

*Amended per 3204 +
to Base 2/18/81 (p. 273)*

Reprinted 4/1/81

Commerce
DeKoster, Chairperson
Comito
Rush

FILED FEB 16 1981

SENATE FILE 256

BY RUSH AND MURRAY

Passed Senate, Date 3-31-81 (p. 1033) Passed House, Date _____

Vote: Ayes 49 Nays 0 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the powers of credit unions as these
2 relate to amendment of bylaws, reciprocity, amount to
3 be loaned to a member, merger, language contained in
4 a share draft instrument, share draft reserves, and
5 gifts to minors.

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

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1 Section 1. Section 533.2, Code 1981, is amended to read
2 as follows:

3 533.2 AMENDMENTS. The articles of incorporation or the
4 bylaws may be amended by a favorable vote of a majority of
5 the members present at any a meeting, which if that number
6 ~~must-constitute~~ constitutes a quorum ~~provided~~ and if the
7 proposed amendment was contained in the notice of the meeting.
8 ~~Any-and-all-such~~ Bylaws may also be amended by a vote of a
9 majority of the members of the board. All amendments must
10 be approved by the administrator before they become effective.

11 Sec. 2. Section 533.16, subsection 2, Code 1981, is amended
12 to read as follows:

13 2. A credit union shall not lend in the aggregate ~~to-any~~
14 one a member more than one hundred dollars or ten percent
15 of its ~~capital~~ member savings, whichever is greater.

16 Sec. 3. Section 533.30, subsection 1, Code 1981, is amended
17 to read as follows:

18 1. A credit union may merge with another credit union
19 under the existing organization of the other credit union
20 if the merger ~~receives-approval-of-the-administrator-and-if~~
21 ~~the-merger~~ is pursuant to a plan agreed upon by the majority
22 of the board of directors of each credit union joining in
23 the merger ~~and-which-plan-is-approved-by-the-affirmative-vote~~
24 ~~of-a-majority-of-the-members-of-the-merging-credit-unions,~~
25 is approved by the administrator, and is approved by a majority
26 of the members of each credit union present and voting at
27 a meeting called for the purpose of considering merger. A
28 notice of the meeting to consider merger shall be sent to
29 all members of each credit union at least seven days prior
30 to the meeting.

31 Sec. 4. Section 533.30, subsection 2, paragraph d, Code
32 1981, is amended to read as follows:

33 d. The vote by which the plan merger was approved by the
34 members.

35 Sec. 5. Section 533.30, subsection 4, Code 1981, is amended

1 to read as follows:

2 4. Upon return of the certificates from the administrator,
 3 all property, property rights, and members' interest of the
 4 merged credit union ~~shall~~ vest in the surviving credit union
 5 without the legal need for deeds, endorsements or other
 6 instruments of transfer, and all debts, obligations and
 7 liabilities of the merged credit union ~~shall-be~~ are assumed
 8 by the surviving credit union under whose charter the merger
 9 was effected. The rights and privileges of the members of
 10 the merged credit union ~~shall~~ remain intact according to the
 11 plan. Credit union membership in the surviving credit union
 12 ~~shall-be~~ is available to persons within the field of membership
 13 of the merged credit union.

14 Sec. 6. Section 533.42, subsection 1, paragraph b, Code
 15 1981, is amended to read as follows:

16 b. "Payable-through bank" means ~~the~~ a state or federally
 17 chartered credit union, bank, or savings and loan association
 18 which is designated to make presentment of a share draft ~~to~~
 19 through the credit union for payment.

20 Sec. 7. Section 533.42, subsection 4, paragraph e,
 21 subparagraphs 5 and 6, Code 1981, are amended to read as
 22 follows:

23 (5) The encoding of each share draft with the routing
 24 and transit number of the credit union, or payable-through
 25 bank, the share-draft account number, and the serial number
 26 of the share draft in accordance with standards required for
 27 use in a clearing system utilizing magnetic ink character
 28 recognition devices.

29 (6) The preprinting on the share draft of the names of
 30 the payable-through bank ~~and~~ or, the credit union, or both.

31 Sec. 8. Section 533.45, subsections 3, 4, and 5, Code
 32 1981, are amended by striking the subsections and renumbering
 33 the remaining subsections.

34 Sec. 9. Chapter 533, Code 1981, is amended by adding the
 35 following new section:

3477-1 NEW SECTION. RECIPROCITY. Subject to the rules of the
2 administrator, an association chartered as a credit union
3 in another state may do business in Iowa subject to applicable
4 provisions of this chapter if Iowa credit unions may do
5 business in that state.

6 Sec. 10. Section 565A.1, subsection 12, Code 1981, is
7 amended to read as follows:

8 12. A "security" ~~shall include~~ includes any note, stock,
9 treasury stock, bond, debenture, evidence of indebtedness,
10 certificate of interest in an oil, gas, or mining lease,
11 collateral trust certificate, preorganization certificate,
12 preorganization subscription, any transferable share,
13 investment contract, or beneficial interest in title to
14 property, interest in or under a profit-sharing or
15 participating agreement or scheme, or shares invested in
16 savings and loan associations, or invested in a credit union
17 account, or any other instrument commonly known as a security.
18 The term does not include a security of which the donor is
19 the issuer. A security is in "registered form" when it
20 specifies a person entitled to it or to the rights it evidences
21 and its transfer may be registered upon books maintained for
22 that purpose by or on behalf of the issuer.

23 Sec. 11. Section 565A.4, subsection 7, Code 1981, is
24 amended to read as follows:

25 7. The custodian shall register each security which is cus-
26 todial property and in registered form in the name of the cus-
27 todian, followed, in substance, by the words: "as custodian
28 for under the Iowa Uniform

29 (Name of minor)

30 Gifts to Minors Act". The custodian shall hold all money which
31 is custodial property in an account with a broker or in a bank
32 or credit union or in share accounts in savings and loan asso-
33 ciations in the name of the custodian, followed, in substance,
34 by the words: "as custodian for

35 (Name of minor)

1 under the Iowa Uniform Gifts to Minors Act". The custodian
2 shall keep all other custodial property separate and distinct
3 from ~~his~~ the custodian's own property in a manner to identify
4 it clearly as custodial property.

5 EXPLANATION

6 This bill amends chapter 533 by:

- 7 1. Allowing credit union bylaws to be amended by a vote
- 8 of a majority of the members of the credit union board.
- 9 2. Providing reciprocity to credit unions in other states.
- 10 3. Prohibiting a credit union from lending a member more
- 11 than one hundred dollars or ten percent of its member savings
- 12 whichever is greater.
- 13 4. Requiring that notice of a meeting to vote upon credit
- 14 union merger be sent to members at least seven days prior
- 15 to the meeting.
- 16 5. Providing that the rights and privileges of members
- 17 of the merged credit union in the surviving union will be
- 18 governed by the merger plan.
- 19 6. Redefining "payable-through bank" to include a credit
- 20 union or savings and loan association.
- 21 7. Permitting each credit union share draft to contain
- 22 the name of the payable-through bank, credit union, or both
- 23 and the routing and transit number of either.
- 24 8. Striking subsections 3, 4, and 5 of section 533.45
- 25 regulating share draft liquidity reserves.

26 This bill amends chapter 565A by:

- 27 1. Specifying that a credit union share may be a "security"
- 28 under the Iowa Uniform Gifts to Minors Act.
- 29 2. Allowing a custodian under the Iowa Uniform Gifts to
- 30 Minors Act to invest funds in a credit union.

31 This bill takes effect July 1 following its enactment.

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SENATE FILE 256

S-3204

- 1 Amend Senate File 256 as follows:
- 2 1. Page 1, by striking lines 26 through 30 and
- 3 inserting in lieu thereof the following: "of the
- 4 members of each credit union voting on the question
- 5 of merger. All members of each credit union shall
- 6 be entitled to vote either by mailed ballot or at
- 7 a meeting called for the purpose of voting on the
- 8 merger. The credit union administrator shall enact
- 9 by rule the procedure for holding elections which
- 10 shall include not less than 20 days notice to all
- 11 members, mailed ballot ensuring the confidentiality
- 12 of voter, announcement to members of the vote, and
- 13 preservation of ballots for a reasonable period of
- 14 time."
- 15 2. Page 2, line 12 by striking the words "shall
- 16 be is" and inserting in lieu thereof the words "shall
- 17 be".
- 18 3. Page 2, by striking lines 31 through 33 and
- 19 inserting in lieu thereof the following:
- 20 "Sec. 8. Section 533.45, Code 1981, is repealed."

S-3204 FILED

MARCH 18, 1981

*Adopted as amended by 3288
3/21 (p. 1033)*

BY COMMITTEE ON COMMERCE

EDGAR HOLDEN, CHAIRPERSON

SENATE FILE 256

S-3271

- 1 Amend Senate File 256 as follows:
- 2 1. Page 2, by striking lines 34 through 35.
- 3 2. Page 3, by striking lines 1 through 5.

S-3271 FILED & ADOPTED

BY BOB RUSH

MARCH 31, 1981 (p. 1033)

SENATE FILE 256

S-3288

- 1 Amend the Commerce Committee amendment S-3204,
- 2 to Senate File 256 as follows:
- 3 1. Page 1, line 5, by inserting after the word
- 4 "All" the word "eligible".

S-3288 FILED & ADOPTED

MARCH 31, 1981 (p. 1033)

BY BOB RUSH

1 Section 1. Section 533.2, Code 1981, is amended to read
2 as follows:

3 533.2 AMENDMENTS. The articles of incorporation or the
4 bylaws may be amended by a favorable vote of a majority of
5 the members present at any a meeting, which if that number
6 must-constitute constitutes a quorum provided and if the
7 proposed amendment was contained in the notice of the meeting.
8 Any-and-all-such Bylaws may also be amended by a vote of a
5257 9 majority of the members of the board. All amendments must
10 be approved by the administrator before they become effective.

11 Sec. 2. Section 533.16, subsection 2, Code 1981, is amended
12 to read as follows:

13 2. A credit union shall not lend in the aggregate ~~to any~~
14 ~~one~~ a member more than one hundred dollars or ten percent
15 of its ~~capital~~ member savings, whichever is greater.

16 Sec. 3. Section 533.30, subsection 1, Code 1981, is amended
17 to read as follows:

18 1. A credit union may merge with another credit union
19 under the existing organization of the other credit union
20 if the merger ~~receives approval of the administrator and if~~
21 ~~the merger~~ is pursuant to a plan agreed upon by the majority
22 of the board of directors of each credit union joining in
23 the merger ~~and which plan is approved by the affirmative vote~~
24 ~~of a majority of the members of the merging credit unions,~~
25 is approved by the administrator, and is approved by a majority
26 of the members of each credit union voting on the question
27 of merger. All eligible members of each credit union shall
28 be entitled to vote either by mailed ballot or at a meeting
29 called for the purpose of voting on the merger. The credit
30 union administrator shall enact by rule the procedure for
31 holding elections which shall include not less than 20 days
32 notice to all members, mailed ballot ensuring the
33 confidentiality of voter, announcement to members of the vote,
34 and preservation of ballots for a reasonable period of time.

35 Sec. 4. Section 533.30, subsection 2, paragraph d, Code

1 1981, is amended to read as follows:

2 d. The vote by which the plan merger was approved by the
3 members.

4 Sec. 5. Section 533.30, subsection 4, Code 1981, is amended
5 to read as follows:

6 4. Upon return of the certificates from the administrator,
7 all property, property rights, and members' interest of the
8 merged credit union ~~shall~~ vest in the surviving credit union
9 without the legal need for deeds, endorsements or other
10 instruments of transfer, and all debts, obligations and
11 liabilities of the merged credit union ~~shall-be~~ are assumed
12 by the surviving credit union under whose charter the merger
13 was effected. The rights and privileges of the members of
14 the merged credit union ~~shall~~ remain intact according to the
15 plan. Credit union membership in the surviving credit union
16 shall be available to persons within the field of membership
17 of the merged credit union.

18 Sec. 6. Section 533.42, subsection 1, paragraph b, Code
19 1981, is amended to read as follows:

20 b. "Payable-through bank" means the a state or federally
21 chartered credit union, bank, or savings and loan association
22 which is designated to make presentment of a share draft ~~to~~
23 through the credit union for payment.

24 Sec. 7. Section 533.42, subsection 4, paragraph e,
25 subparagraphs 5 and 6, Code 1981, are amended to read as
26 follows:

27 (5) The encoding of each share draft with the routing
28 and transit number of the credit union, or payable-through
29 bank, the share-draft account number, and the serial number
30 of the share draft in accordance with standards required for
31 use in a clearing system utilizing magnetic ink character
32 recognition devices.

33 (6) The preprinting on the share draft of the names of
34 the payable-through bank ~~and or,~~ the credit union, or both.

35 Sec. 8. Section 533.45, Code 1981, is repealed.

* 1 Sec. 9. Section 565A.1, subsection 12, Code 1981, is
2 amended to read as follows:

3 12. A "security" ~~shall include~~ includes any note, stock,
4 treasury stock, bond, debenture, evidence of indebtedness,
5 certificate of interest in an oil, gas, or mining lease,
6 collateral trust certificate, preorganization certificate,
7 preorganization subscription, any transferable share,
8 investment contract, or beneficial interest in title to
9 property, interest in or under a profit-sharing or
10 participating agreement or scheme, or shares invested in
11 savings and loan associations, or invested in a credit union
12 account, or any other instrument commonly known as a security.
13 The term does not include a security of which the donor is
14 the issuer. A security is in "registered form" when it
15 specifies a person entitled to it or to the rights it evidences
16 and its transfer may be registered upon books maintained for
17 that purpose by or on behalf of the issuer.

18 Sec. 10. Section 565A.4, subsection 7, Code 1981, is
19 amended to read as follows:

20 7. The custodian shall register each security which is cus-
21 todial property and in registered form in the name of the cus-
22 todian, followed, in substance, by the words: "as custodian
23 for under the Iowa Uniform
24 (Name of minor)

25 Gifts to Minors Act". The custodian shall hold all money which
26 is custodial property in an account with a broker or in a bank
27 or credit union or in share accounts in savings and loan asso-
28 ciations in the name of the custodian, followed, in substance,
29 by the words: "as custodian for
30 (Name of minor)

31 under the Iowa Uniform Gifts to Minors Act". The custodian
32 shall keep all other custodial property separate and distinct
33 from ~~his~~ the custodian's own property in a manner to identify
34 it clearly as custodial property.

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SENATE FILE 256

H-5257

- 1 Amend Senate File 256 as amended, passed and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 9, by inserting after the word
4 "board" the words "or by a majority vote of members
5 voting by mailed ballot according to procedures
6 specified by rule of the administrator requiring at
7 least twenty days notice to all members, mailed ballots
8 ensuring the confidentiality of voters, announcement
9 to members of the results of the vote, and preservation
10 of the ballots for a reasonable period of time".
11 2. Page 2, by striking lines 18 through 35.
12 3. Amend the title, by striking lines 3 and 4
13 and inserting in lieu thereof the words "be loaned
14 to a member, merger, and".
15 4. By renumbering sections.

H-5257 FILED FEBRUARY 25, 1982

BY COMMITTEE ON COMMERCE

Adopted 4/7 (p. 1294)

SCHROEDER, Chairperson

HOUSE AMENDMENT TO SENATE FILE 256

S-5558

- 1 Amend Senate File 256 as amended, passed and
2 reprinted by the Senate, as follows:
3 1. Page 1, line 9, by inserting after the word
4 "board" the words "or by a majority vote of members
5 voting by mailed ballot according to procedures
6 specified by rule of the administrator requiring at
7 least twenty days notice to all members, mailed ballots
8 ensuring the confidentiality of voters, announcement
9 to members of the results of the vote, and preservation
10 of the ballots for a reasonable period of time".
11 2. Page 2, by striking lines 18 through 35.
12 3. Amend the title, by striking lines 3 and 4
13 and inserting in lieu thereof the words "be loaned
14 to a member, merger, and".
15 4. By renumbering sections.

S-5558 FILED
APRIL 13, 1982

RECEIVED FROM THE HOUSE

Senate concurred 4/16 (p. 1251)

SENATE FILE 256

AN ACT

RELATING TO THE POWERS OF CREDIT UNIONS AS THESE RELATE TO AMENDMENT OF BYLAWS, RECIPROCITY, AMOUNT TO BE LOANED TO A MEMBER, MERGER, AND GIFTS TO MINORS.

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

Section 1. Section 533.2, Code 1981, 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 a meeting, ~~which if that number must-constitute~~ constitutes a quorum provided and if the proposed amendment was contained in the notice of the meeting. Any-and-all-such Bylaws may also be amended by a vote of a majority of the members of the board, or by a majority vote of members voting by mailed ballot according to procedures specified by rule of the administrator requiring at least twenty days notice to all members, mailed ballots ensuring the confidentiality of voters, announcement to members of the results of the vote, and preservation of the ballots for a reasonable period of time. All amendments must be approved by the administrator before they become effective.

Sec. 2. Section 533.16, subsection 2, Code 1981, is amended to read as follows:

2. A credit union shall not lend in the aggregate ~~to-any one a member~~ more than one hundred dollars or ten percent of its ~~capital~~ member savings, whichever is greater.

Sec. 3. Section 533.30, subsection 1, Code 1981, is amended to read as follows:

1. A credit union may 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,~~ is approved by the administrator, and is approved by a majority of the members of each credit union voting on the question of merger. All eligible members of each credit union shall be entitled to vote either by mailed ballot or at a meeting called for the purpose of voting on the merger. The credit union administrator shall enact by rule the procedure for holding elections which shall include not less than 20 days notice to all members, mailed ballot ensuring the confidentiality of voter, announcement to members of the vote, and preservation of ballots for a reasonable period of time.

Sec. 4. Section 533.30, subsection 2, paragraph d, Code 1981, is amended to read as follows:

d. The vote by which the ~~plan~~ merger was approved by the members.

Sec. 5. Section 533.30, subsection 4, Code 1981, is amended to read as follows:

4. Upon return of the certificates from the administrator, all property, property rights, and members' interest of the merged credit union ~~shall~~ vest in the surviving credit union without the legal need for deeds, endorsements or other instruments of transfer, and all debts, obligations and liabilities of the merged credit union ~~shall-be~~ are 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 according to the

plan. Credit union membership in the surviving credit union shall be available to persons within the field of membership of the merged credit union.

Sec. 6. Section 565A.1, subsection 12, Code 1981, is amended to read as follows:

12. A "security" ~~shall include~~ includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest in an oil, gas, or mining lease, collateral trust certificate, preorganization certificate, preorganization subscription, any transferable share, investment contract, or beneficial interest in title to property, interest in or under a profit-sharing or participating agreement or scheme, or shares invested in savings and loan associations, or invested in a credit union account, or any other instrument commonly known as a security. The term does not include a security of which the donor is the issuer. A security is in "registered form" when it specifies a person entitled to it or to the rights it evidences and its transfer may be registered upon books maintained for that purpose by or on behalf of the issuer.

Sec. 7. Section 565A.4, subsection 7, Code 1981, is amended to read as follows:

7. The custodian shall register each security which is custodial property and in registered form in the name of the custodian, followed, in substance, by the words: "as custodian for under the Iowa Uniform

(Name of minor)

Gifts to Minors Act". The custodian shall hold all money which is custodial property in an account with a broker or in a bank or credit union or in share accounts in savings and loan associations in the name of the custodian, followed, in substance, by the words: "as custodian for

(Name of minor)

under the Iowa Uniform Gifts to Minors Act". The custodian

shall keep all other custodial property separate and distinct from ~~his~~ the custodian's own property in a manner to identify it clearly as custodial property.

TERRY E. BRANSTAD
President of the Senate

DEBWYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 256, Sixty-ninth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 11, 1982

ROBERT D. RAY
Governor