

*Substituted by SF 2408
(P. 906)
3-21-96*

MAR 5 1996
Place On Calendar

HOUSE FILE **2451**
BY COMMITTEE ON COMMERCE AND
REGULATION

WITHDRAWN
3-21-96
(P. 908)

(SUCCESSOR TO HSB 634)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to disclosure requirements under the federal
2 Community Reinvestment Act with respect to the eligibility of
3 a financial institution to receive state public funds.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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WITHDRAWN

HF 2451

1 Section 1. Section 12C.6, unnumbered paragraph 1, Code
2 1995, is amended to read as follows:

3 Public deposits shall be deposited with reasonable
4 promptness in a depository legally designated as depository
5 for the funds. A committee composed of the superintendent of
6 banking, the superintendent of credit unions, the auditor of
7 state or a designee, and the treasurer of state shall meet on
8 or about the first of each month or at other times as the
9 committee may prescribe and by majority action shall establish
10 a minimum rate to be earned on state funds placed in time
11 deposits. State funds invested in depository time
12 certificates of deposit shall draw interest at not less than
13 the rate established, effective on the date of investment. An
14 interest rate established by the committee under this section
15 shall be in effect commencing on the eighth calendar day
16 following the day the rate is established and until a
17 different rate is established and takes effect. The committee
18 shall give advisory notice of an interest rate established
19 under this section. This notice may be given by publication
20 in one or more newspapers, by publication in the Iowa
21 administrative bulletin, by ordinary mail to persons directly
22 affected, by any other method determined by the committee, or
23 by a combination of these. In all cases, the notice shall be
24 published in the Iowa administrative bulletin. The notice
25 shall contain the following words:

26 Sec. 2. Section 12C.6A, subsections 2 and 3, Code 1995,
27 are amended to read as follows:

28 2. In addition to establishing a minimum interest rate for
29 public funds pursuant to section 12C.6, the committee composed
30 of the superintendent of banking, the superintendent of credit
31 unions, the auditor of state or a designee, and the treasurer
32 of state shall develop a list of financial institutions
33 eligible to accept state public funds. The committee shall
34 require that a financial institution seeking to qualify for
35 the list shall annually provide the committee a written

1 statement that the financial institution has a commitment to
2 community reinvestment consistent with the safe and sound
3 operation of a financial institution. ~~The committee shall~~
4 ~~accept a certified copy of the annual community reinvestment~~
5 ~~report filed by the financial institution, unless the~~
6 financial institution has received a rating of satisfactory or
7 higher pursuant to the federal Community Reinvestment Act, 12
8 U.S.C. § 2901 et seq., in satisfaction of the written
9 statement requirement under this subsection and such rating is
10 certified to the committee by the superintendent of banking.

11 To qualify for the list a financial institution must
12 demonstrate a continuing commitment to meet the credit needs
13 of the local community in which it is chartered.

14 3. ~~The committee shall develop procedures to ensure that~~
15 ~~the financial institution's statement is available and~~
16 ~~accessible for examination by citizens.~~ The committee may
17 require a financial institution to provide public notice
18 inviting the public to submit comments to the financial
19 institution regarding its community lending activities. Each
20 financial institution shall maintain a file open to public
21 inspection which contains ~~the five most recent annual~~
22 ~~community reinvestment disclosure statements,~~ public comments
23 received on its community investment activities, and the
24 financial institution's response to those comments. The
25 committee shall adopt procedures for both of the following:

26 a. To receive information relating to a financial
27 institution's commitment to community reinvestment.

28 b. To receive challenges from any person to a financial
29 institution's continued eligibility to receive state public
30 funds.

31 Sec. 3. Section 12C.6A, subsection 4, paragraphs d and g,
32 Code 1995, are amended to read as follows:

33 d. Practices intended to discourage application for types
34 ~~of credit set forth in the Community Reinvestment Act~~
35 statement home mortgages, small business loans, small farm

1 loans, community development loans, and, if consumer lending
2 constitutes a substantial majority of a financial
3 institution's business, consumer loans.

4 g. Participation in local community and rural development
5 and redevelopment projects, and in state and federal business
6 and economic development programs. ~~The committee may specify~~
7 ~~by rule which programs must be included in the annual~~
8 ~~statement.~~

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EXPLANATION

10 This bill amends chapter 12C, which relates to the deposit
11 of public funds, by striking references to the annual
12 community reinvestment report filed pursuant to federal law,
13 as that statement is no longer required. A financial
14 institution seeking to qualify for the deposit of state public
15 funds is to provide a written statement to the committee which
16 develops the list of eligible institutions indicating that the
17 financial institution has a commitment to community
18 reinvestment consistent with the safe and sound operation of a
19 financial institution unless the financial institution has
20 received a rating of satisfactory or higher pursuant to the
21 federal Community Reinvestment Act. The rating is to be
22 certified to the committee by the superintendent of banking.
23 Currently, all financial institutions must provide the
24 statement in order to qualify for the deposit of state public
25 funds. Language relating to the availability of the financial
26 institution's annual community reinvestment disclosure
27 statement to the public is also stricken.

28 Under section 12C.6A, the committee receives challenges to
29 a financial institution's continued eligibility to receive
30 state public funds. Two of the factors considered by the
31 committee are amended by the bill. First, the committee is to
32 look at practices of the financial institution intended to
33 discourage application for home mortgages, small business
34 loans, small farm loans, community development loans, and, if
35 consumer lending is a substantial majority of the financial

1 institution's business, consumer loans. Currently, the
2 committee is to look at practices intended to discourage
3 application for types of credit set forth in the Community
4 Reinvestment Act statement, which will no longer be required.
5 Language is also stricken which grants the committee the
6 authority to specify which state and federal business and
7 economic development programs participated in by the financial
8 institution are to be included in an annual statement.

9 The bill also amends section 12C.6 by adding the
10 superintendent of credit unions to the committee which
11 develops the list of financial institutions eligible to accept
12 state public funds deposits of public funds and which also
13 establishes a minimum rate to be earned on such deposits.

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HSB634

COMMERCE - REGULATION

Succeeded By

SF/HF 2451

HOUSE FILE

BY (PROPOSED COMMITTEE ON

COMMERCE AND REGULATION

BILL BY CHAIRPERSON METCALF)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

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1 Section 1. Section 12C.6A, subsections 2 and 3, Code 1995,
2 are amended to read as follows:

3 2. In addition to establishing a minimum interest rate for
4 public funds pursuant to section 12C.6, the committee composed
5 of the superintendent of banking, the auditor of state or a
6 designee, and the treasurer of state shall develop a list of
7 financial institutions eligible to accept state public funds.
8 The committee shall require that a financial institution
9 seeking to qualify for the list shall annually provide the
10 committee a written statement that the financial institution
11 has a commitment to community reinvestment consistent with the
12 safe and sound operation of a financial institution. The
13 committee shall accept a letter, certified copy of the annual
14 community-reinvestment-report-filed-by-the-financial
15 institution-pursuant-to by an officer of the financial
16 institution, stating the financial institution's most recent
17 rating under the federal Community Reinvestment Act, 12 U.S.C.
18 § 2901 et seq., in satisfaction of the written statement
19 requirement under this subsection. To qualify for the list a
20 financial institution must demonstrate a continuing commitment
21 to meet the credit needs of the local community in which it is
22 chartered.

23 3. ~~The committee shall develop procedures to ensure that~~
24 ~~the financial institution's statement is available and~~
25 ~~accessible for examination by citizens.~~ The committee may
26 require a financial institution to provide public notice
27 inviting the public to submit comments to the financial
28 institution regarding its community lending activities. Each
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5 Sec. 2. Section 12C.6A, subsection 4, paragraphs d and g,
6 Code 1995, are amended to read as follows:

7 d. Practices intended to discourage application for types
8 ~~of-credit-set-forth-in-the-Community-Reinvestment-Act~~
9 statement home mortgages, small business loans, small farm
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13 g. Participation in local community and rural development
14 and redevelopment projects, and in state and federal business
15 and economic development programs. ~~The-committee-may-specify~~
16 ~~by-rule-which-programs-must-be-included-in-the-annual~~
17 ~~statement-~~

18 EXPLANATION

19 This bill amends chapter 12C, which relates to the deposit
20 of public funds, by striking references to the annual
21 community reinvestment report filed pursuant to federal law,
22 as that statement is no longer required. In lieu of that
23 statement, the committee which develops the list of financial
24 institutions eligible to accept state public funds is to
25 accept a letter, certified by an officer of the financial
26 institution, stating the financial institution's most recent
27 rating under the federal Community Reinvestment Act. Language
28 relating to the availability of the financial institution's
29 annual community reinvestment disclosure statement to the
30 public is also stricken.

31 Under section 12C.6A, the committee receives challenges to
32 a financial institution's continued eligibility to receive
33 state public funds. Two of the factors considered by the
34 committee are amended by the bill. First, the committee is to
35 look at practices of the financial institution intended to

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