

Senate Study Bill 1124

Bill Text

PAG LIN

1 1 Section 1. Section [12C.1](#), subsection 2, paragraph c, Code
1 2 1999, is amended to read as follows:

1 3 c. "Bank" means a corporation engaged in the business of
1 4 banking authorized by law to receive deposits and whose
1 5 deposits are insured by the bank insurance fund of the federal
1 6 deposit insurance corporation and includes any office of a
1 7 bank. "Bank" also means a savings and loan.

1 8 Sec. 2. Section [12C.1](#), subsection 2, paragraph f, Code
1 9 1999, is amended to read as follows:

1 10 f. "Financial institution" means a bank

~~, savings and loan,~~

1 11 or a credit union.

1 12 Sec. 3. Section [12C.1](#), subsection 3, paragraph a, Code
1 13 1999, is amended to read as follows:

1 14 a. If a depository is

~~a savings and loan or~~

~~a credit~~

1 15 union, then public deposits in the

~~savings and loan or~~

~~credit~~

1 16 union shall be secured pursuant to sections 12C.16 through
1 17 12C.19 and sections 12C.23 and 12C.24.

1 18 Sec. 4. Section [12C.6A](#), subsection 5, paragraphs a, b, and
1 19 c, Code 1999, are amended to read as follows:

1 20 a. A person who believes a bank

~~, savings and loan~~

1 21

~~association, or savings bank~~

~~has failed to meet its community~~

1 22 reinvestment responsibility may file a complaint with the
1 23 committee detailing the basis for that belief.

1 24 b. If any committee member, in the member's discretion,
1 25 finds that the complaint has merit, the member may order the
1 26 bank

~~, savings and loan association, or savings bank~~

~~alleged to~~

1 27 have failed to meet its community reinvestment responsibility
1 28 to attend and participate in a meeting with the complainant.

1 29 The committee member may specify who, at minimum, shall
1 30 represent the financial institution at the meeting. At the
1 31 meeting, or at any other time, the

~~financial institution~~

~~bank~~

1 32 may, but is not required to, enter into an agreement with a
1 33 complainant to correct alleged failings.

1 34 c. A majority of the committee may order a bank

~~—, savings~~

—
1 35

~~— and loan association, or savings bank,~~

— against which a

2 1 complaint has been filed pursuant to this subsection, to
2 2 disclose such additional information relating to community
2 3 reinvestment as required by the order of the majority of the
2 4 committee.

2 5 Sec. 5. Section [12C.15](#), Code 1999, is amended to read as
2 6 follows:

2 7 12C.15 RESTRICTION ON REQUIRING COLLATERAL.

2 8 A local government shall not require a pledge of collateral
2 9 for that portion of the local government's deposits in a

2 10

~~— savings and loan or~~

— credit union that is covered by insurance

2 11 of a federal agency or instrumentality.

2 12 Sec. 6. Section [12C.16](#), Code 1999, is amended to read as
2 13 follows:

2 14 12C.16 SECURITY FOR DEPOSIT OF PUBLIC FUNDS.

2 15 1. Before a deposit of public funds is made by a public
2 16 officer with a

~~— savings and loan or~~

— credit union in excess of

2 17 the amount federally insured, the public officer shall obtain
2 18 security for the deposit by one or more of the following:

2 19 a. The

~~— savings and loan or~~

— credit union may give to the

2 20 public officer a corporate surety bond of a surety corporation
2 21 approved by the treasury department of the United States and
2 22 authorized to do business in this state, which bond shall be
2 23 in an amount equal to the public funds on deposit at any time.

2 24 The bond shall be conditioned that the deposit shall be paid
2 25 promptly on the order of the public officer making the deposit
2 26 and shall be approved by the officer making the deposit.

2 27 b. The

~~— savings and loan or~~

— credit union may deposit,

2 28 maintain, pledge and assign for the benefit of the public
2 29 officer in the manner provided in this chapter, securities
2 30 approved by the public officer, the market value of which is
2 31 not less than one hundred ten percent of the total deposits of
2 32 public funds placed by that public officer in the

~~— savings and~~

—
2 33

~~— loan or~~

— credit union. The securities shall consist of any of

2 34 the following:

2 35 (1) Direct obligations of, or obligations that are insured
3 1 or fully guaranteed as to principal and interest by, the
3 2 United States of America or an agency or instrumentality of
3 3 the United States of America.

3 4 (2) Public bonds or obligations of this state or a
3 5 political subdivision of this state.

3 6 (3) Public bonds or obligations of another state or a
3 7 political subdivision of another state whose bonds are rated
3 8 within the two highest classifications of prime as established

3 9 by at least one of the standard rating services approved by
3 10 the superintendent of banking pursuant to chapter 17A.
3 11 (4) To the extent of the guarantee, loans, obligations, or
3 12 nontransferable letters of credit upon which the payment of
3 13 principal and interest is fully secured or guaranteed by the
3 14 United States of America or an agency or instrumentality of
3 15 the United States of America or the U.S. central credit union,
3 16 and the rating of the U.S. central credit union remains within
3 17 the two highest classifications of prime established by at
3 18 least one of the standard rating services approved by the
3 19 superintendent of banking by rule pursuant to chapter 17A.
3 20 The treasurer of state shall adopt rules pursuant to chapter
3 21 17A to implement this section.

3 22 (5) First lien mortgages which are valued according to
3 23 practices acceptable to the treasurer of state.

3 24 (6) Investments in an open-end management investment
3 25 company registered with the federal securities and exchange
3 26 commission under the federal Investment Company Act of 1940,
3 27 15 U.S.C. } 80(a), which is operated in accordance with 17
3 28 C.F.R. } 270.2a-7.

3 29 Direct obligations of, or obligations that are insured or
3 30 fully guaranteed as to principal and interest by, the United
3 31 States of America, which may be used to secure the deposit of
3 32 public funds under subparagraph (1), include investments in an
3 33 investment company or investment trust registered under the
3 34 federal Investment Company Act of 1940, 15 U.S.C. } 80a, the
3 35 portfolio of which is limited to the United States government
4 1 obligations described in subparagraph (1) and to repurchase
4 2 agreements fully collateralized by the United States
4 3 government obligations described in subparagraph (1), if the
4 4 investment company or investment trust takes delivery of the
4 5 collateral either directly or through an authorized custodian.

4 6 2. If public funds are secured by both the assets of a
4 7

~~savings and loan or~~

- credit union and a bond of a surety

4 8 company, the assets and bond shall be held as security for a
4 9 rateable proportion of the deposit on the basis of the market
4 10 value of the assets and of the total amount of the surety
4 11 bonds.

4 12 Sec. 7. Section [12C.17](#), Code 1999, is amended to read as
4 13 follows:

4 14 12C.17 DEPOSIT OF SECURITIES.

4 15 1. A

~~savings and loan or~~

- credit union which receives

4 16 public funds shall pledge securities owned by it as required
4 17 by this chapter in one of the following methods:

4 18 a. The securities shall be deposited with the county,
4 19 city, or other public officers at the option of the officers.

4 20 b. The securities shall be deposited pursuant to a
4 21 bailment agreement with a financial institution having
4 22 facilities for the safekeeping of securities and doing
4 23 business in the state. A financial institution which receives
4 24 securities for safekeeping is liable to the public officer to
4 25 whom the securities are pledged for any loss suffered by the
4 26 public officer if the financial institution relinquishes
4 27 custody of the securities contrary to the provisions of this
4 28 chapter or the instrument governing the pledge of the
4 29 securities.

4 30 c. The securities shall be deposited with the federal
4 31 reserve bank of Chicago, Illinois, the federal home loan bank
4 32 of Des Moines, Iowa, or the U.S. central credit union
4 33 pursuant to a bailment agreement or a pledge custody
4 34 agreement.

4 35 d. The securities may be deposited by any combination of
5 1 methods specified in paragraphs "a", "b", and "c".
5 2 2. A deposit of securities shall not be made in a facility
5 3 owned or controlled directly or indirectly by the financial
5 4 institution which deposits the securities.
5 5 3. All deposits of securities, other than deposits of
5 6 securities with the appropriate public officer, shall have a
5 7 joint custody receipt taken for the securities with one copy
5 8 delivered to the public officer and one copy delivered to the
5 9

~~savings and loan or~~
- credit union. A

~~savings and loan or~~
-

5 10 credit union pledging securities with a public officer may
5 11 cause the securities to be examined in the officer's office to
5 12 show the securities are placed with the officer as collateral
5 13 security and are not transferable except upon the conditions
5 14 provided in this chapter.
5 15 4. Upon written request from the appropriate public
5 16 officer but not less than quarterly, a

~~savings and loan or~~
-

5 17 credit union shall report the par value and the market value
5 18 of any pledged collateral and the total deposits of public
5 19 funds of that officer in the

~~savings and loan or~~
- credit union.

5 20 Sec. 8. Section [12C.18](#), Code 1999, is amended to read as
5 21 follows:
5 22 12C.18 CONDITION OF SECURITY.
5 23 The condition of the surety bond or the deposit of
5 24 securities, instruments, or a joint custody receipt, must be
5 25 that the

~~savings and loan or~~
-

credit union will promptly pay to
5 26 the parties entitled public funds, including any interest on
5 27 the funds, in its custody upon lawful demand and, when
5 28 required by law, pay the funds to the public officer who made
5 29 the deposit.

5 30 Sec. 9. Section [12C.19](#), subsections 3 and 4, Code 1999,
5 31 are amended to read as follows:
5 32 3. In the event of substitution or exchange of securities,
5 33 the holder or custodian of the securities shall, on the same
5 34 day, forward by certified mail, return receipt requested, to
5 35 the public officer and the

~~savings and loan or~~
- credit union, a

6 1 receipt specifically describing and identifying both the
6 2 substituted securities and those released and returned to the
6 3

~~savings and loan or~~
- credit union.

6 4 4. The public officer which deposits public funds with a
6 5

~~savings and loan or~~
-

credit union shall require, if the market
6 6 value of the securities deposited with or for the benefit of
6 7 the officer falls below one hundred ten percent of the deposit

6 8 liability to the public officer, the deposit of additional
6 9 security to bring the total market value of the security to
6 10 one hundred ten percent of the amount of public funds held by
6 11 the

~~savings and loan or~~
- credit union.

6 12 Sec. 10. Section [12C.23](#), subsection 3, paragraph d,
6 13 subparagraph (3), Code 1999, is amended by striking the
6 14 subparagraph.

6 15 Sec. 11. Section [12C.25](#), subsection 3, Code 1999, is
6 16 amended by striking the subsection.

6 17 Sec. 12. TRANSITION PROVISION. All funds in the state
6 18 sinking fund for public deposits in savings and loan
6 19 associations and savings banks on the effective date of this
6 20 Act shall be transferred to the state sinking fund for public
6 21 deposits in banks, and the state sinking fund for public
6 22 deposits in savings and loan associations and savings banks
6 23 shall be closed.

6 24 EXPLANATION

6 25 This bill amends Code chapter 12C relating to the deposit
6 26 of public funds and the conditions which must be met by a
6 27 financial institution to be eligible to receive such deposits.
6 28 The bill provides that a savings and loan association, a
6 29 savings bank, or any branch of a savings and loan association
6 30 or savings bank, be subject to substantially the same
6 31 requirements as a bank.

6 32 LSB 2158SC 78

6 33 mj/sc/14