other information connected therewith, shall be kept confidential ~~in-the-office-of-the-auditee~~ and shall not be subject to publication or disclosure to others except as in this chapter provided. Any evidence of criminal acts committed by officers, directors or employees of any industrial loan association shall be reported by the ~~auditee~~ superintendent to the proper authorities. ~~The-licensee-shall-be-charged-and-shall-pay-the-actual-costs-of-the-examination.~~

Every licensee shall pay to the superintendent an examination fee, based on the actual costs and administrative expenses in the operation of the department which are

attributable to the administration of this chapter, as determined by the superintendent. The fee shall apply equally to all licensees and shall not be changed more frequently than annually, and when changed shall be effective on January first of the year following the year in which the change is adopted.

Sec. 63. Sections five hundred thirty-six A point three (536A.3), five hundred thirty-six A point four (536A.4), five hundred thirty-six A point six (536A.6), five hundred thirty-six A point seven (536A.7), five hundred thirty-six A point nine (536A.9), five hundred thirty-six A point ten (536A.10), five hundred thirty-six A point eleven (536A.11), five hundred thirty-six A point twelve (536A.12), five hundred thirty-six A point thirteen (536A.13), five hundred thirty-six A point fourteen (536A.14), five hundred thirty-six A point sixteen (536A.16), five hundred thirty-six A point seventeen (536A.17), five hundred thirty-six A point eighteen (536A.18), five hundred thirty-six A point nineteen (536A.19), five hundred thirty-six A point twenty-one (536A.21), five hundred thirty-six A point twenty-eight (536A.28), five hundred thirty-six A point twenty-nine (536A.29), and five hundred thirty-six A point thirty (536A.30), Code 1977, are amended by striking the words "auditor of the state of Iowa" and "auditor" wherever those words appear in those sections and inserting in lieu thereof the word "superintendent".

Sec. 64. Section five hundred thirty-six A point two (536A.2), Code 1977, is amended by striking subsection four (4).

DIVISION VI

Sec. 65. The following new sections are enacted as a new chapter five hundred thirty-six B (536B) of the Code.

NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Superintendent" means the superintendent of supervised lenders.

2. "Department" means the department of supervised lenders.

3. "Supervised lender" means and includes a person licensed under the provisions of chapters five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code.

4. "Financial institutions board" means the board created under section two (2) of this Act.

NEW SECTION. DEPARTMENT OF SUPERVISED LENDERS. There is created a department of supervised lenders which shall be the office of the superintendent, and shall include personnel necessary for the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state.

NEW SECTION. SUPERINTENDENT.

1. APPOINTMENT. The governor shall appoint, subject to confirmation of at least two-thirds of the members of the senate, for a term ending June 30, 1984, and for each four-year period thereafter, a superintendent of supervised lenders. An appointee shall be selected solely with regard to qualifications and fitness for office. A person shall not be appointed as superintendent unless the person has had at least five years experience with a supervised lender or in the regulation or examination of supervised lenders. The superintendent shall hold office at the seat of government.

2. TERM--REMOVAL--VACANCY. The regular term of office of the superintendent shall be four years from the first day of July of the year of his or her appointment, subject to removal from office for any of the causes and in the manner provided in chapter sixty-six (66) of the Code. Removal from office shall not be in lieu of any other penalty provided by law. A vacancy in the office of superintendent occurring while the general assembly is not in session shall be filled by appointment by the governor, which appointment shall expire at the end of thirty days from the time the general assembly next convenes. Prior to the expiration of that thirty days the governor shall transmit to the senate for confirmation

an appointment for the unexpired portion of the regular term. A vacancy occurring during a session of the general assembly shall be filled as regular appointments are made and before the end of the session and for the unexpired portion of the regular term.

3. The governor shall obtain the advice of the financial institutions board with respect to any appointee to a regular term or vacancy as superintendent of supervised lenders.

4. SALARY AND EXPENSES. The superintendent shall receive a salary to be fixed by the governor and comptroller, and shall be entitled to reimbursement for expenses incurred in the performance of duties.

5. DUTIES AND POWERS. The superintendent shall have the powers, duties and responsibilities provided in chapters five hundred thirty-three A (533A), five hundred thirty-three B (533B), five hundred thirty-six (536) and five hundred thirty-six A (536A) of the Code, and other powers, duties and responsibilities as the law may provide.

6. BOND AND OATH. The superintendent, upon appointment, shall give bond to the state, signed by a responsible surety company, in the penal sum of one hundred thousand dollars, conditioned upon faithful and impartial discharge of duties, and upon proper accounting for all funds and other valuables which may come into his or her hands. The superintendent also shall take an oath of office, and the bond and oath shall be approved by and filed with the governor. The cost of the bond shall be paid by the department as an expense.

NEW SECTION. ANNUAL REPORT OF THE SUPERINTENDENT. The superintendent shall make an annual report in writing to the financial institutions board. The report shall be for the one-year period ending June thirtieth of each year. A copy of the consolidated report prepared by the financial institutions board shall be furnished by the superintendent to each supervised lender. The annual report shall contain:

1. A summary of license applications approved or denied

by the superintendent since the last report.

2. A summary of the assets, liabilities and capital structure of all supervised lenders as of December thirty-first of the year for which the report is made, which shall include the analyses and recapitulations required under sections five hundred thirty-six point eleven (536.11) and five hundred thirty-six A point fifteen (536A.15) of the Code.

3. A statement of the receipts and disbursements of department funds during the year ending June thirtieth and of the funds on hand on that date.

4. Information which the superintendent may deem appropriate and advisable to disclose.

5. Information which the financial institutions board may require to be included.

NEW SECTION. PERSONNEL. The superintendent may employ, subject to the approval of the governor and the state comptroller, assistants, examiners and other personnel necessary for the proper execution of his or her duties and responsibilities. Chapter nineteen A (19A) of the Code shall apply to all department personnel except the superintendent and his or her secretary. The salary of the secretary shall be fixed by the superintendent. Examiner's salaries shall be commensurate with those for examiners of the federal deposit insurance corporation in this area of the United States. Department personnel shall be reimbursed for the actual and necessary expenses incurred by them in the performance of their duties.

The superintendent shall acquire good and sufficient bond in a company authorized to do business in this state insuring the faithful performance of assistants, examiners, and all other employees of the department of supervised lenders and insuring against any liability which may accrue in the case of the loss of any property of a supervised lender, of a customer of a supervised lender, or of any other person in the course of any examination, investigation, or other function

required or allowed by the laws of this state. The cost of bonds shall be paid by the department as an expense.

NEW SECTION. EXPENSES OF THE DEPARTMENT. All expenses required in the discharge of the duties and responsibilities imposed upon the superintendent by the laws of this state shall be paid from funds appropriated from the general fund of the state. The superintendent shall pay all fees and other money received by the superintendent to the treasurer of state within the time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the department of supervised lenders shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the superintendent or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the department of supervised lenders.

The superintendent shall account for receipts and disbursements according to the separate duties imposed by the laws of this state.

NEW SECTION. EMPLOYEE EXPENSES. The superintendent, and the assistants, examiners and other employees of the department when specifically authorized by the superintendent, shall be entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools, or seminars relating to the performance of their duties, and such expenses shall be department expenses.

NEW SECTION. FINANCIAL INSTITUTIONS BOARD. The financial institutions board shall act with the superintendent in an advisory capacity concerning the administration of this chapter, and shall have other duties as provided in division one (I) of this Act.

Sec. 66. The loan institution examination supervisor, examiners and other related staff existing within the loan institution section of the department of banking are

transferred to the department of supervised lenders. The Iowa merit employment commission shall promulgate rules to carry out this transfer and shall arbitrate and decide any written appeal made by any employee concerning this transfer. No employee shall lose, because of this transfer, any benefits accrued to him or her, including but not limited to salary, retirement, vacation, sick leave or longevity.

The state comptroller, pursuant to section eight point thirty-nine (8.39) of the Code, shall determine what portion of the appropriation made to the department of banking will be in excess of need, if any, because of the transfer of duties and personnel as provided in this section, and shall transfer such amounts to the account of the department of supervised lenders. The comptroller also shall determine what other funds or accounts, including reserves, are held in the name or for the benefit of the loan institution section of the department of banking and shall transfer all assets and liabilities to the account of the department of supervised lenders.

Sec. 67. All rules, regulations, forms, orders, and directives promulgated by the superintendent of banking or the banking board pursuant to chapters five hundred thirty-three A (533A), five hundred thirty-three B (533B), and five hundred thirty-six (536) of the Code, shall continue in full force and effect as rules, regulations, forms, orders and directives of the department of supervised lenders until amended, supplemented or repealed by affirmative action of the superintendent. Any approval, certificate of authority, or any other form of permission or license granted or issued by the superintendent of banking or the banking board pursuant to chapters five hundred thirty-three A (533A), five hundred thirty-three B (533B), and five hundred thirty-six (536) of the Code, and in effect on the date of enactment of this section, shall continue to be in effect until it expires according to the terms of its issuance or until it is otherwise

revoked, suspended or withdrawn as provided by law.

Sec. 68. The supervisor, examiners and other staff existing within the industrial loan division of the office of the auditor of state are transferred to the department of supervised lenders. The Iowa merit employment commission shall promulgate rules to carry out this transfer and shall arbitrate and decide any written appeal made by any employee concerning this transfer. No employee shall lose, because of this transfer, any benefits accrued to him or her, including but not limited to salary, retirement, vacation, sick leave or longevity.

The state comptroller, pursuant to section eight point thirty-nine (8.39) of the Code, shall determine what portion of the appropriation made to the auditor of state will be in excess of need, if any, because of the transfer of duties and personnel as provided in this section, and shall transfer such amounts to the account of the department of supervised lenders. The state comptroller also shall determine what other funds or accounts, including reserves, are held in the name or for the benefit of the industrial loan division of the office of the auditor of state and shall transfer all assets and liabilities to the account of the department of supervised lenders.

Sec. 69. All rules, regulations, forms, orders, and directives promulgated by the auditor of state or the supervisor pursuant to chapter five hundred thirty-six A (536A) of the Code, shall continue in full force and effect as rules, regulations, forms, orders and directives of the department of supervised lenders until amended, supplemented or repealed by affirmative action of the superintendent. Any approval, certificate of authority, or other form of permission or license granted or issued by the auditor, executive council or supervisor pursuant to chapter five hundred thirty-six A (536A) of the Code, and in effect on the effective date of this Act, shall continue to be in effect

until it expires according to the terms of its issuance or until it is otherwise revoked, suspended or withdrawn as provided by law.

Sec. 70. All existing bonds, deposits, reserves or other funds established pursuant to chapter five hundred thirty-three A (533A), five hundred thirty-three B (533B), five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code, of which the superintendent of banking, the auditor of state, or another official of the state of Iowa, is the beneficiary, trustee, or payee, or by which the official acquired right, authority or power, shall continue in effect, and all right, power, authority or benefit shall inure to the superintendent of supervised lenders who shall be, for all intents and purposes, a lawful substitute for the auditor, superintendent of banking, or other official. All pending legal proceedings, conservatorships, receiverships or other actions initiated pursuant to chapter five hundred thirty-three A (533A), five hundred thirty-three B (533B), five hundred thirty-six (536) or five hundred thirty-six A (536A) of the Code, shall continue and any rights, duties, or liabilities of the auditor, superintendent of banking, or other official shall be rights, duties or liabilities of the superintendent.

Sec. 71. The persons who are serving on the state banking board as of June 30, 1978, shall be authorized to continue to serve as members of the state banking board until July 1, 1980, irrespective of their term of appointment. Effective July 1, 1980, the state banking board is abolished. In the event of a vacancy on the state banking board which occurs before July 1, 1980, the governor may appoint a qualified person to serve as a member of the state banking board until July 1, 1980. This section shall take effect July 1, 1978.

Sec. 72. Prior to July 1, 1980, the term superintendent of savings and loan associations as used in sections sixteen (16) and seventeen (17) of this Act shall mean the supervisor

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of savings and loan associations within the office of the auditor of state. This section shall take effect January 1, 1979.

Sec. 73. EFFECTIVE DATES.

1. Sections one (1) through fifteen (15) and thirty-five (35) through seventy (70) of this Act shall take effect July 1, 1980.

2. Except as otherwise expressly provided in section eighteen (18) of this Act, sections sixteen (16) through thirty-four (34) of this Act shall take effect January 1, 1979.

Sec. 74. The Code editor shall codify sections one (1) through eight (8) of this Act as a new chapter of the Code."

b. Amend the title by striking lines 1 through 3 and inserting in lieu thereof the following:

"An Act relating to the administration of the laws regulating financial institutions, including banks, savings and loan associations, credit unions, and persons licensed under chapters five hundred thirty-three A (533A), five hundred thirty-three B (533B), five hundred thirty-six (536) and five hundred thirty-six A (536A) of the Code."

ON THE PART OF THE SENATE:

BOB RUSH, CHAIRPERSON
CLOYD ROBINSON
JOHN S. MURRAY

ON THE PART OF THE HOUSE:

NED CHICCO, CHAIRPERSON
ARTHUR SMALL
NEAL HINES
THOMAS J. TAUKE

Senate refused 3/15 (p. 576)

REPORT OF THE SECOND CONFERENCE COMMITTEE
ON SENATE FILE 137

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the second conference committee appointed to consider the differences between the Senate and the House of Representatives on Senate File 137, a bill for an Act relating to the establishment and operation of an agency for the regulation of credit unions, and providing penalties, respectfully make the following report:

1. That the Senate recede from its amendments to the House amendment S-3614 to Senate File 137 as amended and passed by the Senate.

2. That the House recede from its amendment S-3614 to Senate File 137 as amended and passed by the Senate.

3. That Senate File 137 as amended and passed by the Senate be amended by striking everything after the enacting clause and inserting in lieu thereof the following:

"DIVISION I

Section 1. Chapter five hundred thirty-three (533), Code 1977, is amended by adding sections two (2) through seventeen (17) of this Act.

Sec. 2. NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Credit union" means a cooperative, nonprofit association, incorporated in accordance with the provisions of this chapter. A credit union is also a supervised financial organization as defined and used in the Iowa consumer credit code.

2. "Board" means the credit union review board, created in section four (4) of this Act.

3. "Administrator" means the administrator appointed by the governor to direct and regulate credit unions pursuant

to this chapter.

4. "Account insurance plan" means a plan providing account and share insurance which is of a type authorized under section fifteen (15) of this Act.

Sec. 3. NEW SECTION. DEPARTMENT CREATED. A credit union department of state government is created which shall consist of an administrator, a seven-member board and additional officers and employees as required.

Sec. 4. NEW SECTION. CREDIT UNION REVIEW BOARD.

1. A credit union review board is created. The board shall consist of seven members, each of whom shall have been a member in good standing for at least the previous five years of an Iowa state chartered credit union or a credit union chartered under the Federal Credit Union Act. Two of the members shall not be credit union directors or employees. Each member shall serve for a term of three years except that the terms of the members first appointed after the effective date of this Act shall expire, as designated by the governor at the time of appointment as follows:

- a. Two members on June 30, 1980.
- b. Two members on June 30, 1981.
- c. Three members expiring on June 30, 1982.

2. The members of the board shall be appointed by the governor with approval of the senate. The governor may appoint the members of the board from a list of nominees submitted to the governor by the credit unions located in the state of Iowa.

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

4. Each member of the board shall receive actual and necessary expenses incurred in the discharge of official duties.

5. A member of the credit union review board shall not take part in any action or participate in any decision when

the matter under consideration specifically relates to a credit union of which the board member is a member.

Sec. 5. NEW SECTION. POWERS AND DUTIES.

1. The board may adopt, amend, and repeal rules pursuant to chapter seventeen A (17A) of the Code or take other action as it deems necessary or suitable, to effect the provisions of this Act.

2. The board shall set the salary and prescribe the duties of the administrator who shall serve at the pleasure of the governor.

Sec. 6. NEW SECTION. ADMINISTRATOR.

1. The administrator shall be appointed by the governor, subject to approval by the senate, and must possess a minimum of five years credit union experience.

2. The administrator may employ special assistants, examiners, and other employees as are necessary to carry out the provisions of this Act. The administrator shall, subject to approval by the board, establish salaries for the persons employed.

3. The administrator may make further rules as necessary, subject to the prior approval of the rules by the board.

Sec. 7. NEW SECTION. DEPUTY ADMINISTRATOR.

1. The administrator shall appoint a deputy administrator who shall assist the administrator in the performance of his or her office and who shall perform the duties of the administrator as directed by him or her during the absence or inability of the administrator.

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

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

Sec. 8. NEW SECTION. EXPENSES. The administrator, deputy administrator, assistants, examiners and other employees of the credit union department are entitled to receive reimbursement for expenses incurred in the performance of their duties subject to approval by the board. The administrator, and when specifically authorized by the administrator, the deputy administrator, assistants, examiners and other employees of the credit union department, are entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools or seminars relating to the performance of their duties.

Sec. 9. NEW SECTION. INSURANCE AND SURETY BOND. The administrator shall acquire good and sufficient bond in a company authorized to do business in this state to insure the faithful performance of the deputy administrator, assistants, examiners and all other employees of the credit union department and to insure against any liability which may accrue in case of the loss of property of a credit union, or of a member of a credit union or of any other person, in the course of an examination, investigation, or other function required or allowed by the laws of this state. ~~The~~ administrator shall be bonded in accordance with the provisions of chapter sixty-four (64) of the Code, provided that such bond shall be in the amount of one hundred thousand dollars.

Sec. 10. NEW SECTION. SUBPOENA--CONTEMPT.

1. The administrator, the deputy administrator, and upon the approval of the administrator, any assistant or examiner shall have the power to subpoena witnesses, to compel their attendance, to administer oaths, to examine any person under oath and to require the production of relevant books or papers. The examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the administrator under the provisions of this chapter.

2. When a person subpoenaed pursuant to subsection one

(1) of this section neglects or refuses to obey the terms of the subpoena, or to produce books or papers or to give testimony, as required, the administrator may apply to the district court of Polk county for the enforcement of the subpoena or for the issuance of an order compelling compliance as the court directs.

3. The refusal without reasonable cause of a person to obey an order of the district court, issued pursuant to subsection two (2) of this section, shall be considered contempt of court.

Sec. 11. NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT.

1. Records of the credit union department are public records subject to the provisions of chapter sixty-eight A (68A) of the Code, except that papers, documents, reports, reports of examinations and other writings relating specifically to the supervision and regulation of a specific credit union or of other persons by the administrator pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

2. The credit union review board or the administrator may notify the Iowa credit union league of the name of any credit union which the board or administrator has reasonable cause to believe may have violated any of the provisions of this chapter or may be in danger of becoming insolvent or which has been the subject of a report of examination which the board or administrator deems unsatisfactory in any respect, and thereafter the administrator may, with the written consent of the credit union, give information secured from or about that credit union to the Iowa credit union league.

3. The administrator, deputy administrator, assistants or examiners shall not be subpoenaed in any cause or proceeding to give testimony concerning information relating to the

supervision and regulation of a specific credit union or persons by the administrator pursuant to the laws of this state, nor shall the records of the credit union department which relate to the supervision and regulation of a specific credit union or persons be offered in evidence in a court or subject to subpoena by a party except where relevant:

- a. In actions or proceedings brought by the administrator.
- b. In matters in which an interested and proper party seeks review of a decision of the administrator.
- c. In actions or proceedings which arise out of the criminal provisions of the laws of this state or of the United States.
- d. In actions brought as shareholder derivative suits against a credit union.
- e. In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation or misuse of credit union funds.

Sec. 12. NEW SECTION. ANNUAL REPORT OF ADMINISTRATOR.

1. The administrator shall make a report in writing annually to the governor in the manner and within the time required by chapter seventeen (17) of the Code. A copy of the report shall be furnished by the administrator to each credit union and to the Iowa credit union league and its affiliates.
2. In addition to the matters required by chapter seventeen (17) of the Code, the annual report of the administrator shall contain:
 - a. A summary of applications approved or denied by the administrator pursuant to this chapter since the last previous report.
 - b. A summary of the assets, liabilities and capital structures of all credit unions, and a summary of the volume of consumer installment credit outstanding per credit union, as of June thirtieth of the year for which the report is made.

c. A statement of the receipts and disbursements of funds of the administrator during the calendar year ending on the preceding December thirty-first and of the funds on hand on that December thirty-first, including an estimate of the disbursements of department funds for consumer credit protection during the year for which the report is made.

d. Other information the administrator deems appropriate and advisable to fairly disclose the discharge of the duties imposed upon him or her by this chapter.

e. Information which the administrator of the Iowa consumer credit code may require to be included.

Sec. 13. NEW SECTION. EXAMINATION AND SUPERVISION FEES--PENALTIES..

1. Each credit union shall pay to the administrator an annual filing fee which shall be submitted with the annual report. The fee shall be based upon the actual operating costs of the department, exclusive of examination expenses, and shall be established and promulgated as a rule by the administrator. The administrator shall assess against a credit union the actual and necessary expenses of the agency incidental to any examination of that credit union made pursuant to the provisions of this Act or to an order of the administrator.

2. Failure of a credit union to pay an annual filing fee or examination fee shall result in a penalty of five dollars per day, or for any part of a day, during which the credit union is delinquent, and may be the grounds for revocation of the charter of the credit union which failed to make payment.

3. All expenses required in the discharge of the duties and responsibilities imposed upon the administrator and the board by the laws of this state shall be paid from funds appropriated from the general fund of the state. The administrator shall pay all fees and other money received by the administrator to the treasurer of state within the

same time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the credit union department shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the administrator or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the credit union department.

4. The administrator, deputy or employees of the department shall not be members of nor have any business dealings with a credit union. Credit unions shall not accept moneys for deposit and shall not have any business transaction with the administrator, deputy or an employee of the credit union department. If a person willfully receives or accepts a deposit or undertakes to establish a business dealing contrary to this section, upon conviction that person shall be guilty of a serious misdemeanor, and shall be permanently disqualified from acting as an officer, director or employee of a state chartered credit union and permanently disqualified from acting as administrator, deputy or employee of the state credit union department.

Sec. 14. NEW SECTION. FALSE STATEMENTS--PENALTIES.

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

2. Any person who maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false

statement concerning any credit union which imputes or tends to impute insolvency, unsound financial condition or financial embarrassment, or which may tend to cause or provoke or aid in causing or provoking a general withdrawal of deposits from such credit union, or which may otherwise injure or tend to injure the business or good will of such credit union, shall be guilty of a simple misdemeanor.

Sec. 15. NEW SECTION. ACCOUNT INSURANCE. Every credit union organized under this chapter, as a condition of maintaining its privilege of organization after December 31, 1980, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. Such insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the Iowa commissioner of insurance and the administrator of the credit union department. Every credit union not so insured as of the effective date of this Act shall submit an application for share and deposit insurance not later than July 1, 1979.

The administrator may furnish to any official of an insurance plan by which the accounts of a credit union are insured, any information relating to examinations and reports of the status of that credit union for the purpose of availability of insurance to that credit union.

Sec. 16. NEW SECTION. FALSE STATEMENT FOR CREDIT. Any person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person or any other person in which such person is interested or for whom such person is acting with the intent that such statement shall be relied upon by a credit union for the purpose of procuring the delivery of property, the payment of cash or the receipt of credit in any form,

for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, shall be guilty of a fraudulent practice.

Sec. 17. NEW SECTION. CENTRAL CREDIT UNIONS. Credit unions known as "central credit unions" may exist for the purpose of serving members of dissolved credit unions, directors, officers and employees of credit unions, employee groups as defined in subsection thirteen (13) of section five hundred thirty-three point four (533.4) of the Code, and such other persons as the administrator shall approve.

Sec. 18. Section five hundred twenty-seven point two (527.2), subsection six (6), Code 1977, is amended to read as follows:

6. "Administrator" means and includes both the superintendent of banking and, the supervisor of savings and loan associations within the office of the auditor of state, and the administrator of the credit union department. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section ~~twelve-(12)~~ of this chapter five hundred twenty-seven point three (527.3) of the Code.

Sec. 19. Section five hundred twenty-seven point three (527.3), subsection one (1), Code 1977, is amended to read as follows:

1. For purposes of this chapter the superintendent of banking only shall have the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks ~~and credit unions.---The;~~ the supervisor of savings and loan associations only shall have and exercise such powers and authority with respect to savings and loan associations; and the administrator of the credit union department only shall have and exercise such powers and authority with respect

to credit unions.

Sec. 20. Section five hundred thirty-three point one (533.1), unnumbered paragraph two (2), Code 1977, is amended by striking the paragraph and inserting in lieu thereof the following:

ADMINISTRATION. The administrator shall have the supervisory and regulatory authority of all state chartered credit unions and shall be charged with the administration and execution of the laws of this state relating to credit unions. Subject to the approval of the credit union review board, the administrator shall have power to adopt such rules as in his or her opinion are necessary to properly and effectively safeguard the interests of depositors and shareholders of credit unions, and otherwise to carry out and enforce the provisions of this chapter.

Sec. 21. Section five hundred thirty-three point one (533.1), unnumbered paragraphs three (3), four (4) and five (5), Code 1977, are amended to read as follows:

ORGANIZATION. Any seven residents of the state of Iowa may apply to the ~~superintendent-of-banking~~ administrator for permission to organize a credit union.

A credit union is organized in the following manner:

1. The applicants shall execute in duplicate articles of incorporation by the terms of which they agree to be bound. The articles shall state:

- a. The name and location of the proposed credit union.
- b. The names and addresses of the subscribers to the articles and the number of shares subscribed by each.
- c. The par value of the shares of the credit union which shall not exceed twenty-five dollars each and shall be established by the board of directors. A credit union may have more than one class of shares.

2. Said applicants shall prepare and adopt bylaws for the general government of the credit union consistent with the provisions of this chapter, and execute the same in du-

plicate.

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

4. The superintendent administrator shall, within thirty days of the receipt of said articles and bylaws, determine whether they conform with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit the its members ~~of-it~~ and be consistent with the purposes of this chapter.

5. The superintendent administrator shall thereupon notify the applicants of his or her decision. If ~~it~~ the decision is favorable ~~he~~ the administrator shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and the administrator shall return the same, together with the duplicate bylaws to the applicants.

6. The applicants shall thereupon file ~~the-said~~ this duplicate of the articles of incorporation, ~~with~~ and the attached certificate of approval ~~attached-thereto,~~ with the county recorder of the county within which the credit union is to ~~do~~ have its principal place of business, ~~who.~~ The county recorder shall record and index the same and return it, with his or her certificate of record attached ~~thereto,~~ to the ~~said-superintendent-of-banking~~ administrator for permanent record.

7. The applicants shall thereupon become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the ~~superintendent-of-banking,~~ ~~upon-the-taking-effect-of-this~~ ~~chapter-or-as-seen-thereafter-as-sufficient-fees-shall-have~~ ~~accumulated-to-liquidate-the-cost-of-same,~~ administrator shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter which may be used by credit union incorporators for

their guidance, and on written application of any seven residents of the state, shall supply them without charge with blank articles of incorporation and a copy of said this form of suggested bylaws.

Sec. 22. Section five hundred thirty-three point two (533.2), Code 1977, is amended to read as follows:

533.2 AMENDMENTS. The articles of incorporation or the bylaws may be amended by a favorable vote of a majority of the members present at any meeting, which number must constitute a quorum provided the proposed amendment was contained in the notice of the meeting. Any and all such amendments must be approved by the superintendent-of-banking administrator before they become effective.

Sec. 23. Section five hundred thirty-three point four (533.4), subsection five (5), paragraph e, subsection twelve (12), subsection thirteen (13) and subsection seventeen (17), Code 1977, are amended to read as follows:

e. Purchase of notes of liquidating credit unions with the approval of the superintendent-of-banking administrator.

12. ~~Apply to the administrator of the national credit union administration for credit union share account and deposit account insurance which meets the requirements of this chapter under Title III of the Federal Credit Union Act as amended by Public Law 94-468~~ and take all actions necessary to maintain an insured status thereunder.

13. Upon the approval of the superintendent-of-banking administrator, serve an employee group having an insufficient number of members to form or conduct the affairs of a separate credit union. There shall be no requirement for the existence of a common bond relationship between the said small employee group and the credit union effecting such service.

17. Subject to the prior approval of the superintendent administrator, 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.

Sec. 24. Section five hundred thirty-three point four (533.4), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. Establish one or more offices other than its main office, subject to the approval and regulation of the administrator, if such offices shall be reasonably necessary to furnish service to its membership. A credit union office may furnish all credit union services ordinarily furnished to the membership at the principal place of business of the credit union which operates the office. All transactions of a credit union office shall be transmitted daily to the principal place of business of the credit union which operates the office, and no current record keeping functions shall be maintained at a credit union office except to the extent the credit union which operates the office deems it desirable to keep at the office duplicates of the records kept at the principal place of business of the credit union. The central executive and official business functions of a credit union shall be exercised only at the principal place of business.

A credit union office shall not be opened without the prior written approval of the administrator. Upon application by a credit union in the form prescribed by the administrator, the administrator shall determine, after notice and hearing, if the establishment of the credit union office is reasonably necessary for service to, and is in the best interests of, the members of the credit union.

NEW SUBSECTION. Purchase insurance or make the purchase of insurance available for members.

NEW SUBSECTION. Notwithstanding the provisions of un-

numbered paragraph one (1) of subsection four (4) of section five hundred thirty-three point sixteen (533.16) of the Code, a credit union may take a second mortgage on real property to secure a loan made by the credit union, subject to rules promulgated by the administrator.

Sec. 25. Section five hundred thirty-three point four (533.4), subsection sixteen (16), Code 1977, is amended by striking the subsection and inserting in lieu thereof the following:

16. Sell, participate in, or discount the obligations of its members without recourse. Purchase the obligations of Iowa credit union members, provided the obligations meet the requirements of this chapter.

Sec. 26. Section five hundred thirty-three point five (533.5), Code 1977, is amended to read as follows:

533.5 MEMBERSHIP. Credit union membership shall consist of the incorporators and such other persons as who may be elected to membership and subscribe for at least one share, and who pay the installment thereon and the entrance fee, if any. Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit union organization shall be limited to groups having of individuals who have a common bond of occupation or association, or to groups of individuals who reside within a well-defined neighborhood, community, or rural district. However, membership also may be extended to persons related to a member within the common bond by the first or second degree of consanguinity or affinity, including foster children and adopted children, and to such relatives of a deceased member. If adopted as a policy by the board of directors of a credit union, members ~~who are no longer included in the common bond of association~~ cease to meet the qualifications of membership may retain their credit union membership and all membership privileges.

Sec. 27. Section five hundred thirty-three point six

(533.6), Code 1977, is amended to read as follows:

533.6 REPORTS--EXAMINATIONS.

1. Credit unions organized under this chapter shall report annually on or before the first day of February to the superintendent-of-banking-annually-on-or-before-the-first day-of-February administrator on blanks supplied by ~~him~~ the administrator for that purpose. Additional reports may be required. If any report remains in arrears for more than five days, a fine of five dollars for each day such report remains in arrears may be levied against ~~such~~ the offending credit union in addition to the fine for failure to pay the annual fee. If such report is not returned within thirty days of the due date, the superintendent-of-banking administrator may, after written notice to the president of ~~such~~ the credit union ~~of-his-intention-to-do-so~~, suspend or revoke the certificate of approval, take possession of the business and property of such credit union, and order its dissolution.

2. The superintendent-of-banking administrator shall annually examine, or cause to be examined, each credit union annually. Each credit union and all of its officers and agents shall give to the representatives of ~~said-superintendent~~ the administrator free access to all books, papers, securities, records and other sources of information under their control, ~~and-for-the-purposes-of-such-examination-said-representatives shall-have-the-power-to-subpoena-witnesses,-administer-oaths, compel-the-giving-of-testimony,-and-require-the-submission of-documents~~. A report of such examination shall be forwarded to the president chairperson of each credit union within thirty days after the completion of the examination. Within thirty days of the receipt of ~~such~~ this report, a meeting of the directors shall be called to consider matters contained in the report and the action taken shall be set forth in the minutes of the board. ~~The-superintendent-may-furnish-to-the administrator-or-any-other-official-of-the-national-credit~~

~~union-administration-any-information-or-report-relating-to
examinations-and-reports-of-the-status-of-any-state-credit
union-insured-by-the-national-credit-union-administration.~~
The superintendent-of-banking administrator may accept, in lieu of the annual examination of a credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the superintendent of-banking administrator. The cost of the audit shall be paid by the credit union.

3. The superintendent-of-banking administrator may require any credit union, whose records are inadequate or whose books have not been balanced as of the end of the month not less than thirty days previously or whose affairs are in an unfavorable condition, to submit to an additional examination each year.

~~4.---Each-credit-union-shall-pay-to-the-superintendent-of
banking-a-fee-for-making-examinations,--based-on-the-actual
cost-of-the-operation-of-the-credit-union-division-of-the
department-of-banking-and-the-proportionate-share-of
administrative-expenses-in-the-operation-of-the-department
of-banking,--attributable-to-credit-unions,--to-be-determined
by-the-superintendent-of-banking,--in-accordance-with-chapter
47A.~~

5 4. If it shall appear that any credit union is insolvent or that it has violated any of the provisions of this chapter, the superintendent-of-banking administrator may, after a hearing or giving after an opportunity for a hearing is given, order such that credit union to correct such the condition and. The administrator shall grant it the credit union not less than sixty days within which to comply and-failure-se with the order. Failure to do comply shall afford the said superintendent administrator grounds to revoke the certificate of approval and shall afford the administrator the authority to apply to the district court of the district in which such this credit union is located for the appointment of a receiver

for the credit union. The district court shall appoint the superintendent administrator of the credit union department as receiver unless the superintendent administrator of the credit union department has tendered the appointment to the administrator of the national-credit-union-administration plan by which the accounts of the credit union are insured. ~~The~~ Either administrator as receiver shall possess the rights, powers, and privileges granted by state law to a receiver of a state credit union. Neither ~~the-superintendent-ner-the~~ administrator shall be required to furnish bond as receiver of a state credit union.

5. When the administrator has reason to believe that an officer, director, or employee of a credit union has violated any law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator to discontinue or correct such violation or unsafe or unsound practice, the administrator may cause notice to be served upon the officer, director, or employee to appear before the administrator to show cause why he or she should not be removed from office or employment. A copy of such notice shall be sent by restricted delivery mail to each director of the credit union affected. If, after granting the accused reasonable opportunity to be heard, the administrator finds that the accused has violated a law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator, the administrator in his or her discretion may order that the accused be removed from office and from any position of employment with the credit union. A copy of the order shall be served upon the accused and upon the credit union affected, at which time the accused shall cease to be an officer, director, or employee of the credit union.

Sec. 28. Section five hundred thirty-three point eight (533.8), Code 1977, is amended to read as follows:

533.8 ELECTIONS. At the organization meeting there shall be elected a board of directors of not less than nine members to hold office for such terms as the bylaws provide and until successors are elected and qualify. At each annual meeting there shall be elected one member to fill each position vacated by reason of expiring terms or other causes. A record of the names and addresses of the directors, officers and committee persons shall be filed with the superintendent-of banking administrator within ten days following each election.

Sec. 29. Section five hundred thirty-three point sixteen (533.16), Code 1977, is amended to read as follows:

533.16 LOANS.

1. A credit union may loan to members--loans-must-be a member for a provident or productive purpose and-are-made. Loans shall be subject to the conditions contained in this section and in the bylaws. A-borrower-may-repay-his-loan
A loan may be repaid by the borrower, in whole or in part, any day the office of the credit union is open for business. Every loan shall be pursuant to an application with supportive credit information. Any credit or financial information which is required shall be updated by the credit union or by the member not less frequently than every eighteen months for re-financed loans or for periodic advances made under an open-end credit plan.

2. A credit union shall not lend in the aggregate to any one member more than one hundred dollars or ten percent of its capital, whichever is greater.

3. A director of a credit union may borrow from that credit union under the provisions of this chapter, but the loan shall not be made on terms more favorable than those extended to other members. A director of a credit union may borrow from that credit union to the extent and in the amount of such director's holdings in the credit union in shares and deposits. A director desiring to borrow from the credit union an amount in excess of the director's holdings in shares

and deposits shall first submit application for approval by the board of directors at a regular or special meeting. The director making application for the loan shall not be in attendance at the time the board of directors considers the application and shall not take part in the consideration. Prior to consideration of such loan, the director must have submitted to the board a detailed current financial statement. The aggregate amount of director loans shall not exceed twenty percent of the assets of the credit union.

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

4 a. If the terms of the instrument securing such loan call for payment at maturity the loan shall not be for a period in excess of five years and the amount loaned shall not exceed fifty percent of the appraised value of the property given as security.

2 b. If the terms of the instrument securing such loan call for installment payments which are sufficient to retire at least forty percent of the principal of the loan within ten years the amount loaned shall not exceed sixty percent of the appraised value of the property given as security and shall not be for a period in excess of ten years.

3 c. If the terms of the instrument securing such loan call for monthly installment payments, including principal and interest, at least equal to one percent of the principal of the loan, the amount loaned shall not exceed eighty percent of the appraised value of the property given as security.

~~The foregoing restrictions or limitations shall not prevent the renewal or extension of loans and shall not apply to loans which are secured under the provisions of the national housing Act, as amended, or to loans made to families of low or moderate income as a part of programs authorized in sections 220.4 to 220.36 and approved by the Iowa housing finance~~

~~authority.--The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed twenty-five years.--The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall not exceed fifteen percent of the aggregate total of the member share and deposit accounts.~~

d. The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed thirty years, if the terms of the instrument securing such loans require substantially equal payments of principal or of principal and interest at successive intervals of not more than one year. The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall be established by rule by the administrator.

5. Loans which are not secured by real property shall be subject to the following conditions:

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

b. Nothing contained in this subsection shall be deemed to preclude a credit committee or loan officer from requiring security for any loan.

c. A credit union may make loans insured under the

provisions of Title twenty (XX), United States Code, section one thousand seventy-one (1071) through section one thousand eighty-seven (1087) or similar state programs, loans insured by the federal housing administration under Title twelve (XII), United States Code, section one thousand seven hundred three (1703), and loans to families of low or moderate income as a part of programs authorized in sections two hundred twenty point one (220.1) to two hundred twenty point thirty-six (220.36) of the Code.

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

6. Nothing contained in this section shall prevent the renewal or extension of loans.

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

8. No-credit-union-shall-loan-to-any-one-member-more-than one-hundred-dollars-or-ten-percent-of-its-total-assets whichever-is-greater. The provisions of the Iowa consumer credit code shall apply to consumer loans made by a credit union, and a provision of that code shall supersede any conflicting provision of this chapter with respect to a consumer loan.

Sec. 30. Section five hundred thirty-three point seven-teen (533.17), subsection one (1), paragraph b, and subsection three (3), Code 1977, are amended to read as follows:

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

Whenever the legal reserve falls below ten percent or seven and one-half percent of the total of outstanding loans and risk assets, as the case may be, the difference shall be replaced by regular contributions in order to maintain the seven and one-half percent or ten percent reserve. Any entrance fees, charges and transfer fees shall, after payment of organization expenses, be added to the legal reserve. The legal reserve shall belong to the credit union and shall be used to meet losses except those resulting from an excess of expenses over income. The reserve shall not be distributed except on liquidation of the credit union or in accordance with a plan approved by the superintendent-of-banking administrator.

3. The superintendent-of-banking administrator may require a credit union to set aside additional amounts as a special reserve if an examination of its assets should disclose that its legal reserve is inadequate.

Sec. 31. Section five hundred thirty-three point twenty (533.20), Code 1977, is amended to read as follows:

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

1. At a special meeting called for the that purpose, ~~notice-of-which-purpose-must-be-contained-in-the-call~~, a credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote at the special meeting. Notice of the meeting's purpose shall be contained in the meeting's notice. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of dissolution by signing a statement in the form approved by the superintendent-of-banking-and-the administrator. This vote shall have the same force and effect as if cast at the meeting.

2. The credit union shall cease to do business except for the purposes of liquidation immediately upon the giving

~~of~~ notice of the special meeting ~~of-the~~ called for the members ~~to~~ vote on dissolution ~~and-the~~. The board of directors shall immediately notify the superintendent-of-banking administrator of the intention of the credit union to dissolve. The credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members shall have revoked prior affirmative action to dissolve as provided for in subsection 4 of this section.

3. The board of directors shall have power to terminate and settle the affairs of a credit union in voluntary dissolution. The credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in order to terminate its affairs. The credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled. During the course of dissolution proceedings, the credit union shall make such reports and shall be subject to such examinations as the superintendent of-banking administrator may require. ~~If at any time, after~~ the affirmative vote of a majority of the members of a credit union to dissolve the credit union, the superintendent-of banking administrator finds that the credit union is not making reasonable progress toward terminating its affairs or finds that the credit union is insolvent, ~~he~~ the administrator may apply to the district court for a appointment of a receiver to-be-appointed to terminate the affairs of the credit union.

4. ~~A-credit-union-may, at~~ At any time prior to any distribution of its assets, a credit union may revoke the voluntary dissolution proceedings ~~upon~~ by the affirmative vote of a majority of its members eligible to vote. This vote, if taken, shall be at a special meeting called for that

purpose in the manner prescribed by the bylaws. The board of directors shall immediately notify the superintendent-of banking administrator of any such action to revoke voluntary dissolution proceedings.

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

6. The board of directors may appoint by resolution any responsible person as defined in section four point one (4.1) of the Code, whose appointment has been approved by the administrator, to exercise its powers to terminate and settle the affairs of the credit union pursuant to this section. The administrator is authorized to promulgate rules pursuant to chapter seventeen A (17A) of the Code establishing the qualifications which must be met by such appointees, including but not limited to filing a surety bond with the administrator.

Sec. 32. Section five hundred thirty-three point twenty-one (533.21), subsections one (1) through three (3), Code 1977, are amended to read as follows:

1. In all situations in which the superintendent administrator has been appointed as receiver as provided in section-533-6-and-section-533-29-in this chapter, the administrator shall make a diligent effort to collect and realize on the assets of the credit union, and shall make distribution of the proceeds from time to time to those

entitled thereto in the order provided for by law. The superintendent administrator may execute as receiver, or after the receivership has terminated, assignments, releases, and satisfactions to effectuate sales and transfers ~~as receiver or after the receivership has terminated~~. Upon the order of the court in which the receivership is pending, the superintendent administrator may sell or compound all bad or doubtful debts, ~~and, on a like order~~. Upon the order of the court in which the receivership is pending, the administrator may sell all the real and personal property of the credit union, on such terms as the court shall direct.

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

3. At the termination of the receivership, the superintendent administrator shall file ~~his~~ a final report containing which shall contain the details of his or her actions ~~therein, together with~~ and such additional facts as the court may require.

Sec. 33. Section five hundred thirty-three point twenty-two (533.22), subsection three (3), Code 1977, is amended to read as follows:

3. The ~~superintendent-of-banking~~ administrator shall assume custody of the records of a credit union dissolved pursuant to this chapter and shall retain ~~them~~ these records in accordance with the provisions of section 533.26. The superintendent administrator may cause film, photographic, photostatic, or other copies of ~~such~~ these records to be made and the administrator shall retain such these copies in lieu of the original records.

Sec. 34. Section five hundred thirty-three point twenty-three (533.23), Code 1977, is amended to read as follows:

533.23 CHANGE IN PLACE OF BUSINESS. A credit union may

change its place of business on written notice to the superintendent-of-banking administrator.

Sec. 35. Section five hundred thirty-three point twenty-seven (533.27), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

For the purpose of assisting credit unions in the retention of only necessary records and files, or for the destruction of those which are obsolete or unnecessary, credit unions are authorized to destroy such records and files or classes thereof within the period of limitation of actions upon the joint recommendation of the superintendent-of-banking administrator and a the credit union review board relating to records-consisting-of-the-directors-of-the-Iowa-credit union-league.

Sec. 36. Section five hundred thirty-three point thirty (533.30), subsections one (1), three (3), and four (4), Code 1977, are amended to read as follows:

1. A credit union may ~~with the approval of the superintendent-of-banking~~ merge with another credit union under the existing organization of the other credit union if the merger receives approval of the administrator and if the merger is pursuant to a plan agreed upon by the majority of the board of directors of each credit union joining in the merger and which plan is approved by the affirmative vote of a majority of the members of the merging credit unions.

3. The certificate and a copy of the agreed plan of merger agreed-upon shall be forwarded to the superintendent-of-banking administrator, certified by him or her, and returned to both credit unions within thirty days of the date of receipt by the administrator.

4. Upon return of the certificates from the superintendent-of-banking administrator, all property, property rights, and members' interest of the merged credit union shall vest in the surviving credit union without deed ~~and endorsement~~ the

legal need for deeds, endorsements or other instrument instruments of transfer, and all debts, obligations and liabilities of the merged credit union are shall be assumed by the surviving credit union under whose charter the merger was effected. The rights and privileges of the members of the merged credit union shall remain intact. Credit union membership in the surviving credit union shall be available to persons within the field of membership of the merged credit union.

Sec. 37. Section five hundred thirty-three point thirty-three (533.33), Code 1977, is amended to read as follows:

533.33 ADMINISTRATION-OF-NATIONAL-UNION ADMINISTRATOR OF ACCOUNT INSURANCE PLAN AS RECEIVER.

1. The superintendent administrator of the credit union department may tender to the administrator of the-national credit-union-administration an account insurance plan approved under this chapter the appointment as receiver for an insured credit union. If the insurance plan administrator accepts the appointment as receiver, the rights of the members and other creditors of the insured credit union shall be determined in accordance with the laws of this state.

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

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

United-States in the case of a closed federal credit union or closed state credit union.

Sec. 38. Section five hundred thirty-three point thirty-four (533.34), Code 1977, is amended to read as follows:

533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL CREDIT UNION.

1. A state credit union may convert into a federal credit union ~~upon~~ with the approval of the administrator of the national credit union administration and by the affirmative vote of a majority of ~~its~~ the credit union's members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose and shall be in the manner prescribed by the bylaws ~~and-with-the-approval-of-the-administrator-of-the-national-credit-union-administration.~~ Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of conversion by signing a statement in a form satisfactory to the ~~superintendent-of-banking-and-the~~ administrator of the credit union department. This vote shall have the same force and effect as if cast at the meeting.

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

3. Upon receipt of satisfactory proof that the state credit union has complied with all applicable laws of this

state and of the United States, the superintendent administrator of the credit union department shall issue a certificate of conversion which shall be filed and recorded in the county in which the state credit union has its principal place of business and in the county in which its original articles of incorporation were filed and recorded.

Sec. 39. Section five hundred thirty-three point thirty-five (533.35), subsection one (1) and two (2), Code 1977, are amended to read as follows:

1. A federal credit union may convert into a state credit union upon by compliance with the laws of the United States and upon the approval by of the superintendent-of-banking administrator of the credit union department. Application for approval of the conversion to a state credit union shall be submitted to the superintendent administrator of the credit union department in the form prescribed by the superintendent administrator, together with the articles of incorporation and bylaws as required by section 533.1. The superintendent ef-banking administrator of the credit union department may cause an examination to be made of any converting federal credit union and-the. The credit union shall pay to the superintendent administrator the same examination fee as paid for examinations of state credit unions.

2. If the superintendent-shall administrator of the credit union department should approve the application of a federal credit union for conversion to a state credit union, he or she shall cause the articles of incorporation of the resulting state credit union to be filed and recorded in the county in which the credit union has its principal place of business and he or she shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union te-de-business-under-the-laws-of-this-state. The credit union shall then become a state credit union subject to the laws of this state. The superintendent administrator

of the credit union department shall furnish a copy of the certificate to the administrator of the national credit union administration.

Sec. 40. Section five hundred thirty-three point thirty-six (533.36), Code 1977, is amended by striking the section.

Sec. 41. Section five hundred thirty-three point thirty-seven (533.37), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

533.37 ENFORCEMENT OF IOWA CONSUMER CREDIT CODE.

1. The administrator of the credit union department shall enforce the Iowa consumer credit code with respect to credit unions, as provided in sections five hundred thirty-seven point two thousand three hundred three (537.2303), five hundred thirty-seven point two thousand three hundred five (537.2305) and five hundred thirty-seven point six thousand one hundred five (537.6105) of the Code.

2. The administrator of the credit union department shall cooperate with the administrator of the Iowa consumer credit code as designated in section five hundred thirty-seven point six thousand one hundred three (537.6103) of the Code, and shall assist that administrator whenever necessary to provide for the discharge of the duties of that administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the administrator of the credit union department shall authorize to be furnished to the administrator of the Iowa consumer credit code, access to or copies of records in the custody of the credit union department which relate to a credit union, when necessary to enable the administrator of the Iowa consumer credit code to enforce chapter five hundred thirty-seven (537) of the Code.

Sec. 42. Section five hundred thirty-three point thirty-eight (533.38), subsection two (2), Code 1977, is amended to read as follows:

2. It may buy or sell investment securities and corporate

bonds which are evidences of indebtedness. However, the buying and selling of such investment securities and corporate bonds shall be limited to buying and selling without recourse to marketable obligations evidencing indebtedness of any corporation or state or federal agency, under further definitions of the term "investment securities" as prescribed by the superintendent administrator. The total amount of the investment securities of any one obligor or maker held by the credit union shall at no time exceed five percent of the shares, undivided earnings and reserves of the credit union except that this limit shall not apply to obligations of the federal government. The aggregate total of the investment securities held by the credit union shall not exceed fifteen percent of the shares, undivided earning and reserves of said credit union.

Sec. 43. Effective January 1, 1979, all of the jurisdiction, authorities, powers, records, duties and reserves conferred and imposed upon the superintendent of banking by the laws of this state which are in existence as of December 31, 1978, and which pertain to credit unions shall be transferred to the credit union department. ~~All funds held~~ in the general fund as of January 1, 1979 for the use of the superintendent of banking which pertain to credit union supervision and examination fees shall be transferred to the credit union department effective January 1, 1979.

All department of banking personnel who are assigned to the credit union division may transfer to the credit union department created by section three (3) of this Act effective January 1, 1979. However, no person shall be transferred in a supervisory capacity. Supervisory personnel shall be appointed at the discretion of the administrator.

Sec. 44. This Act shall take effect January 1, 1979."

4. Amend the title by striking lines 1 through 3 and inserting in lieu thereof the following: "An Act relating

SENATE 58
MAY 15, 1978

to the operation and regulation of credit unions, and providing penalties."

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REPORT OF SECOND CONFERENCE COMMITTEE ON SENATE FILE 137

ON THE PART OF THE SENATE:

TOM SLATER, CHAIRPERSON
BOB CARR
LOWELL L. JUNKINS
ROGER J. SHAFF
FORREST F. ASHCRAFT

ON THE PART OF THE HOUSE:

W. R. MONROE, CHAIRPERSON
JACK E. WOODS
ALBERT L. GARRISON
ROGER A. HALVORSON
LAVERN R. HARVEY

FILED
MAY 12, 1978

Senate adopted 5/12 (p. 1546)

House adopted 5/12 (p. 2698)



Office of the Governor

STATE CAPITOL
DES MOINES, IOWA 50319

ROBERT D. RAY
GOVERNOR

June 26, 1978

The Honorable Melvin D. Synhorst
Secretary of State
State Capitol Building
L O C A L

Dear Mr. Secretary:

I hereby transmit Senate File 137, an act relating to the operation and regulation of credit unions, and providing penalties.

Senate File 137 is approved June 26, 1978, with the following exception which I hereby disapprove.

I am unable to approve the item designated in the Act as Subsection 2 of Section 5 which reads as follows:

2. The board shall set the salary and prescribe the duties of the administrator who shall serve at the pleasure of the governor.

This provision authorizes the Credit Union Review Board to set the salary of the administrator of the Credit Union Department and to prescribe the duties of the administrator. This provision runs counter to the concept of effective executive management.

Our department heads carry out the policies of the executive branch of government. The Iowa Constitution establishes the Governor to be the chief executive to whom our department heads are accountable. Their accountability to the people is through the Governor. Therefore, it is logical that not only should the Governor appoint a director, but also the salary and duties should be prescribed as well.

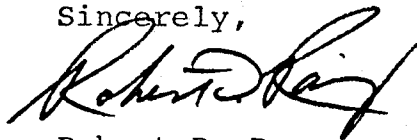
The Governor sets the salaries of other department heads, including the Superintendent of Banking who currently regulates credit unions. The new Credit Union Department will be a regular, full-fledged state agency and should be governed by the same basic rules.

The Honorable Melvin D. Synhorst
Page Two
June 26, 1978

Since Section 43 specifically directs the transfer of funds earlier appropriated to the Banking Department to the new Credit Union Department on January 1, 1979, this bill is, therefore, an appropriation bill subject to the item veto.

For the above reasons, I hereby disapprove this item in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of Senate File 137 are hereby approved as of this date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert D. Ray".

Robert D. Ray
Governor

RDR:cg

cc: Secretary of the Senate
Chief Clerk of the House

SENATE FILE 137

AN ACT

RELATING TO THE OPERATION AND REGULATION OF CREDIT UNIONS,
AND PROVIDING PENALTIES.

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

DIVISION I

Section 1. Chapter five hundred thirty-three (533), Code 1977, is amended by adding sections two (2) through seventeen (17) of this Act.

Sec. 2. NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Credit union" means a cooperative, nonprofit association, incorporated in accordance with the provisions of this chapter. A credit union is also a supervised financial organization as defined and used in the Iowa consumer credit code.

2. "Board" means the credit union review board, created in section four (4) of this Act.

3. "Administrator" means the administrator appointed by the governor to direct and regulate credit unions pursuant to this chapter.

4. "Account insurance plan" means a plan providing account and share insurance which is of a type authorized under section fifteen (15) of this Act.

Sec. 3. NEW SECTION. DEPARTMENT CREATED. A credit union department of state government is created which shall consist of an administrator, a seven-member board and additional officers and employees as required.

Sec. 4. NEW SECTION. CREDIT UNION REVIEW BOARD.

1. A credit union review board is created. The board shall consist of seven members, each of whom shall have been a member in good standing for at least the previous five years of an Iowa state chartered credit union or a credit union

chartered under the Federal Credit Union Act. Two of the members shall not be credit union directors or employees. Each member shall serve for a term of three years except that the terms of the members first appointed after the effective date of this Act shall expire, as designated by the governor at the time of appointment as follows:

- a. Two members on June 30, 1980.
- b. Two members on June 30, 1981.
- c. Three members expiring on June 30, 1982.

2. The members of the board shall be appointed by the governor with approval of the senate. The governor may appoint the members of the board from a list of nominees submitted to the governor by the credit unions located in the state of Iowa.

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

4. Each member of the board shall receive actual and necessary expenses incurred in the discharge of official duties.

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

Sec. 5. NEW SECTION. POWERS AND DUTIES.

1. The board may adopt, amend, and repeal rules pursuant to chapter seventeen A (17A) of the Code or take other action as it deems necessary or suitable, to effect the provisions of this Act.

2. The board shall set the salary and prescribe the duties of the administrator who shall serve at the pleasure of the governor.

Sec. 6. NEW SECTION. ADMINISTRATOR.

1. The administrator shall be appointed by the governor, subject to approval by the senate, and must possess a minimum of five years credit union experience.

2. The administrator may employ special assistants, examiners, and other employees as are necessary to carry out the provisions of this Act. The administrator shall, subject to approval by the board, establish salaries for the persons employed.

3. The administrator may make further rules as necessary, subject to the prior approval of the rules by the board.

Sec. 7. NEW SECTION. DEPUTY ADMINISTRATOR.

1. The administrator shall appoint a deputy administrator who shall assist the administrator in the performance of his or her office and who shall perform the duties of the administrator as directed by him or her during the absence or inability of the administrator.

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

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

Sec. 8. NEW SECTION. EXPENSES. The administrator, deputy administrator, assistants, examiners and other employees of the credit union department are entitled to receive reimbursement for expenses incurred in the performance of their duties subject to approval by the board. The administrator, and when specifically authorized by the administrator, the deputy administrator, assistants, examiners and other employees of the credit union department, are entitled to receive reimbursement for expenses incurred while attending conventions, meetings, conferences, schools or seminars relating to the performance of their duties.

Sec. 9. NEW SECTION. INSURANCE AND SURETY BOND. The administrator shall acquire good and sufficient bond in a company authorized to do business in this state to insure the faithful performance of the deputy administrator, as-

sistants, examiners and all other employees of the credit union department and to insure against any liability which may accrue in case of the loss of property of a credit union, or of a member of a credit union or of any other person, in the course of an examination, investigation, or other function required or allowed by the laws of this state. The administrator shall be bonded in accordance with the provisions of chapter sixty-four (64) of the Code, provided that such bond shall be in the amount of one hundred thousand dollars.

Sec. 10. NEW SECTION. SUBPOENA--CONTEMPT.

1. The administrator, the deputy administrator, and upon the approval of the administrator, any assistant or examiner shall have the power to subpoena witnesses, to compel their attendance, to administer oaths, to examine any person under oath and to require the production of relevant books or papers. The examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the administrator under the provisions of this chapter.

2. When a person subpoenaed pursuant to subsection one (1) of this section neglects or refuses to obey the terms of the subpoena, or to produce books or papers or to give testimony, as required, the administrator may apply to the district court of Polk county for the enforcement of the subpoena or for the issuance of an order compelling compliance as the court directs.

3. The refusal without reasonable cause of a person to obey an order of the district court, issued pursuant to subsection two (2) of this section, shall be considered contempt of court.

Sec. 11. NEW SECTION. RECORDS OF CREDIT UNION DEPARTMENT.

1. Records of the credit union department are public records subject to the provisions of chapter sixty-eight A (68A) of the Code, except that papers, documents, reports, reports of examinations and other writings relating speci-

fically to the supervision and regulation of a specific credit union or of other persons by the administrator pursuant to the laws of this state are not public records and shall not be open for examination or copying by the public or for examination or publication by the news media.

2. The credit union review board or the administrator may notify the Iowa credit union league of the name of any credit union which the board or administrator has reasonable cause to believe may have violated any of the provisions of this chapter or may be in danger of becoming insolvent or which has been the subject of a report of examination which the board or administrator deems unsatisfactory in any respect, and thereafter the administrator may, with the written consent of the credit union, give information secured from or about that credit union to the Iowa credit union league.

3. The administrator, deputy administrator, assistants or examiners shall not be subpoenaed in any cause or proceeding to give testimony concerning information relating to the supervision and regulation of a specific credit union or persons by the administrator pursuant to the laws of this state, nor shall the records of the credit union department which relate to the supervision and regulation of a specific credit union or persons be offered in evidence in a court or subject to subpoena by a party except where relevant:

- a. In actions or proceedings brought by the administrator.
- b. In matters in which an interested and proper party seeks review of a decision of the administrator.
- c. In actions or proceedings which arise out of the criminal provisions of the laws of this state or of the United States.
- d. In actions brought as shareholder derivative suits against a credit union.
- e. In actions brought to recover moneys or to recover upon an indemnity bond for embezzlement, misappropriation

or misuse of credit union funds.

Sec. 12. NEW SECTION. ANNUAL REPORT OF ADMINISTRATOR.

1. The administrator shall make a report in writing annually to the governor in the manner and within the time required by chapter seventeen (17) of the Code. A copy of the report shall be furnished by the administrator to each credit union and to the Iowa credit union league and its affiliates.

2. In addition to the matters required by chapter seventeen (17) of the Code, the annual report of the administrator shall contain:

- a. A summary of applications approved or denied by the administrator pursuant to this chapter since the last previous report.
- b. A summary of the assets, liabilities and capital structures of all credit unions, and a summary of the volume of consumer installment credit outstanding per credit union, as of June thirtieth of the year for which the report is made.
- c. A statement of the receipts and disbursements of funds of the administrator during the calendar year ending on the preceding December thirty-first and of the funds on hand on that December thirty-first, including an estimate of the disbursements of department funds for consumer credit protection during the year for which the report is made.
- d. Other information the administrator deems appropriate and advisable to fairly disclose the discharge of the duties imposed upon him or her by this chapter.
- e. Information which the administrator of the Iowa consumer credit code may require to be included.

Sec. 13. NEW SECTION. EXAMINATION AND SUPERVISION FEES-PENALTIES.

1. Each credit union shall pay to the administrator an annual filing fee which shall be submitted with the annual report. The fee shall be based upon the actual operating costs of the department, exclusive of examination expenses, and shall be established and promulgated as a rule by the

administrator. The administrator shall assess against a credit union the actual and necessary expenses of the agency incidental to any examination of that credit union made pursuant to the provisions of this Act or to an order of the administrator.

2. Failure of a credit union to pay an annual filing fee or examination fee shall result in a penalty of five dollars per day, or for any part of a day, during which the credit union is delinquent, and may be the grounds for revocation of the charter of the credit union which failed to make payment.

3. All expenses required in the discharge of the duties and responsibilities imposed upon the administrator and the board by the laws of this state shall be paid from funds appropriated from the general fund of the state. The administrator shall pay all fees and other money received by the administrator to the treasurer of state within the same time required by section twelve point ten (12.10) of the Code. The treasurer of state shall deposit such funds in the general fund of the state. Funds appropriated to the credit union department shall be subject at all times to the warrant of the state comptroller, drawn upon written requisition of the administrator or a designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the credit union department.

4. The administrator, deputy or employees of the department shall not be members of nor have any business dealings with a credit union. Credit unions shall not accept moneys for deposit and shall not have any business transaction with the administrator, deputy or an employee of the credit union department. If a person willfully receives or accepts a deposit or undertakes to establish a business dealing contrary to this section, upon conviction that person shall be guilty of a serious misdemeanor, and shall be permanently disqualified from acting as an officer, director or employee of a

state chartered credit union and permanently disqualified from acting as administrator, deputy or employee of the state credit union department.

Sec. 14. NEW SECTION. FALSE STATEMENTS--PENALTIES.

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

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

Sec. 15. NEW SECTION. ACCOUNT INSURANCE. Every credit union organized under this chapter, as a condition of maintaining its privilege of organization after December 31, 1980, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. Such insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the Iowa commissioner of insurance and the administrator of the credit union department. Every credit union not so insured as of the effective date of this Act shall submit an application for share and deposit insurance not later than July 1, 1979.

The administrator may furnish to any official of an insurance plan by which the accounts of a credit union are insured, any information relating to examinations and reports of the status of that credit union for the purpose of availability of insurance to that credit union.

Sec. 16. NEW SECTION. FALSE STATEMENT FOR CREDIT. Any person who knowingly makes or causes to be made, directly or indirectly, any false statement in writing, or who procures, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of such person or any other person in which such person is interested or for whom such person is acting with the intent that such statement shall be relied upon by a credit union for the purpose of procuring the delivery of property, the payment of cash or the receipt of credit in any form, for the benefit of such person or of any other person in which such person is interested or for whom such person is acting, shall be guilty of a fraudulent practice.

Sec. 17. NEW SECTION. CENTRAL CREDIT UNIONS. Credit unions known as "central credit unions" may exist for the purpose of serving members of dissolved credit unions, directors, officers and employees of credit unions, employee groups as defined in subsection thirteen (13) of section five hundred thirty-three point four (533.4) of the Code, and such other persons as the administrator shall approve.

Sec. 18. Section five hundred twenty-seven point two (527.2), subsection six (6), Code 1977, is amended to read as follows:

6. "Administrator" means and includes ~~both~~ the superintendent of banking and, the supervisor of savings and loan associations within the office of the auditor of state, and the administrator of the credit union department. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section ~~twelve-(12)~~ of this chapter five hundred twenty-seven point three (527.3) of the Code.

Sec. 19. Section five hundred twenty-seven point three (527.3), subsection one (1), Code 1977, is amended to read as follows:

1. For purposes of this chapter the superintendent of banking only shall have the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks ~~and credit unions. The~~ the supervisor of savings and loan associations only shall have and exercise such powers and authority with respect to savings and loan associations; and the administrator of the credit union department only shall have and exercise such powers and authority with respect to credit unions.

Sec. 20. Section five hundred thirty-three point one (533.1), unnumbered paragraph two (2), Code 1977, is amended by striking the paragraph and inserting in lieu thereof the following:

ADMINISTRATION. The administrator shall have the supervisory and regulatory authority of all state chartered credit unions and shall be charged with the administration and execution of the laws of this state relating to credit unions. Subject to the approval of the credit union review board, the administrator shall have power to adopt such rules as in his or her opinion are necessary to properly and effectively safeguard the interests of depositors and shareholders of credit unions, and otherwise to carry out and enforce the provisions of this chapter.

Sec. 21. Section five hundred thirty-three point one (533.1), unnumbered paragraphs three (3), four (4) and five (5), Code 1977, are amended to read as follows:

ORGANIZATION. Any seven residents of the state of Iowa may apply to the ~~superintendent of banking~~ administrator for permission to organize a credit union.

A credit union is organized in the following manner:

1. The applicants shall execute in duplicate articles of incorporation by the terms of which they agree to be bound. The articles shall state:

- a. The name and location of the proposed credit union.
- b. The names and addresses of the subscribers to the articles and the number of shares subscribed by each.
- c. The par value of the shares of the credit union which shall not exceed twenty-five dollars each and shall be established by the board of directors. A credit union may have more than one class of shares.

2. Said applicants shall prepare and adopt bylaws for the general government of the credit union consistent with the provisions of this chapter, and execute the same in duplicate.

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

4. The superintendent administrator shall, within thirty days of the receipt of said articles and bylaws, determine whether they conform with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit ~~the~~ its members ~~of-it~~ and be consistent with the purposes of this chapter.

5. The superintendent administrator shall thereupon notify the applicants of his or her decision. If ~~it~~ the decision is favorable ~~he~~ the administrator shall issue a certificate of approval, which shall be attached to the duplicate articles of incorporation and the administrator shall return the same, together with the duplicate bylaws to the applicants.

6. The applicants shall thereupon file ~~the-said this~~ duplicate of the articles of incorporation, ~~with and~~ the attached certificate of approval ~~attached-thereto~~, with the county recorder of the county within which the credit union is to ~~do~~ have its principal place of business, who. The county recorder shall record and index the same and return it, with his or her certificate of record attached ~~thereto~~,

to the ~~said-superintendent-of-banking~~ administrator for permanent record.

7. The applicants shall thereupon become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the ~~superintendent-of-banking, upon-the-taking-effect-of-this chapter, or-as-soon-thereafter-as-sufficient-fees-shall-have accumulated-to-liquidate-the-cost-of-same,~~ administrator shall cause to be prepared an approved form of articles of incorporation and a form of bylaws, consistent with this chapter which may be used by credit union incorporators for their guidance, and on written application of any seven residents of the state, shall supply them without charge with blank articles of incorporation and a copy of ~~said~~ this form of suggested bylaws.

Sec. 22. Section five hundred thirty-three point two (533.2), Code 1977, is amended to read as follows:

533.2 AMENDMENTS. The articles of incorporation or the bylaws may be amended by a favorable vote of a majority of the members present at any meeting, which number must constitute a quorum provided the proposed amendment was contained in the notice of the meeting. Any and all such amendments must be approved by the superintendent-of-banking administrator before they become effective.

Sec. 23. Section five hundred thirty-three point four (533.4), subsection five (5), paragraph e, subsection twelve (12), subsection thirteen (13) and subsection seventeen (17), Code 1977, are amended to read as follows:

e. Purchase of notes of liquidating credit unions with the approval of the superintendent-of-banking administrator.

12. Apply ~~to-the-administrator-of-the-national-credit union-administration~~ for credit-union share account and deposit account insurance which meets the requirements of this chapter under Title II of the federal Credit Union Act as amended by Public Law 91-468 and take all actions necessary to maintain

an insured status ~~thereunder~~.

13. Upon the approval of the ~~superintendent-of-banking administrator~~, serve an employee group having an insufficient number of members to form or conduct the affairs of a separate credit union. There shall be no requirement for the existence of a common bond relationship between the said small employee group and the credit union effecting such service.

17. Subject to the prior approval of the ~~superintendent administrator~~, 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.

Sec. 24. Section five hundred thirty-three point four (533.4), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. Establish one or more offices other than its main office, subject to the approval and regulation of the administrator, if such offices shall be reasonably necessary to furnish service to its membership. A credit union office may furnish all credit union services ordinarily furnished to the membership at the principal place of business of the credit union which operates the office. All transactions of a credit union office shall be transmitted daily to the principal place of business of the credit union which operates the office, and no current record keeping functions shall be maintained at a credit union office except to the extent the credit union which operates the office deems it desirable to keep at the office duplicates of the records kept at the principal place of business of the credit union. The central executive and official business functions of a credit union shall be exercised only at the principal place of business.

A credit union office shall not be opened without the prior written approval of the administrator. Upon application by a credit union in the form prescribed by the administrator, the administrator shall determine, after notice and hearing, if the establishment of the credit union office is reasonably necessary for service to, and is in the best interests of, the members of the credit union.

NEW SUBSECTION. Purchase insurance or make the purchase of insurance available for members.

NEW SUBSECTION. Notwithstanding the provisions of unnumbered paragraph one (1) of subsection four (4) of section five hundred thirty-three point sixteen (533.16) of the Code, a credit union may take a second mortgage on real property to secure a loan made by the credit union, subject to rules promulgated by the administrator.

Sec. 25. Section five hundred thirty-three point four (533.4), subsection sixteen (16), Code 1977, is amended by striking the subsection and inserting in lieu thereof the following:

16. Sell, participate in, or discount the obligations of its members without recourse. Purchase the obligations of Iowa credit union members, provided the obligations meet the requirements of this chapter.

Sec. 26. Section five hundred thirty-three point five (533.5), Code 1977, is amended to read as follows:

533.5 MEMBERSHIP. Credit union membership shall consist of the incorporators and ~~such~~ other persons as who may be elected to membership and subscribe for at least one share, and who pay the installment thereon and the entrance fee, if any. Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit union organization shall be limited to groups having of individuals who have a common bond of occupation or association, or to groups of individuals who reside within a well-defined neighborhood, community, or rural district. However, membership also may

be extended to persons related to a member within the common bond by the first or second degree of consanguinity or affinity, including foster children and adopted children, and to such relatives of a deceased member. If adopted as a policy by the board of directors of a credit union, members who ~~are no longer included in the common bond of association~~ cease to meet the qualifications of membership may retain their credit union membership and all membership privileges.

Sec. 27. Section five hundred thirty-three point six (533.6), Code 1977, is amended to read as follows:

533.6 REPORTS--EXAMINATIONS.

1. Credit unions organized under this chapter shall report annually on or before the first day of February to the ~~superintendent of banking annually on or before the first day of February~~ administrator on blanks supplied by ~~him~~ the administrator for that purpose. Additional reports may be required. If any report remains in arrears for more than five days, a fine of five dollars for each day such report remains in arrears may be levied against ~~such~~ the offending credit union in addition to the fine for failure to pay the annual fee. If such report is not returned within thirty days of the due date, the ~~superintendent of banking~~ administrator may, after written notice to the president of ~~such~~ the credit union ~~of his intention to do so~~, suspend or revoke the certificate of approval, take possession of the business and property of such credit union, and order its dissolution.

2. The ~~superintendent of banking~~ administrator shall annually examine, or cause to be examined, each credit union annually. Each credit union and all of its officers and agents shall give to the representatives of ~~said superintendent~~ the administrator free access to all books, papers, securities, records and other sources of information under their control, ~~and for the purposes of such examination said representatives shall have the power to subpoena witnesses, administer oaths, compel the giving of testimony, and require the submission~~

~~of documents~~. A report of such examination shall be forwarded to the ~~president chairperson~~ of each credit union within thirty days after the completion of the examination. Within thirty days of the receipt of ~~such~~ this report, a meeting of the directors shall be called to consider matters contained in the report and the action taken shall be set forth in the minutes of the board. ~~The superintendent may furnish to the administrator or any other official of the national credit union administration any information or report relating to examinations and reports of the status of any state credit union insured by the national credit union administration.~~ The ~~superintendent of banking~~ administrator may accept, in lieu of the annual examination of a credit union, an audit report conducted by a certified public accounting firm selected from a list of firms previously approved by the ~~superintendent of banking~~ administrator. The cost of the audit shall be paid by the credit union.

3. The ~~superintendent of banking~~ administrator may require any credit union, whose records are inadequate or whose books have not been balanced as of the end of the month not less than thirty days previously or whose affairs are in an unfavorable condition, to submit to an additional examination each year.

~~4. Each credit union shall pay to the superintendent of banking a fee for making examinations, based on the actual cost of the operation of the credit union division of the department of banking and the proportionate share of administrative expenses in the operation of the department of banking, attributable to credit unions, to be determined by the superintendent of banking, in accordance with chapter 47A.~~

5 4. If it shall appear that any credit union is insolvent or that it has violated any of the provisions of this chapter, the ~~superintendent of banking~~ administrator may, after a hearing or giving after an opportunity for a hearing is given, order ~~such~~ that credit union to correct ~~such~~ the condition

and. The administrator shall grant ~~it~~ the credit union not less than sixty days within which to comply ~~and-failure-to~~ with the order. Failure to ~~de~~ comply shall afford the ~~said~~ superintendent administrator grounds to revoke the certificate of approval and shall afford the administrator the authority to apply to the district court of the district in which ~~such~~ this credit union is located for the appointment of a receiver for the credit union. The district court shall appoint the superintendent administrator of the credit union department as receiver unless the superintendent administrator of the credit union department has tendered the appointment to the administrator of the ~~national-credit-union-administration~~ plan by which the accounts of the credit union are insured. ~~The~~ Either administrator as receiver shall possess the rights, powers, and privileges granted by state law to a receiver of a state credit union. Neither ~~the-superintendent-nor-the~~ administrator shall be required to furnish bond as receiver of a state credit union.

5. When the administrator has reason to believe that an officer, director, or employee of a credit union has violated any law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator to discontinue or correct such violation or unsafe or unsound practice, the administrator may cause notice to be served upon the officer, director, or employee to appear before the administrator to show cause why he or she should not be removed from office or employment. A copy of such notice shall be sent by restricted delivery mail to each director of the credit union affected. If, after granting the accused reasonable opportunity to be heard, the administrator finds that the accused has violated a law relating to a credit union or has continued an unsafe or unsound practice in conducting the business of a credit union after having been warned by the administrator, the administrator in his or her discretion may order that the accused be removed from office and from

any position of employment with the credit union. A copy of the order shall be served upon the accused and upon the credit union affected, at which time the accused shall cease to be an officer, director, or employee of the credit union.

Sec. 28. Section five hundred thirty-three point eight (533.8), Code 1977, is amended to read as follows:

533.8 ELECTIONS. At the organization meeting there shall be elected a board of directors of not less than nine members to hold office for such terms as the bylaws provide and until successors are elected and qualify. At each annual meeting there shall be elected one member to fill each position vacated by reason of expiring terms or other causes. A record of the names and addresses of the directors, officers and committee persons shall be filed with the superintendent-of banking administrator within ten days following each election.

Sec. 29. Section five hundred thirty-three point sixteen (533.16), Code 1977, is amended to read as follows:

533.16 LOANS.

1. A credit union may loan to members---loans-must-be a member for a provident or productive purpose and-are-made. Loans shall be subject to the conditions contained in this section and in the bylaws. A-borrower-may-repay-his-loan A loan may be repaid by the borrower, in whole or in part, any day the office of the credit union is open for business. Every loan shall be pursuant to an application with supportive credit information. Any credit or financial information which is required shall be updated by the credit union or by the member not less frequently than every eighteen months for re-financed loans or for periodic advances made under an open-end credit plan.

2. A credit union shall not lend in the aggregate to any one member more than one hundred dollars or ten percent of its capital, whichever is greater.

3. A director of a credit union may borrow from that credit union under the provisions of this chapter, but the loan shall not be made on terms more favorable than those

extended to other members. A director of a credit union may borrow from that credit union to the extent and in the amount of such director's holdings in the credit union in shares and deposits. A director desiring to borrow from the credit union an amount in excess of the director's holdings in shares and deposits shall first submit application for approval by the board of directors at a regular or special meeting. The director making application for the loan shall not be in attendance at the time the board of directors considers the application and shall not take part in the consideration. Prior to consideration of such loan, the director must have submitted to the board a detailed current financial statement. The aggregate amount of director loans shall not exceed twenty percent of the assets of the credit union.

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

1 a. If the terms of the instrument securing such loan call for payment at maturity the loan shall not be for a period in excess of five years and the amount loaned shall not exceed fifty percent of the appraised value of the property given as security.

2 b. If the terms of the instrument securing such loan call for installment payments which are sufficient to retire at least forty percent of the principal of the loan within ten years the amount loaned shall not exceed sixty percent of the appraised value of the property given as security and shall not be for a period in excess of ten years.

3 c. If the terms of the instrument securing such loan call for monthly installment payments, including principal and interest, at least equal to one percent of the principal of the loan, the amount loaned shall not exceed eighty percent of the appraised value of the property given as security.

~~The foregoing restrictions or limitations shall not prevent the renewal or extension of loans and shall not apply to loans~~

~~which are secured under the provisions of the national housing Act as amended, or to loans made to families of low or moderate income as a part of programs authorized in sections 220.4 to 220.36 and approved by the Iowa housing finance authority. The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed twenty-five years. The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall not exceed fifteen percent of the aggregate total of the member share and deposit accounts.~~

d. The board of directors of a credit union possessing assets of at least five hundred thousand dollars may set maturity schedules for real property loans not to exceed thirty years, if the terms of the instrument securing such loans require substantially equal payments of principal or of principal and interest at successive intervals of not more than one year. The value of the property given as security must be determined by an independent appraiser and the maximum loan must not exceed ninety percent of the appraised value. However, the maximum real property loan balances of this type in the credit union shall be established by rule by the administrator.

5. Loans which are not secured by real property shall be subject to the following conditions:

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

b. Nothing contained in this subsection shall be deemed

to preclude a credit committee or loan officer from requiring security for any loan.

c. A credit union may make loans insured under the provisions of Title twenty (XX), United States Code, section one thousand seventy-one (1071) through section one thousand eighty-seven (1087) or similar state programs, loans insured by the federal housing administration under Title twelve (XII), United States Code, section one thousand seven hundred three (1703), and loans to families of low or moderate income as a part of programs authorized in sections two hundred twenty point one (220.1) to two hundred twenty point thirty-six (220.36) of the Code.

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

6. Nothing contained in this section shall prevent the renewal or extension of loans.

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

8. ~~No credit union shall loan to any one member more than one hundred dollars or ten percent of its total assets whichever is greater.~~ The provisions of the Iowa consumer credit code shall apply to consumer loans made by a credit union, and a provision of that code shall supersede any conflicting provision of this chapter with respect to a consumer loan.

Sec. 30. Section five hundred thirty-three point seven-teen (533.17), subsection one (1), paragraph b, and subsection three (3), Code 1977, are amended to read as follows:

b. Five percent of gross income until the legal reserve

equals ten percent of the total of outstanding loans and risk assets.

Whenever the legal reserve falls below ten percent or seven and one-half percent of the total of outstanding loans and risk assets, as the case may be, the difference shall be replaced by regular contributions in order to maintain the seven and one-half percent or ten percent reserve. Any entrance fees, charges and transfer fees shall, after payment of organization expenses, be added to the legal reserve. The legal reserve shall belong to the credit union and shall be used to meet losses except those resulting from an excess of expenses over income. The reserve shall not be distributed except on liquidation of the credit union or in accordance with a plan approved by the superintendent-of-banking administrator.

3. The superintendent-of-banking administrator may require a credit union to set aside additional amounts as a special reserve if an examination of its assets should disclose that its legal reserve is inadequate.

Sec. 31. Section five hundred thirty-three point twenty (533.20), Code 1977, is amended to read as follows:

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

1. At a special meeting called for the that purpose, notice-of-which-purpose-must-be-contained-in-the-call, a credit union may dissolve upon the affirmative vote of a majority of its members eligible to vote at the special meeting. Notice of the meeting's purpose shall be contained in the meeting's notice. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of dissolution by signing a statement in the form approved by the superintendent-of-banking-and-the administrator. This vote shall have the same force and effect as if cast at the meeting.

2. The credit union shall cease to do business except for the purposes of liquidation immediately upon the giving

~~of~~ notice of the special meeting ~~of-the~~ called for the members to vote on dissolution and-the. The board of directors shall immediately notify the ~~superintendent-of-banking~~ administrator of the intention of the credit union to dissolve. The credit union shall not resume its regular business unless the dissolution fails to receive the required vote of the members or unless the members ~~shall~~ have revoked prior affirmative action to dissolve as provided for in subsection 4 of this section.

3. The board of directors shall have power to terminate and settle the affairs of a credit union in voluntary dissolution. The credit union shall continue in existence for the purpose of discharging its liabilities, collecting and distributing its assets, and doing all acts required in order to terminate its affairs. The credit union may sue and be sued for the purpose of enforcing such liabilities and for the purpose of collecting its assets until its affairs are fully settled. During the course of dissolution proceedings, the credit union shall make such reports and shall be subject to such examinations as the ~~superintendent of-banking~~ administrator may require. If at any time, after the affirmative vote of a majority of the members of a credit union to dissolve the credit union, the ~~superintendent-of-banking~~ administrator finds that the credit union is not making reasonable progress toward terminating its affairs or finds that the credit union is insolvent, ~~he the~~ administrator may apply to the district court for a appointment of a receiver to-be-appointed to terminate the affairs of the credit union.

~~4. A-credit-union-may-at~~ At any time prior to any distribution of its assets, a credit union may revoke the voluntary dissolution proceedings upon by the affirmative vote of a majority of its members eligible to vote. This vote, if taken, shall be at a special meeting called for that purpose in the manner prescribed by the bylaws. The board of directors shall immediately notify the ~~superintendent-of~~

~~banking~~ administrator of any such action to revoke voluntary dissolution proceedings.

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

6. The board of directors may appoint by resolution any responsible person as defined in section four point one (4.1) of the Code, whose appointment has been approved by the administrator, to exercise its powers to terminate and settle the affairs of the credit union pursuant to this section. The administrator is authorized to promulgate rules pursuant to chapter seventeen A (17A) of the Code establishing the qualifications which must be met by such appointees, including but not limited to filing a surety bond with the administrator.

Sec. 32. Section five hundred thirty-three point twenty-one (533.21), subsections one (1) through three (3), Code 1977, are amended to read as follows:

1. In all situations in which the ~~superintendent administrator~~ has been appointed as receiver as provided in ~~section-533-6-and-section-533-20-he~~ this chapter, the administrator shall make a diligent effort to collect and realize on the assets of the credit union, and shall make distribution of the proceeds from time to time to those entitled thereto in the order provided for by law. The ~~superintendent administrator~~ may execute as receiver, or after the receivership has terminated, assignments, releases, and satisfactions to effectuate sales and transfers ~~as-receiver~~

~~or-after-the-receivership-has-terminated.~~ Upon the order of the court in which the receivership is pending, the superintendent administrator may sell or compound all bad or doubtful debts, ~~and, on a like order.~~ Upon the order of the court in which the receivership is pending, the administrator may sell all the real and personal property of the credit union, on such terms as the court shall direct.

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

3. At the termination of the receivership, the superintendent administrator shall file his a final report containing which shall contain the details of his or her actions therein, together with and such additional facts as the court may require.

Sec. 33. Section five hundred thirty-three point twenty-two (533.22), subsection three (3), Code 1977, is amended to read as follows:

3. The superintendent-of-banking administrator shall assume custody of the records of a credit union dissolved pursuant to this chapter and shall retain them these records in accordance with the provisions of section 533.26. The superintendent administrator may cause film, photographic, photostatic, or other copies of such these records to be made and the administrator shall retain such these copies in lieu of the original records.

Sec. 34. Section five hundred thirty-three point twenty-three (533.23), Code 1977, is amended to read as follows:

533.23 CHANGE IN PLACE OF BUSINESS. A credit union may change its place of business on written notice to the superintendent-of-banking administrator.

Sec. 35. Section five hundred thirty-three point twenty-seven (533.27), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

For the purpose of assisting credit unions in the retention

of only necessary records and files, or for the destruction of those which are obsolete or unnecessary, credit unions are authorized to destroy such records and files or classes thereof within the period of limitation of actions upon the joint recommendation of the superintendent-of-banking administrator and a the credit union review board relating to records consisting of the directors of the Iowa credit union league.

Sec. 36. Section five hundred thirty-three point thirty (533.30), subsections one (1), three (3), and four (4), Code 1977, are amended to read as follows:

1. A credit union may, ~~with the approval of the superintendent-of-banking,~~ merge with another credit union under the existing organization of the other credit union if the merger receives approval of the administrator and if the merger is pursuant to a plan agreed upon by the majority of the board of directors of each credit union joining in the merger and which plan is approved by the affirmative vote of a majority of the members of the merging credit unions.

3. The certificate and a copy of the agreed plan of merger agreed-upon shall be forwarded to the superintendent-of-banking administrator, certified by him or her, and returned to both credit unions within thirty days of the date of receipt by the administrator.

4. Upon return of the certificates from the superintendent-of-banking administrator, all property, property rights, and members' interest of the merged credit union shall vest in the surviving credit union without deed, endorsement the legal need for deeds, endorsements or other instrument instruments of transfer, and all debts, obligations and liabilities of the merged credit union are shall be assumed by the surviving credit union under whose charter the merger was effected. The rights and privileges of the members of the merged credit union shall remain intact. Credit union membership in the surviving credit union shall be available to persons within the field of membership of the merged credit

union.

Sec. 37. Section five hundred thirty-three point thirty-three (533.33), Code 1977, is amended to read as follows:

533.33 ~~ADMINISTRATION-OF-NATIONAL-UNION~~ ADMINISTRATOR OF ACCOUNT INSURANCE PLAN AS RECEIVER.

1. The superintendent administrator of the credit union department may tender to the administrator of ~~the-national credit-union-administration~~ an account insurance plan approved under this chapter the appointment as receiver for an insured credit union. If the insurance plan administrator accepts the appointment as receiver, the rights of the members and other creditors of the insured credit union shall be determined in accordance with the laws of this state.

2. The administrator of ~~the-national-credit-union administration~~ an account insurance plan as receiver shall possess the powers, rights, and privileges given to the superintendent administrator of the credit union department as provided by law.

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

Sec. 38. Section five hundred thirty-three point thirty-four (533.34), Code 1977, is amended to read as follows:

533.34 CONVERSION OF STATE CREDIT UNION INTO FEDERAL CREDIT UNION.

1. A state credit union may convert into a federal credit union upon with the approval of the administrator of the national credit union administration and by the affirmative vote of a majority of its the credit union's members eligible

to vote. This vote, if taken, shall be at a special meeting called for that purpose and shall be in the manner prescribed by the bylaws and-with-the-approval-of-the-administrator-of the-national-credit-union-administration. Any member eligible to vote and not present at the meeting may, within twenty days after the date on which the meeting was held, vote in favor of conversion by signing a statement in a form satisfactory to the ~~superintendent-of-banking-and-the~~ administrator of the credit union department. This vote shall have the same force and effect as if cast at the meeting.

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

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

Sec. 39. Section five hundred thirty-three point thirty-five (533.35), subsections one (1) and two (2), Code 1977, are amended to read as follows:

1. A federal credit union may convert into a state credit union upon by compliance with the laws of the United States and upon the approval by of the superintendent-of-banking

administrator of the credit union department. Application for approval of the conversion to a state credit union shall be submitted to the superintendent administrator of the credit union department in the form prescribed by the superintendent administrator, together with the articles of incorporation and bylaws as required by section 533.1. The superintendent of banking administrator of the credit union department may cause an examination to be made of any converting federal credit union ~~and the~~. The credit union shall pay to the superintendent administrator the same examination fee as paid for examinations of state credit unions.

2. If the ~~superintendent shall~~ administrator of the credit union department should approve the application of a federal credit union for conversion to a state credit union, he or she shall cause the articles of incorporation of the resulting state credit union to be filed and recorded in the county in which the credit union has its principal place of business and he or she shall issue a certificate of authority to do business under the laws of this state to the resulting state credit union ~~to do business under the laws of this state~~. The credit union shall then become a state credit union subject to the laws of this state. The superintendent administrator of the credit union department shall furnish a copy of the certificate to the administrator of the national credit union administration.

Sec. 40. Section five hundred thirty-three point thirty-six (533.36), Code 1977, is amended by striking the section.

Sec. 41. Section five hundred thirty-three point thirty-seven (533.37), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

533.37 ENFORCEMENT OF IOWA CONSUMER CREDIT CODE.

1. The administrator of the credit union department shall enforce the Iowa consumer credit code with respect to credit unions, as provided in sections five hundred thirty-seven point two thousand three hundred three (537.2303), five hundred thirty-seven point two thousand three hundred five (537.2305)

and five hundred thirty-seven point six thousand one hundred five (537.6105) of the Code.

2. The administrator of the credit union department shall cooperate with the administrator of the Iowa consumer credit code as designated in section five hundred thirty-seven point six thousand one hundred three (537.6103) of the Code, and shall assist that administrator whenever necessary to provide for the discharge of the duties of that administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the administrator of the credit union department shall authorize to be furnished to the administrator of the Iowa consumer credit code, access to or copies of records in the custody of the credit union department which relate to a credit union, when necessary to enable the administrator of the Iowa consumer credit code to enforce chapter five hundred thirty-seven (537) of the Code.

Sec. 42. Section five hundred thirty-three point thirty-eight (533.38), subsection two (2), Code 1977, is amended to read as follows:

2. It may buy or sell investment securities and corporate bonds which are evidences of indebtedness. However, the buying and selling of such investment securities and corporate bonds shall be limited to buying and selling without recourse to marketable obligations evidencing indebtedness of any corporation or state or federal agency, under further definitions of the term "investment securities" as prescribed by the superintendent administrator. The total amount of the investment securities of any one obligor or maker held by the credit union shall at no time exceed five percent of the shares, undivided earnings and reserves of the credit union except that this limit shall not apply to obligations of the federal government. The aggregate total of the investment securities held by the credit union shall not exceed fifteen percent of the shares, undivided earnings and reserves of said credit union.

Sec. 43. Effective January 1, 1979, all of the jur-

isdiction, authorities, powers, records, duties and reserves conferred and imposed upon the superintendent of banking by the laws of this state which are in existence as of December 31, 1978, and which pertain to credit unions shall be transferred to the credit union department. All funds held in the general fund as of January 1, 1979 for the use of the superintendent of banking which pertain to credit union supervision and examination fees shall be transferred to the credit union department effective January 1, 1979.

All department of banking personnel who are assigned to the credit union division may transfer to the credit union department created by section three (3) of this Act effective January 1, 1979. However, no person shall be transferred in a supervisory capacity. Supervisory personnel shall be appointed at the discretion of the administrator.

Sec. 44. This Act shall take effect January 1, 1979.

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 137, Sixty-seventh General Assembly.

Item Veto ... See Letter
Approved 6/26, 1978

KEVIN P. LIGHT
Acting Secretary of the Senate

ROBERT D. RAY
Governor