

*Reprinted*

FEB 20 1992

SENATE FILE 2180  
BY COMMITTEE ON COMMERCE  
*Appropriations (941)*  
(SUCCESSOR TO SSB 2084)

Passed Senate, Date 2/28/92 (P. 540) Passed House, Date 3/30/92 (P. 916)  
Vote: Ayes 49 Nays 0 Vote: Ayes 98 Nays 1  
Approved April 9, 1992

A BILL FOR

1 An Act relating to the regulation of credit unions by granting  
2 the superintendent certain additional enforcement authority,  
3 establishing certain bonding and insurance requirements, and  
4 defining certain member rights.

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

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SF 2180

1 Section 1. Section 533.6, subsections 2 and 5, Code 1991,  
2 are amended to read as follows:

3 2. The superintendent ~~shall annually examine~~, may make or  
4 cause to be examined, made an examination of each credit union  
5 whenever the superintendent believes such examination is  
6 necessary or advisable, but in no event less frequently than  
7 once during each eighteen month period. Each credit union and  
8 all of its officers and agents shall give to the  
9 representatives of the superintendent free access to all  
10 books, papers, securities, records and other sources of  
11 information under their control. A report of such examination  
12 shall be forwarded to the chairperson of each credit union  
13 within thirty days after the completion of the examination.  
14 Within thirty days of the receipt of this report, a meeting of  
15 the directors shall be called to consider matters contained in  
16 the report and the action taken shall be set forth in the  
17 minutes of the board. The superintendent may accept, in lieu  
18 of the ~~annual~~ examination of a credit union, an audit report  
19 conducted by a certified public accounting firm selected from  
20 a list of firms previously approved by the superintendent.  
21 The cost of the audit shall be paid by the credit union.

22 5. ~~When~~ If the superintendent has reason to believe that  
23 an officer, director, or employee, or committee member of a  
24 credit union has violated any law, rule, or cease and desist  
25 order relating to a credit union or has continued engaged in  
26 an unsafe or unsound practice in conducting the business of a  
27 credit union ~~after having been warned by the superintendent to~~  
28 ~~discontinue or correct such violation or unsafe or unsound~~  
29 ~~practice~~, the superintendent may cause notice to be served  
30 upon the officer, director, or employee, or committee member  
31 to appear before the superintendent to show cause why the  
32 person should not be removed from office or employment. A  
33 copy of such notice shall be sent by ~~restricted-delivery~~  
34 certified or restricted certified mail to each director of the  
35 credit union affected. If, after granting the accused

1 reasonable opportunity to be heard, the superintendent finds  
2 that the accused has violated a law, rule, or cease and desist  
3 order relating to a credit union or has continued engaged in  
4 an unsafe or unsound practice in conducting the business of a  
5 credit union ~~after having been warned by the superintendent,~~  
6 the superintendent in the superintendent's discretion may  
7 order that the accused be removed from office and from any  
8 position of employment with the credit union. A copy of the  
9 order shall be served upon the accused and upon the credit  
10 union affected, at which time the accused shall cease to be an  
11 officer, director, or employee, or committee member of the  
12 credit union.

13 Sec. 2. NEW SECTION. 533.6A INTERIM CEASE AND DESIST  
14 ORDER -- FINAL ORDER -- SUSPENSION.

15 1. If it appears to the superintendent that a credit  
16 union, or any director, officer, employee, or committee member  
17 of a credit union is engaging in or is about to engage in an  
18 unsafe or unsound practice or dishonest act in conducting the  
19 business of the credit union that is likely to cause  
20 insolvency or substantial dissipation of assets or earnings of  
21 the credit union, or is likely to seriously weaken the  
22 condition of the credit union or otherwise seriously prejudice  
23 the interests of its members prior to the completion of the  
24 proceedings conducted pursuant to section 533.6, the  
25 superintendent may issue an interim order requiring the credit  
26 union, director, officer, employee, or committee member to  
27 cease and desist from any such practice or act, and to take  
28 affirmative action, including suspension of the director,  
29 officer, employee, or committee member to prevent such  
30 insolvency, dissipation, condition, or prejudice pending  
31 completion of the proceedings. The interim order becomes  
32 effective upon service upon the credit union, or upon the  
33 director, officer, employee, or committee member of the credit  
34 union and, unless set aside, limited, or suspended by a court  
35 as provided in this chapter, remains effective and enforceable

1 pending the completion of the administrative proceedings  
2 pursuant to the interim order and until such time as the  
3 superintendent dismisses the charges specified in the interim  
4 order, or, if a final cease and desist order is issued against  
5 the credit union or the director, officer, employee, or  
6 committee member until the effective date of the final order.

7 2. Within ten days after a credit union or any director,  
8 officer, employee, or committee member is served with an  
9 interim order, the credit union or director, officer,  
10 employee, or committee member may apply to the district court  
11 in the county in which the credit union has its principal  
12 place of business, for an injunction setting aside, limiting,  
13 or suspending the enforcement, operation, or effectiveness of  
14 the interim order pending the completion of the administrative  
15 proceedings. If serious prejudice to the interests of the  
16 superintendent, the credit union, the officer, director,  
17 employee, or committee member would result from a court  
18 hearing, the court may order the judicial proceeding to be  
19 conducted in camera.

20 3. The interim order shall contain a concise statement of  
21 the facts constituting the alleged unsafe or unsound practice  
22 or alleged dishonest act, and shall fix a time and place at  
23 which a hearing will be held to determine whether a final  
24 order to cease and desist should issue against the credit  
25 union or any director, officer, employee, or committee member.  
26 The hearing shall be fixed for a date not later than thirty  
27 days after service of the interim order unless a later date is  
28 set at the request of the party so served. If the credit  
29 union, or the director, officer, employee, or committee member  
30 fails to appear at the hearing, the credit union, or the  
31 director, officer, employee, or committee member is deemed to  
32 have consented to the issuance of a cease and desist order.  
33 In the event of such consent, or if upon the record made at  
34 the hearing the superintendent finds that any unsafe or  
35 unsound practice or dishonest act specified in the interim

1 order has been established, the superintendent may issue and  
2 serve upon the credit union, or the director, officer,  
3 employee, or committee member a final order to cease and  
4 desist from any such practice or act. The order may require  
5 the credit union, or the director, officer, employee, or  
6 committee member to cease and desist from any such practice or  
7 act and, further, to take affirmative action, including  
8 suspension of the director, officer, employee, or committee  
9 member.

10 4. A hearing provided for in this section shall be  
11 presided over by an administrative law judge appointed in  
12 accordance with section 17A.11. The hearing shall be private,  
13 unless the superintendent determines after full consideration  
14 of the views of the party afforded the hearing, that a public  
15 hearing is necessary to protect the public interest. After  
16 the hearing, and within thirty days after the case has been  
17 submitted for decision, the superintendent shall review the  
18 proposed order of the administrative law judge and render a  
19 final decision, including findings of fact upon which the  
20 decision is predicated, and issue and serve upon each party to  
21 the proceeding an order consistent with this section.

22 5. Any final order issued by the superintendent pursuant  
23 to subsection 3 becomes effective upon service of the final  
24 order on the credit union, director, officer, employee, or  
25 committee member and shall remain effective except to the  
26 extent that it is stayed, modified, terminated, or set aside  
27 by action of the superintendent or of the district court of  
28 the county in which the credit union has its principal place  
29 of business in accordance with the terms of chapter 17A.

30 6. In the case of violation or threatened violation of, or  
31 failure to obey, an interim order issued pursuant to  
32 subsection 1 or a final order issued pursuant to subsection 3,  
33 the superintendent may apply to the district court of the  
34 county in which the credit union has its principal place of  
35 business for the enforcement of the order and such court shall

1 have jurisdiction and power to order and require compliance  
2 with the interim order or final order.

3 Sec. 3. Section 533.7, Code 1991, is amended to read as  
4 follows:

5 533.7 FISCAL YEAR -- MEETINGS.

6 The fiscal year of all credit unions shall end December 31.  
7 Annual meetings shall be held, and special meetings may be  
8 held, in the manner indicated in the bylaws.

9 At all meetings no a member shall not have more than one  
10 vote regardless of the shares held by the member. There shall  
11 be no voting by proxy. A member other than a natural person  
12 may cast a single vote through a delegated agent which agent  
13 shall be a member of the organization for which the agent  
14 acts. The majority of members present at any meeting may vote  
15 to modify, amend, or reverse any act of the board of directors  
16 or instruct it the board to take action not inconsistent with  
17 the bylaws or of this chapter. In order to be binding upon  
18 the board of directors, any action so taken by the membership  
19 to modify, amend, or reverse an act of the board or to  
20 instruct the board to take action requires an affirmative vote  
21 of a majority of all eligible members after submitting the  
22 modification, amendment, or reversal, by mail ballot pursuant  
23 to rules on mailed ballots adopted by the superintendent.

24 Sec. 4. Section 533.62, subsections 1 and 2, Code 1991,  
25 are amended to read as follows:

26 1. Each credit union shall pay to the superintendent an  
27 annual filing fee ~~which shall be submitted with the annual~~  
28 report as established by the superintendent and adopted by the  
29 credit union review board. The fee shall be based upon the  
30 actual operating costs of the credit union division, ~~exclusive~~  
31 ~~of examination expenses, and shall be established and~~  
32 ~~promulgated as a rule by the superintendent. The~~  
33 ~~superintendent shall assess against a credit union the actual~~  
34 ~~and necessary expenses of the agency incidental to any~~  
35 ~~examination of that credit union made pursuant to the~~

1 ~~provisions of this chapter or to an order of the~~  
2 ~~superintendent.~~

3 2. Failure of a credit union to pay an annual filing fee  
4 or examination a fee pursuant to subsection 1 within fifteen  
5 days after the fee is due shall result in the fee being  
6 considered delinquent and a penalty of five dollars per day  
7 or for any part of a day, during which the credit union is  
8 equal to five percent of the original fee may be assessed for  
9 each day or part of a day the payment remains delinquent, and.  
10 The delinquency may be the grounds for revocation of the  
11 charter of the credit union which failed to make payment.

12 Sec. 5. Section 533.64, Code Supplement 1991, is amended  
13 to read as follows:

14 533.64 ACCOUNT INSURANCE.

15 Except as provided in section 533.12, subsection 2, a  
16 credit union organized under this chapter, as a condition of  
17 maintaining its privilege of organization after December 31,  
18 1989, shall acquire and maintain insurance to protect each  
19 shareholder and each depositor against loss of funds held on  
20 account by the credit union. The insurance shall be obtained  
21 from the national credit union administrator or from some  
22 other share guarantor or insurance plan approved by the Iowa  
23 commissioner of insurance and the superintendent, provided  
24 that each credit union shall acquire deposit insurance from  
25 the appropriate agency of the federal government.

26 A credit union shall maintain a bond or fidelity insurance  
27 for employees and officials, and general insurance coverage  
28 for losses caused by persons not associated with the credit  
29 union. The superintendent may require additional coverage for  
30 any credit union if, in the opinion of the superintendent,  
31 current coverage is insufficient. The board of directors of  
32 the credit union shall obtain the additional coverage within  
33 thirty days after written notice from the superintendent.

34 The superintendent may furnish to any official of an  
35 insurance plan by which the accounts of a credit union are

1 insured or by which its employees and officials are bonded,  
2 any information relating to examinations, investigations, and  
3 reports of the status of that credit union or its employees  
4 and officials for the purpose of facilitating the availability  
5 or continuation of the insurance to-that or bond of the credit  
6 union or resolution of a claim.

7 EXPLANATION

8 This bill amends certain provisions related to the  
9 regulation of credit unions.

10 The bill amends section 533.6, subsection 2, and section  
11 533.62, and grants the superintendent the authority to conduct  
12 an examination of a credit union when the superintendent feels  
13 the examination is necessary but in no event less than once  
14 during each eighteen-month period. The superintendent is  
15 given the authority to establish a single annual fee to be  
16 assessed against the credit unions to fund the credit union  
17 division. This fee is to be based on actual operating  
18 expenses of the division.

19 The bill establishes new section 533.6A which grants the  
20 superintendent additional enforcement authority to remove an  
21 officer or director from a credit union, or to require an  
22 employee or committee member to cease participation in the  
23 conduct of the affairs of the credit union.

24 The bill amends section 533.7 to increase the number of  
25 members necessary to modify, amend, or reverse an action of  
26 the board of directors from a majority of the members present  
27 at a meeting to a majority of all members of the credit union.

28 The bill amends section 533.64 to require that a credit  
29 union maintain fidelity bonds for the credit union's employees  
30 and officials, and general casualty insurance for losses  
31 resulting from the acts of persons not associated with the  
32 credit union.

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## SENATE FILE 2180

S-5110

1 Amend Senate File 2180 as follows:

2 1. Page 2, line 32, by inserting after the words  
3 "effective upon" the following: "personal".

4 2. Page 6, by striking lines 26 through 29, and  
5 inserting the following:

6 "A credit union shall maintain a fidelity bond for  
7 credit union employees and officials in a sufficient  
8 amount to indemnify the credit union against losses  
9 which may be incurred by reason of any act or acts of  
10 fraud, dishonesty, forgery, theft, larceny,  
11 embezzlement, wrongful abstraction, misapplication,  
12 misappropriation, or other unlawful act committed by  
13 the employee or official directly or through  
14 connivance with others, and general insurance coverage  
15 for losses caused by persons not associated with the  
16 credit union. The fidelity bond and general insurance  
17 coverage shall be obtained from a company authorized  
18 to do business in this state. The superintendent may  
19 require additional coverage for".

By DON E. GETTINGS

S-5110 FILED FEBRUARY 28, 1992

ADOPTED (p 540)

File Commerce 3/3 No Pass 3/20

SENATE FILE 2180  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2084)

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 28, 1992)

~~\_\_\_\_\_~~ - New Language by the Senate

Passed Senate, Date 2/28/92 (p. 546) Passed House, Date 3/26/92 (p. 916)  
Vote: Ayes 49 Nays 0 Vote: Ayes 98 Nays 1  
Approved April 9, 1992 (p. 1323)

A BILL FOR

1 An Act relating to the regulation of credit unions by granting  
2 the superintendent certain additional enforcement authority,  
3 establishing certain bonding and insurance requirements, and  
4 defining certain member rights.

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

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SF 2180

1 Section 1. Section 533.6, subsections 2 and 5, Code 1991,  
2 are amended to read as follows:

3 2. The superintendent ~~shall annually examine,~~ may make or  
4 cause to be examined, made an examination of each credit union  
5 whenever the superintendent believes such examination is  
6 necessary or advisable, but in no event less frequently than  
7 once during each eighteen month period. Each credit union and  
8 all of its officers and agents shall give to the  
9 representatives of the superintendent free access to all  
10 books, papers, securities, records and other sources of  
11 information under their control. A report of such examination  
12 shall be forwarded to the chairperson of each credit union  
13 within thirty days after the completion of the examination.  
14 Within thirty days of the receipt of this report, a meeting of  
15 the directors shall be called to consider matters contained in  
16 the report and the action taken shall be set forth in the  
17 minutes of the board. The superintendent may accept, in lieu  
18 of the ~~annual~~ examination of a credit union, an audit report  
19 conducted by a certified public accounting firm selected from  
20 a list of firms previously approved by the superintendent.  
21 The cost of the audit shall be paid by the credit union.

22 5. When If the superintendent has reason to believe that  
23 an officer, director, ~~or employee,~~ or committee member of a  
24 credit union has violated any law, rule, or cease and desist  
25 order relating to a credit union or has continued engaged in  
26 an unsafe or unsound practice in conducting the business of a  
27 credit union ~~after having been warned by the superintendent to~~  
28 ~~discontinue or correct such violation or unsafe or unsound~~  
29 ~~practice,~~ the superintendent may cause notice to be served  
30 upon the officer, director, ~~or employee,~~ or committee member  
31 to appear before the superintendent to show cause why the  
32 person should not be removed from office or employment. A  
33 copy of such notice shall be sent by ~~restricted-delivery~~  
34 certified or restricted certified mail to each director of the  
35 credit union affected. If, after granting the accused

1 reasonable opportunity to be heard, the superintendent finds  
2 that the accused has violated a law, rule, or cease and desist  
3 order relating to a credit union or has continued engaged in  
4 an unsafe or unsound practice in conducting the business of a  
5 ~~credit union after having been warned by the superintendent,~~  
6 the superintendent in the superintendent's discretion may  
7 order that the accused be removed from office and from any  
8 position of employment with the credit union. A copy of the  
9 order shall be served upon the accused and upon the credit  
10 union affected, at which time the accused shall cease to be an  
11 officer, director, or employee, or committee member of the  
12 credit union.

13 Sec. 2. NEW SECTION. 533.6A INTERIM CEASE AND DESIST  
14 ORDER -- FINAL ORDER -- SUSPENSION.

15 1. If it appears to the superintendent that a credit  
16 union, or any director, officer, employee, or committee member  
17 of a credit union is engaging in or is about to engage in an  
18 unsafe or unsound practice or dishonest act in conducting the  
19 business of the credit union that is likely to cause  
20 insolvency or substantial dissipation of assets or earnings of  
21 the credit union, or is likely to seriously weaken the  
22 condition of the credit union or otherwise seriously prejudice  
23 the interests of its members prior to the completion of the  
24 proceedings conducted pursuant to section 533.6, the  
25 superintendent may issue an interim order requiring the credit  
26 union, director, officer, employee, or committee member to  
27 cease and desist from any such practice or act, and to take  
28 affirmative action, including suspension of the director,  
29 officer, employee, or committee member to prevent such  
30 insolvency, dissipation, condition, or prejudice pending  
31 completion of the proceedings. The interim order becomes  
32 effective upon personal service upon the credit union, or upon  
33 the director, officer, employee, or committee member of the  
34 credit union and, unless set aside, limited, or suspended by a  
35 court as provided in this chapter, remains effective and ;

1 enforceable pending the completion of the administrative  
2 proceedings pursuant to the interim order and until such time  
3 as the superintendent dismisses the charges specified in the  
4 interim order, or, if a final cease and desist order is issued  
5 against the credit union or the director, officer, employee,  
6 or committee member until the effective date of the final  
7 order.

8 2. Within ten days after a credit union or any director,  
9 officer, employee, or committee member is served with an  
10 interim order, the credit union or director, officer,  
11 employee, or committee member may apply to the district court  
12 in the county in which the credit union has its principal  
13 place of business, for an injunction setting aside, limiting,  
14 or suspending the enforcement, operation, or effectiveness of  
15 the interim order pending the completion of the administrative  
16 proceedings. If serious prejudice to the interests of the  
17 superintendent, the credit union, the officer, director,  
18 employee, or committee member would result from a court  
19 hearing, the court may order the judicial proceeding to be  
20 conducted in camera.

21 3. The interim order shall contain a concise statement of  
22 the facts constituting the alleged unsafe or unsound practice  
23 or alleged dishonest act, and shall fix a time and place at  
24 which a hearing will be held to determine whether a final  
25 order to cease and desist should issue against the credit  
26 union or any director, officer, employee, or committee member.  
27 The hearing shall be fixed for a date not later than thirty  
28 days after service of the interim order unless a later date is  
29 set at the request of the party so served. If the credit  
30 union, or the director, officer, employee, or committee member  
31 fails to appear at the hearing, the credit union, or the  
32 director, officer, employee, or committee member is deemed to  
33 have consented to the issuance of a cease and desist order.  
34 In the event of such consent, or if upon the record made at  
35 the hearing the superintendent finds that any unsafe or

1 unsound practice or dishonest act specified in the interim  
2 order has been established, the superintendent may issue and  
3 serve upon the credit union, or the director, officer,  
4 employee, or committee member a final order to cease and  
5 desist from any such practice or act. The order may require  
6 the credit union, or the director, officer, employee, or  
7 committee member to cease and desist from any such practice or  
8 act and, further, to take affirmative action, including  
9 suspension of the director, officer, employee, or committee  
10 member.

11 4. A hearing provided for in this section shall be  
12 presided over by an administrative law judge appointed in  
13 accordance with section 17A.11. The hearing shall be private,  
14 unless the superintendent determines after full consideration  
15 of the views of the party afforded the hearing, that a public  
16 hearing is necessary to protect the public interest. After  
17 the hearing, and within thirty days after the case has been  
18 submitted for decision, the superintendent shall review the  
19 proposed order of the administrative law judge and render a  
20 final decision, including findings of fact upon which the  
21 decision is predicated, and issue and serve upon each party to  
22 the proceeding an order consistent with this section.

23 5. Any final order issued by the superintendent pursuant  
24 to subsection 3 becomes effective upon service of the final  
25 order on the credit union, director, officer, employee, or  
26 committee member and shall remain effective except to the  
27 extent that it is stayed, modified, terminated, or set aside  
28 by action of the superintendent or of the district court of  
29 the county in which the credit union has its principal place  
30 of business in accordance with the terms of chapter 17A.

31 6. In the case of violation or threatened violation of, or  
32 failure to obey, an interim order issued pursuant to  
33 subsection 1 or a final order issued pursuant to subsection 3,  
34 the superintendent may apply to the district court of the  
35 county in which the credit union has its principal place of

1 business for the enforcement of the order and such court shall  
2 have jurisdiction and power to order and require compliance  
3 with the interim order or final order.

4 Sec. 3. Section 533.7, Code 1991, is amended to read as  
5 follows:

6 533.7 FISCAL YEAR -- MEETINGS.

7 The fiscal year of all credit unions shall end December 31.  
8 Annual meetings shall be held, and special meetings may be  
9 held, in the manner indicated in the bylaws.

10 At all meetings ~~no~~ a member shall not have more than one  
11 vote regardless of the shares held by the member. There shall  
12 be no voting by proxy. A member other than a natural person  
13 may cast a single vote through a delegated agent which agent  
14 shall be a member of the organization for which the agent  
15 acts. The majority of members present at any meeting may vote  
16 to modify, amend, or reverse any act of the board of directors  
17 or instruct ~~it~~ the board to take action not inconsistent with  
18 the bylaws or of this chapter. In order to be binding upon  
19 the board of directors, any action so taken by the membership  
20 to modify, amend, or reverse an act of the board or to  
21 instruct the board to take action requires an affirmative vote  
22 of a majority of all eligible members after submitting the  
23 modification, amendment, or reversal, by mail ballot pursuant  
24 to rules on mailed ballots adopted by the superintendent.

25 Sec. 4. Section 533.62, subsections 1 and 2, Code 1991,  
26 are amended to read as follows:

27 1. Each credit union shall pay to the superintendent an  
28 annual ~~fitting fee which shall be submitted with the annual~~  
29 ~~report~~ as established by the superintendent and adopted by the  
30 credit union review board. The fee shall be based upon the  
31 actual operating costs of the credit union division, ~~exclusive~~  
32 ~~of examination expenses, and shall be established and~~  
33 ~~promulgated as a rule by the superintendent.~~ ~~The~~  
34 ~~superintendent shall assess against a credit union the actual~~  
35 ~~and necessary expenses of the agency incidental to any~~

1 examination-of-that-credit-union-made-pursuant-to-the  
2 provisions-of-this-chapter-or-to-an-order-of-the  
3 superintendent.

4 2. Failure of a credit union to pay an-annual-filing-fee  
5 or-examination a fee pursuant to subsection 1 within fifteen  
6 days after the fee is due shall result in the fee being  
7 considered delinquent and a penalty of-five-dollars-per-day,  
8 or-for-any-part-of-a-day,-during-which-the-credit-union-is  
9 equal to five percent of the original fee may be assessed for  
10 each day or part of a day the payment remains delinquent,-and.  
11 The delinquency may be the grounds for revocation of the  
12 charter of the credit union which-failed-to-make-payment.

13 Sec. 5. Section 533.64, Code Supplement 1991, is amended  
14 to read as follows:

15 533.64 ACCOUNT INSURANCE.

16 Except as provided in section 533.12, subsection 2, a  
17 credit union organized under this chapter, as a condition of  
18 maintaining its privilege of organization after-December-31,  
19 1980, shall acquire and maintain insurance to protect each  
20 shareholder and each depositor against loss of funds held on  
21 account by the credit union. The insurance shall be obtained  
22 from the national credit union administrator or from some  
23 other share guarantor or insurance plan approved by the Iowa  
24 commissioner of insurance and the superintendent, provided  
25 that each credit union shall acquire deposit insurance from  
26 the appropriate agency of the federal government.

27 A credit union shall maintain a fidelity bond for credit  
28 union employees and officials in a sufficient amount to  
29 indemnify the credit union against losses which may be  
30 incurred by reason of any act or acts of fraud, dishonesty,  
31 forgery, theft, larceny, embezzlement, wrongful abstraction,  
32 misapplication, misappropriation, or other unlawful act  
33 committed by the employee or official directly or through  
34 connivance with others, and general insurance coverage for  
35 losses caused by persons not associated with the credit union.



1 The fidelity bond and general insurance coverage shall be  
2 obtained from a company authorized to do business in this  
3 state. The superintendent may require additional coverage for  
4 any credit union if, in the opinion of the superintendent,  
5 current coverage is insufficient. The board of directors of  
6 the credit union shall obtain the additional coverage within  
7 thirty days after written notice from the superintendent.

8 The superintendent may furnish to any official of an  
9 insurance plan by which the accounts of a credit union are  
10 insured or by which its employees and officials are bonded,  
11 any information relating to examinations, investigations, and  
12 reports of the status of that credit union or its employees  
13 and officials for the purpose of facilitating the availability  
14 or continuation of the insurance ~~to-that~~ or bond of the credit  
15 union or resolution of a claim.

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SSB 2084 — New —  
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SENATE/HOUSE FILE 2180  
BY (PROPOSED DEPARTMENT OF  
COMMERCE/CREDIT UNION  
DIVISION BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the regulation of credit unions by granting  
2 the superintendent certain additional enforcement authority,  
3 establishing certain bonding and insurance requirements, and  
4 defining certain member rights.

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

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1 Section 1. Section 533.6, subsections 2 and 5, Code 1991,  
2 are amended to read as follows:

3 2. The superintendent ~~shall-annually-examine,~~ may make or  
4 cause to be ~~examined,~~ made an examination of each credit union  
5 whenever the superintendent believes such examination is  
6 necessary or advisable. Each credit union and all of its  
7 officers and agents shall give to the representatives of the  
8 superintendent free access to all books, papers, securities,  
9 records and other sources of information under their control.  
10 A report of such examination shall be forwarded to the  
11 chairperson of each credit union within thirty days after the  
12 completion of the examination. Within thirty days of the  
13 receipt of this report, a meeting of the directors shall be  
14 called to consider matters contained in the report and the  
15 action taken shall be set forth in the minutes of the board.  
16 The superintendent may accept, in lieu of the annual  
17 examination of a credit union, an audit report conducted by a  
18 certified public accounting firm selected from a list of firms  
19 previously approved by the superintendent. The cost of the  
20 audit shall be paid by the credit union.

21 5. When ~~If~~ the superintendent has reason to believe that  
22 an officer, director, ~~or employee,~~ or committee member of a  
23 credit union has violated any law, rule, or cease and desist  
24 order relating to a credit union or has continued engaged in  
25 an unsafe or unsound practice in conducting the business of a  
26 credit union ~~after-having-been-warned-by-the-superintendent-to~~  
27 ~~discontinue-or-correct-such-violation-or-unsafe-or-unsound~~  
28 ~~practice,~~ the superintendent may cause notice to be served  
29 upon the officer, director, ~~or employee,~~ or committee member  
30 to appear before the superintendent to show cause why the  
31 person should not be removed from office or employment. A  
32 copy of such notice shall be sent by restricted-delivery  
33 certified or restricted certified mail to each director of the  
34 credit union affected. If, after granting the accused  
35 reasonable opportunity to be heard, the superintendent finds

1 that the accused has violated a law, rule, or cease and desist  
2 order relating to a credit union or has continued engaged in  
3 an unsafe or unsound practice in conducting the business of a  
4 credit union ~~after-having-been-warned-by-the-superintendent,~~  
5 the superintendent in the superintendent's discretion may  
6 order that the accused be removed from office and from any  
7 position of employment with the credit union. A copy of the  
8 order shall be served upon the accused and upon the credit  
9 union affected, at which time the accused shall cease to be an  
10 officer, director, or employee, or committee member of the  
11 credit union.

12 Sec. 2. NEW SECTION. 533.6A INTERIM CEASE AND DESIST  
13 ORDER -- FINAL ORDER -- SUSPENSION.

14 1. If it appears to the superintendent that a credit  
15 union, or any director, officer, employee, or committee member  
16 of a credit union is engaging in or is about to engage in an  
17 unsafe or unsound practice or dishonest act in conducting the  
18 business of the credit union that is likely to cause  
19 insolvency or substantial dissipation of assets or earnings of  
20 the credit union, or is likely to seriously weaken the  
21 condition of the credit union or otherwise seriously prejudice  
22 the interests of its members prior to the completion of the  
23 proceedings conducted pursuant to section 533.6, the  
24 superintendent may issue an interim order requiring the credit  
25 union, director, officer, employee, or committee member to  
26 cease and desist from any such practice or act, and to take  
27 affirmative action, including suspension of the director,  
28 officer, employee, or committee member to prevent such  
29 insolvency, dissipation, condition, or prejudice pending  
30 completion of the proceedings. The interim order becomes  
31 effective upon service upon the credit union, or upon the  
32 director, officer, employee, or committee member of the credit  
33 union and, unless set aside, limited, or suspended by a court  
34 as provided in this chapter, remains effective and enforceable  
35 pending the completion of the administrative proceedings

1 pursuant to the interim order and until such time as the  
2 superintendent dismisses the charges specified in the interim  
3 order, or, if a final cease and desist order is issued against  
4 the credit union or the director, officer, employee, or  
5 committee member until the effective date of the final order.

6 2. Within ten days after a credit union or any director,  
7 officer, employee, or committee member is served with an  
8 interim order, the credit union or director, officer,  
9 employee, or committee member may apply to the district court  
10 in the county in which the credit union has its principal  
11 place of business, for an injunction setting aside, limiting,  
12 or suspending the enforcement, operation, or effectiveness of  
13 the interim order pending the completion of the administrative  
14 proceedings. If serious prejudice to the interests of the  
15 superintendent, the credit union, the officer, director,  
16 employee, or committee member would result from a court  
17 hearing, the court may order the judicial proceeding to be  
18 conducted in camera.

19 3. The interim order shall contain a concise statement of  
20 the facts constituting the alleged unsafe or unsound practice  
21 or alleged dishonest act, and shall fix a time and place at  
22 which a hearing will be held to determine whether a final  
23 order to cease and desist should issue against the credit  
24 union or any director, officer, employee, or committee member.  
25 The hearing shall be fixed for a date not later than thirty  
26 days after service of the interim order unless a later date is  
27 set at the request of the party so served. If the credit  
28 union, or the director, officer, employee, or committee member  
29 fails to appear at the hearing, the credit union, or the  
30 director, officer, employee, or committee member is deemed to  
31 have consented to the issuance of a cease and desist order.  
32 In the event of such consent, or if upon the record made at  
33 the hearing the superintendent finds that any unsafe or  
34 unsound practice or dishonest act specified in the interim  
35 order has been established, the superintendent may issue and

1 serve upon the credit union, or the director, officer,  
2 employee, or committee member a final order to cease and  
3 desist from any such practice or act. The order may require  
4 the credit union, or the director, officer, employee, or  
5 committee member to cease and desist from any such practice or  
6 act and, further, to take affirmative action, including  
7 suspension of the director, officer, employee, or committee  
8 member.

9 4. A hearing provided for in this section shall be  
10 presided over by an administrative law judge appointed in  
11 accordance with section 17A.11. The hearing shall be private,  
12 unless the superintendent determines after full consideration  
13 of the views of the party afforded the hearing, that a public  
14 hearing is necessary to protect the public interest. After  
15 the hearing, and within thirty days after the case has been  
16 submitted for decision, the superintendent shall review the  
17 proposed order of the administrative law judge and render a  
18 final decision, including findings of fact upon which the  
19 decision is predicated, and issue and serve upon each party to  
20 the proceeding an order consistent with this section.

21 5. Any final order issued by the superintendent pursuant  
22 to subsection 3 becomes effective upon service of the final  
23 order on the credit union, director, officer, employee, or  
24 committee member and shall remain effective except to the  
25 extent that it is stayed, modified, terminated, or set aside  
26 by action of the superintendent or of the district court of  
27 the county in which the credit union has its principal place  
28 of business in accordance with the terms of chapter 17A.

29 6. In the case of violation or threatened violation of, or  
30 failure to obey, an interim order issued pursuant to  
31 subsection 1 or a final order issued pursuant to subsection 3,  
32 the superintendent may apply to the district court of the  
33 county in which the credit union has its principal place of  
34 business for the enforcement of the order and such court shall  
35 have jurisdiction and power to order and require compliance

1 with the interim order or final order.

2 Sec. 3. Section 533.7, Code 1991, is amended to read as  
3 follows:

4 533.7 FISCAL YEAR -- MEETINGS.

5 The fiscal year of all credit unions shall end December 31.  
6 Annual meetings shall be held, and special meetings may be  
7 held, in the manner indicated in the bylaws.

8 At all meetings no a member shall not have more than one  
9 vote regardless of the shares held by the member. There shall  
10 be no voting by proxy. A member other than a natural person  
11 may cast a single vote through a delegated agent which agent  
12 shall be a member of the organization for which the agent  
13 acts. The majority of members present at any meeting may vote  
14 to modify, amend, or reverse any act of the board of directors  
15 or instruct ~~it~~ the board to take action not inconsistent with  
16 the bylaws or of this chapter. In order to be binding upon  
17 the board of directors, any action so taken by the membership  
18 to modify, amend, or reverse an act of the board or to  
19 instruct the board to take action requires an affirmative vote  
20 of a majority of all eligible members after submitting the  
21 modification, amendment, or reversal, by mail ballot pursuant  
22 to rules on mailed ballots adopted by the superintendent.

23 Sec. 4. Section 533.62, subsections 1 and 2, Code 1991,  
24 are amended to read as follows:

25 1. Each credit union shall pay to the superintendent an  
26 ~~annual filing fee which shall be submitted with the annual~~  
27 ~~report as established by the superintendent and adopted by the~~  
28 ~~credit union review board.~~ The fee shall be based upon the  
29 actual operating costs of the credit union division, ~~exclusive~~  
30 ~~of examination expenses, and shall be established and~~  
31 ~~promulgated as a rule by the superintendent.~~ ~~The~~  
32 ~~superintendent shall assess against a credit union the actual~~  
33 ~~and necessary expenses of the agency incidental to any~~  
34 ~~examination of that credit union made pursuant to the~~  
35 ~~provisions of this chapter or to an order of the~~

1 superintendent.

2 2. Failure of a credit union to pay ~~an annual filing fee~~  
3 ~~or examination~~ a fee pursuant to subsection 1 within fifteen  
4 days after the fee is due shall result in the fee being  
5 considered delinquent and a penalty of five dollars per day,  
6 ~~or for any part of a day, during which the credit union is~~  
7 equal to five percent of the original fee may be assessed for  
8 each day or part of a day the payment remains delinquent, and.  
9 The delinquency may be the grounds for revocation of the  
10 charter of the credit union ~~which failed to make payment.~~

11 Sec. 5. Section 533.64, Code Supplement 1991, is amended  
12 to read as follows:

13 533.64 ACCOUNT INSURANCE.

14 Except as provided in section 533.12, subsection 2, a  
15 credit union organized under this chapter, as a condition of  
16 maintaining its privilege of organization ~~after December 31,~~  
17 ~~1980,~~ shall acquire and maintain insurance to protect each  
18 shareholder and each depositor against loss of funds held on  
19 account by the credit union. The insurance shall be obtained  
20 from the national credit union administrator or from some  
21 other share guarantor or insurance plan approved by the Iowa  
22 commissioner of insurance and the superintendent, provided  
23 that each credit union shall acquire deposit insurance from  
24 the appropriate agency of the federal government.

25 A credit union shall maintain a bond or fidelity insurance  
26 for employees and officials, and general insurance coverage  
27 for losses caused by persons not associated with the credit  
28 union. The superintendent may require additional coverage for  
29 any credit union if, in the opinion of the superintendent,  
30 current coverage is insufficient. The board of directors of  
31 the credit union shall obtain the additional coverage within  
32 thirty days after written notice from the superintendent.

33 The superintendent may furnish to any official of an  
34 insurance plan by which the accounts of a credit union are  
35 insured or by which its employees and officials are bonded,



1 any information relating to examinations, investigations, and  
2 reports of the status of that credit union or its employees  
3 and officials for the purpose of facilitating the availability  
4 or continuation of the insurance to-that or bond of the credit  
5 union or resolution of a claim.

6

EXPLANATION

7 This bill amends certain provisions related to the  
8 regulation of credit unions.

9 The bill amends section 533.6, subsection 2, and section  
10 533.62, and grants the superintendent the authority to conduct  
11 an examination of a credit union when the superintendent feels  
12 the examination is necessary. The superintendent is given the  
13 authority to establish a single annual fee to be assessed  
14 against the credit unions to fund the credit union division.  
15 This fee is to be based on actual operating expenses of the  
16 division.

17 The bill establishes new section 533.6A which grants the  
18 superintendent additional enforcement authority to remove an  
19 officer or director from a credit union, or to require an  
20 employee or committee member to cease participation in the  
21 conduct of the affairs of the credit union.

22 The bill amends section 533.7 to increase the number of  
23 members necessary to modify, amend, or reverse an action of  
24 the board of directors from a majority of the members present  
25 at a meeting to a majority of all members of the credit union.

26 The bill amends section 533.64 to require that a credit  
27 union maintain fidelity bonds for the credit union's employees  
28 and officials, and general casualty insurance for losses  
29 resulting from the acts of persons not associated with the  
30 credit union.

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BACKGROUND STATEMENT

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SUBMITTED BY THE AGENCY

33 New section 533.6A and the amendment to section 533.6,  
34 subsection 5, grant the superintendent additional enforcement  
35 authority to remove an officer, director, committee member, or

1 employee from a credit union. The superintendent may also  
2 request that the district court enforce a cease and desist  
3 order against a credit union to prevent a continued violation.  
4 Notice provisions concerning the superintendent's actions are  
5 provided and the credit union, officer, director, committee  
6 member, or employee is provided the opportunity of a hearing  
7 before the superintendent concerning the violation or order to  
8 cease and desist.

9 Section 533.6, subsection 2, and section 533.62 are amended  
10 to allow the credit union division to make an examination of a  
11 credit union whenever, in the superintendent's judgment, an  
12 examination is necessary or advisable. This flexibility  
13 allows the superintendent to examine a credit union more often  
14 than annually if deemed necessary and to accomplish  
15 examinations where the greatest need exists without  
16 restriction of Code or budgetary considerations. The change  
17 further allows the credit union division to fund the agency  
18 with a single annual fee, established by the superintendent  
19 and adopted by the review board. The fee is based on the  
20 actual operating costs of the credit union division, and is  
21 not dependent upon examination activity to generate sufficient  
22 revenues. A credit union is provided the date when a fee  
23 would be considered delinquent, and a realistic penalty is  
24 imposed for late payment or nonpayment of the fee.

25 Section 533.7 is amended to provide that it should be the  
26 majority of a credit union's entire membership who reverse,  
27 modify, or amend an action taken by the elected board of  
28 directors rather than a simple majority of those members that  
29 constitute a quorum at any called meeting. The maximum number  
30 of persons presently constituting a quorum at a credit union  
31 membership meeting is 32, regardless of the actual number of  
32 members of the credit union. The board would be required to  
33 submit the disputed board action, which was voted reversed,  
34 modified, or amended by the members during a membership  
35 meeting, to a ratification vote of all eligible voting members

1 by mail ballot pursuant to rules adopted by the  
2 superintendent.

3 Section 533.64 is amended to require the bonding of  
4 employees and officials and the purchase of general insurance  
5 coverage protection for credit unions. The requirement for a  
6 credit union to maintain fidelity bonds and general insurance  
7 coverage is not presently included in the Code. It authorizes  
8 the superintendent to require a credit union to obtain  
9 additional coverage if the superintendent believes the credit  
10 union's present coverage is insufficient. It also authorizes  
11 the superintendent to share information contained in  
12 examinations, investigations, and reports relative to an  
13 action by the credit union in securing, continuing, or  
14 submitting a claim involving the insurance or the bond, upon  
15 justifiable request of the insurance or bond provider.

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SENATE FILE 2180

AN ACT

RELATING TO THE REGULATION OF CREDIT UNIONS BY GRANTING THE SUPERINTENDENT CERTAIN ADDITIONAL ENFORCEMENT AUTHORITY, ESTABLISHING CERTAIN BONDING AND INSURANCE REQUIREMENTS, AND DEFINING CERTAIN MEMBER RIGHTS.

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

Section 1. Section 533.6, subsections 2 and 5, Code 1991, are amended to read as follows:

2. The superintendent ~~shall annually examine~~, may make or cause to be examined, made an examination of each credit union whenever the superintendent believes such examination is necessary or advisable, but in no event less frequently than once during each eighteen month period. Each credit union and all of its officers and agents shall give to the representatives of the superintendent free access to all books, papers, securities, records and other sources of information under their control. A report of such examination shall be forwarded to the chairperson of each credit union within thirty days after the completion of the examination. Within thirty days of the receipt of 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 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. The cost of the audit shall be paid by the credit union.

5. When if the superintendent has reason to believe that an officer, director, or employee, or committee member of a credit union has violated any law, rule, or cease and desist order relating to a credit union or has continued engaged in an unsafe or unsound practice in conducting the business of a credit union ~~after having been warned by the superintendent to discontinue or correct such violation or unsafe or unsound practice~~, the superintendent may cause notice to be served upon the officer, director, or employee, or committee member to appear before the superintendent to show cause why the person should not be removed from office or employment. A copy of such notice shall be sent by restricted-delivery certified or restricted certified mail to each director of the credit union affected. If, after granting the accused reasonable opportunity to be heard, the superintendent finds that the accused has violated a law, rule, or cease and desist order relating to a credit union or has continued engaged in an unsafe or unsound practice in conducting the business of a credit union ~~after having been warned by the superintendent~~, the superintendent in the superintendent's 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, or committee member of the credit union.

Sec. 2. NEW SECTION. 533.6A INTERIM CEASE AND DESIST ORDER -- FINAL ORDER -- SUSPENSION.

1. If it appears to the superintendent that a credit union, or any director, officer, employee, or committee member

of a credit union is engaging in or is about to engage in an unsafe or unsound practice or dishonest act in conducting the business of the credit union that is likely to cause insolvency or substantial dissipation of assets or earnings of the credit union, or is likely to seriously weaken the condition of the credit union or otherwise seriously prejudice the interests of its members prior to the completion of the proceedings conducted pursuant to section 533.6, the superintendent may issue an interim order requiring the credit union, director, officer, employee, or committee member to cease and desist from any such practice or act, and to take affirmative action, including suspension of the director, officer, employee, or committee member to prevent such insolvency, dissipation, condition, or prejudice pending completion of the proceedings. The interim order becomes effective upon personal service upon the credit union, or upon the director, officer, employee, or committee member of the credit union and, unless set aside, limited, or suspended by a court as provided in this chapter, remains effective and enforceable pending the completion of the administrative proceedings pursuant to the interim order and until such time as the superintendent dismisses the charges specified in the interim order, or, if a final cease and desist order is issued against the credit union or the director, officer, employee, or committee member until the effective date of the final order.

2. Within ten days after a credit union or any director, officer, employee, or committee member is served with an interim order, the credit union or director, officer, employee, or committee member may apply to the district court in the county in which the credit union has its principal place of business, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the interim order pending the completion of the administrative

proceedings. If serious prejudice to the interests of the superintendent, the credit union, the officer, director, employee, or committee member would result from a court hearing, the court may order the judicial proceeding to be conducted in camera.

3. The interim order shall contain a concise statement of the facts constituting the alleged unsafe or unsound practice or alleged dishonest act, and shall fix a time and place at which a hearing will be held to determine whether a final order to cease and desist should issue against the credit union or any director, officer, employee, or committee member. The hearing shall be fixed for a date not later than thirty days after service of the interim order unless a later date is set at the request of the party so served. If the credit union, or the director, officer, employee, or committee member fails to appear at the hearing, the credit union, or the director, officer, employee, or committee member is deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at the hearing the superintendent finds that any unsafe or unsound practice or dishonest act specified in the interim order has been established, the superintendent may issue and serve upon the credit union, or the director, officer, employee, or committee member a final order to cease and desist from any such practice or act. The order may require the credit union, or the director, officer, employee, or committee member to cease and desist from any such practice or act and, further, to take affirmative action, including suspension of the director, officer, employee, or committee member.

4. A hearing provided for in this section shall be presided over by an administrative law judge appointed in accordance with section 17A.11. The hearing shall be private, unless the superintendent determines after full consideration

of the views of the party afforded the hearing, that a public hearing is necessary to protect the public interest. After the hearing, and within thirty days after the case has been submitted for decision, the superintendent shall review the proposed order of the administrative law judge and render a final decision, including findings of fact upon which the decision is predicated, and issue and serve upon each party to the proceeding an order consistent with this section.

5. Any final order issued by the superintendent pursuant to subsection 3 becomes effective upon service of the final order on the credit union, director, officer, employee, or committee member and shall remain effective except to the extent that it is stayed, modified, terminated, or set aside by action of the superintendent or of the district court of the county in which the credit union has its principal place of business in accordance with the terms of chapter 17A.

6. In the case of violation or threatened violation of, or failure to obey, an interim order issued pursuant to subsection 1 or a final order issued pursuant to subsection 3, the superintendent may apply to the district court of the county in which the credit union has its principal place of business for the enforcement of the order and such court shall have jurisdiction and power to order and require compliance with the interim order or final order.

Sec. 3. Section 533.7, Code 1991, is amended to read as follows:

533.7 FISCAL YEAR -- MEETINGS.

The fiscal year of all credit unions shall end December 31. Annual meetings shall be held, and special meetings may be held, in the manner indicated in the bylaws.

At all meetings no a member shall not have more than one vote regardless of the shares held by the member. There shall be no voting by proxy. A member other than a natural person may cast a single vote through a delegated agent which agent

shall be a member of the organization for which the agent acts. The majority of members present at any meeting may vote to modify, amend, or reverse any act of the board of directors or instruct ~~it~~ the board to take action not inconsistent with the bylaws or of this chapter. In order to be binding upon the board of directors, any action so taken by the membership to modify, amend, or reverse an act of the board or to instruct the board to take action requires an affirmative vote of a majority of all eligible members after submitting the modification, amendment, or reversal, by mail ballot pursuant to rules on mailed ballots adopted by the superintendent.

Sec. 4. Section 533.62, subsections 1 and 2, Code 1991, are amended to read as follows:

1. Each credit union shall pay to the superintendent an annual ~~fitting fee which shall be submitted with the annual report as established by the superintendent and adopted by the credit union review board.~~ The fee shall be based upon the actual operating costs of the credit union division, ~~exclusive of examination expenses, and shall be established and promulgated as a rule by the superintendent.~~ ~~The superintendent 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 chapter or to an order of the superintendent.~~

2. Failure of a credit union to pay an ~~annual fitting fee or examination a fee pursuant to subsection 1 within fifteen days after the fee is due shall result in the fee being considered delinquent and a penalty of five dollars per day or for any part of a day during which the credit union is equal to five percent of the original fee may be assessed for each day or part of a day the payment remains delinquent, and, the delinquency may be the grounds for revocation of the charter of the credit union which failed to make payment.~~

Sec. 5. Section 533.64, Code Supplement 1991, is amended to read as follows:

533.64 ACCOUNT INSURANCE.

Except as provided in section 533.12, subsection 2, a credit union organized under this chapter, as a condition of maintaining its privilege of organization after-December-31, 1988, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. The 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 superintendent, provided that each credit union shall acquire deposit insurance from the appropriate agency of the federal government.

A credit union shall maintain a fidelity bond for credit union employees and officials in a sufficient amount to indemnify the credit union against losses which may be incurred by reason of any act or acts of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction, misapplication, misappropriation, or other unlawful act committed by the employee or official directly or through connivance with others, and general insurance coverage for losses caused by persons not associated with the credit union. The fidelity bond and general insurance coverage shall be obtained from a company authorized to do business in this state. The superintendent may require additional coverage for any credit union if, in the opinion of the superintendent, current coverage is insufficient. The board of directors of the credit union shall obtain the additional coverage within thirty days after written notice from the superintendent.

The superintendent may furnish to any official of an insurance plan by which the accounts of a credit union are insured or by which its employees and officials are bonded, any information relating to examinations, investigations, and

reports of the status of that credit union or its employees and officials for the purpose of facilitating the availability or continuation of the insurance to that or bond of the credit union or resolution of a claim.

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MICHAEL E. GRONSTAL  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2180, Seventy-fourth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 9, 1992

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TERRY E. BRANSTAD  
Governor