

Substituted for HF 2451  
3-21-96 (P. 906)

FILED MAR 4 1996

SENATE FILE 2408  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2225)

Passed Senate, Date <sup>(P. 711)</sup> 3-11-96 Passed House, Date <sup>(P. 906)</sup> 3/21/96  
Vote: Ayes 49 Nays 0 Vote: Ayes 96 Nays 0  
Approved March 29, 1996

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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SF. 2408

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.~~

9 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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Deluhery  
Bartz  
Husak

SSB-2225  
Commerce

Succeeded By  
SENATE FILE SF/HF 2408  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON DELUHERY)

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

**A BILL FOR**

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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  
29 financial institution shall maintain a file open to public  
30 inspection which contains ~~the five most recent annual~~  
31 ~~community reinvestment disclosure statements,~~ public comments  
32 received on its community investment activities, and the  
33 financial institution's response to those comments. The  
34 committee shall adopt procedures for both of the following:

35 a. To receive information relating to a financial

1 institution's commitment to community reinvestment.

2 b. To receive challenges from any person to a financial  
3 institution's continued eligibility to receive state public  
4 funds.

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  
10 loans, community development loans, and, if consumer lending  
11 constitutes a substantial majority of a financial  
12 institution's business, consumer loans.

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



1 discourage application for home mortgages, small business  
2 loans, small farm loans, community development loans, and, if  
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7 Reinvestment Act statement, which will no longer be required.  
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SENATE FILE 2408

AN ACT

RELATING TO DISCLOSURE REQUIREMENTS UNDER THE FEDERAL COMMUNITY REINVESTMENT ACT WITH RESPECT TO THE ELIGIBILITY OF A FINANCIAL INSTITUTION TO RECEIVE STATE PUBLIC FUNDS.

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

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

Public deposits shall be deposited with reasonable promptness in a depository legally designated as depository for the funds. A committee composed of the superintendent of banking, the superintendent of credit unions, the auditor of

state or a designee, and the treasurer of state shall meet on or about the first of each month or at other times as the committee may prescribe and by majority action shall establish a minimum rate to be earned on state funds placed in time deposits. State funds invested in depository time certificates of deposit shall draw interest at not less than the rate established, effective on the date of investment. An interest rate established by the committee under this section shall be in effect commencing on the eighth calendar day following the day the rate is established and until a different rate is established and takes effect. The committee shall give advisory notice of an interest rate established under this section. This notice may be given by publication in one or more newspapers, by publication in the Iowa administrative bulletin, by ordinary mail to persons directly affected, by any other method determined by the committee, or by a combination of these. In all cases, the notice shall be published in the Iowa administrative bulletin. The notice shall contain the following words:

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

2. In addition to establishing a minimum interest rate for public funds pursuant to section 12C.6, the committee composed of the superintendent of banking, the superintendent of credit unions, the auditor of state or a designee, and the treasurer of state shall develop a list of financial institutions eligible to accept state public funds. The committee shall require that a financial institution seeking to qualify for the list shall annually provide the committee a written statement that the financial institution has a commitment to community reinvestment consistent with the safe and sound operation of a financial institution. ~~The committee shall accept a certified copy of the annual community reinvestment report filed by the financial institution, unless the~~ financial institution has received a rating of satisfactory or

higher pursuant to the federal Community Reinvestment Act, 12 U.S.C. § 2901 et seq., in-satisfaction-of-the-written statement-requirement-under-this-subsection and such rating is certified to the committee by the superintendent of banking. To qualify for the list a financial institution must demonstrate a continuing commitment to meet the credit needs of the local community in which it is chartered.

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

- a. To receive information relating to a financial institution's commitment to community reinvestment.
- b. To receive challenges from any person to a financial institution's continued eligibility to receive state public funds.

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

d. Practices intended to discourage application for ~~types of credit set forth in the Community Reinvestment Act statement~~ home mortgages, small business loans, small farm loans, community development loans, and, if consumer lending constitutes a substantial majority of a financial institution's business, consumer loans.

g. Participation in local community and rural development and redevelopment projects, and in state and federal business and economic development programs. ~~The committee may specify~~

~~by rule which programs must be included in the annual statement.~~

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LEONARD L. BOSWELL  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2408, Seventy-sixth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 29, 1996

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TERRY E. BRANSTAD  
Governor