

Senate File 38

SENATE FILE _____
BY McCOY

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 revising
2 and reorganizing the Iowa credit union Act, making conforming
3 changes, and providing for taxes, fees, and penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 1 DIVISION I
1 2 Section 1. NEW SECTION. 533.101 TITLE.
1 3 This chapter shall be known as the "Iowa Credit Union Act".
1 4 Sec. 2. NEW SECTION. 533.102 DEFINITIONS.
1 5 As used in this chapter, unless the context otherwise
1 6 requires:
1 7 1. "Account insurance plan" means an arrangement providing
1 8 account and share insurance which is of a type authorized
1 9 under section 533.307.
1 10 2. "Common bond" means the shared characteristic of
1 11 members of a credit union.
1 12 3. "Credit union" means a cooperative, nonprofit
1 13 association, organized or incorporated in accordance with the
1 14 provisions of this chapter or under the laws of another state
1 15 or the Federal Credit Union Act, 12 U.S.C. } 1751, et seq.,
1 16 for the purposes of creating a source of credit at a fair and
1 17 reasonable rate of interest, of encouraging habits of thrift
1 18 among its members, and of providing an opportunity for its
1 19 members to use and control their own money on a democratic
1 20 basis in order to improve their economic and social condition.
1 21 A credit union is also a supervised financial organization
1 22 as that term is defined and used in chapter 537, the Iowa
1 23 consumer credit code.
1 24 4. "Credit union service organization" means a corporation
1 25 or limited partnership organized under state law to provide
1 26 financial and financial-related services for one or more
1 27 credit unions, each of which owns part of the capital stock of
1 28 the credit union service organization, as authorized under
1 29 section 533.301, subsection 5, paragraph "f", and which
1 30 corporation or limited partnership is subject to examination
1 31 by the credit union division of the Iowa department of
1 32 commerce or a federal supervisory agency.
1 33 5. "Ownership share" means a share of a credit union
1 34 acquired by a member at the time membership is initiated.
1 35 6. "State credit union" means a credit union organized
2 1 pursuant to section 533.201.
2 2 7. "Superintendent" means the superintendent of credit
2 3 unions appointed pursuant to section 533.104.
2 4 Sec. 3. NEW SECTION. 533.103 CREDIT UNION DIVISION
2 5 CREATED.
2 6 A credit union division of the department of commerce is
2 7 created to administer this chapter.
2 8 Sec. 4. NEW SECTION. 533.104 SUPERINTENDENT.
2 9 1. A superintendent of credit unions shall be appointed by
2 10 the governor, subject to confirmation by the senate, to
2 11 regulate credit unions.
2 12 a. The appointee shall be selected solely with regard to
2 13 qualification and fitness to discharge the duties of office.
2 14 b. The individual appointed shall have at least five
2 15 years' experience as a director or executive officer of a
2 16 credit union, or comparable experience in the regulation or
2 17 examination of credit unions. For purposes of this paragraph,
2 18 credit union membership does not qualify as credit union
2 19 experience.

2 20 2. The superintendent shall have an office at the seat of
2 21 government. The superintendent's term of office shall be four
2 22 years beginning and ending as provided by section 69.19. The
2 23 governor may remove the superintendent for malfeasance in
2 24 office, or for any cause that renders the superintendent
2 25 ineligible, incapable, or unfit to discharge the duties of the
2 26 office.

2 27 3. The superintendent shall receive a salary set by the
2 28 governor within a range established by the general assembly.

2 29 4. A vacancy in the office of superintendent shall be
2 30 filled for the unexpired portion of the regular term.

2 31 5. The superintendent may adopt rules as necessary or
2 32 appropriate to administer this chapter.

2 33 Sec. 5. NEW SECTION. 533.105 DEPUTY SUPERINTENDENT.

2 34 1. The superintendent may appoint an employee of the
2 35 credit union division as deputy superintendent to perform the
3 1 duties of the superintendent during the superintendent's
3 2 absence or inability to act.

3 3 2. The deputy superintendent shall serve at the pleasure
3 4 of the superintendent. If the office of the superintendent
3 5 becomes vacant, the deputy superintendent shall have all
3 6 powers and duties of the superintendent until a new
3 7 superintendent is appointed by the governor in accordance with
3 8 this chapter.

3 9 3. The deputy superintendent shall receive a salary to be
3 10 fixed by the superintendent.

3 11 Sec. 6. NEW SECTION. 533.106 EMPLOYEES.

3 12 1. a. The superintendent may appoint assistants,
3 13 examiners, and other employees as the superintendent considers
3 14 necessary to the proper discharge of duties imposed upon the
3 15 superintendent by the laws of this state.

3 16 b. Pay plans shall be established for the credit union
3 17 division employees, other than clerical employees, who
3 18 supervise and examine the accounts and affairs of credit
3 19 unions and other persons, subject to supervision and
3 20 regulation by the superintendent, that are substantially
3 21 equivalent to those paid by the national credit union
3 22 administration and other federal supervisory agencies in this
3 23 area of the United States.

3 24 2. a. A state credit union, or its officers, directors,
3 25 or employees, shall not directly or indirectly make a loan of
3 26 money or property to the superintendent.

3 27 b. The superintendent shall not directly or indirectly
3 28 accept a loan of money or property from a state credit union,
3 29 or its officers, directors, or employees.

3 30 3. a. An employee of the credit union division, other
3 31 than the superintendent, may borrow money from a state credit
3 32 union only on comparable terms and conditions to those
3 33 ordinarily extended to all members of the credit union. The
3 34 employee shall notify the superintendent of the acceptance of
3 35 a loan from a state credit union.

4 1 b. The superintendent may restrict borrowing by employees
4 2 from state credit unions if the superintendent determines such
4 3 borrowing will interfere with the functions of the credit
4 4 union division.

4 5 c. An employee shall not participate in the examination of
4 6 a credit union where the employee has a loan.

4 7 4. The superintendent or an employee of the credit union
4 8 division, other than a member of the state credit union
4 9 council, shall not perform any services for or be an officer,
4 10 director, or employee of a state credit union or any other
4 11 entity supervised or regulated by the credit union division.

4 12 5. A person who violates this section shall be permanently
4 13 disqualified from acting as an officer, director, or employee
4 14 of a state credit union and permanently disqualified from
4 15 acting as superintendent or an employee of the credit union
4 16 division.

4 17 6. The superintendent or an employee of the credit union
4 18 division who is convicted of theft, burglary, robbery,
4 19 larceny, embezzlement, or other crime involving breach of
4 20 trust shall be forever disqualified from holding any position
4 21 in the credit union division.

4 22 Sec. 7. NEW SECTION. 533.107 CREDIT UNION COUNCIL.

4 23 1. A credit union council is created.

4 24 a. The council shall be composed of all of the following
4 25 persons:

4 26 (1) The superintendent, who shall be an ex officio,
4 27 nonvoting member and chairperson.

4 28 (2) Seven other members, five of whom shall have been, for
4 29 at least the previous five years, members in good standing of
4 30 either an Iowa state credit union or a credit union chartered

4 31 under the Federal Credit Union Act and having its principal
4 32 place of business in Iowa. Two of the members may be public
4 33 members. At no time shall more than five of the members be
4 34 directors or employees of a credit union.

4 35 b. The members shall serve three-year staggered terms
5 1 beginning and ending as provided by section 69.19.

5 2 2. The members of the council shall be appointed by the
5 3 governor. The governor may appoint the members of the council
5 4 from a list of nominees submitted to the governor by the
5 5 credit unions located in this state.

5 6 3. a. The council shall meet at least four times each
5 7 year and shall hold special meetings at the call of the
5 8 chairperson.

5 9 b. Four voting members constitute a quorum.

5 10 c. The council shall serve as an advisory body to the
5 11 superintendent on such matters as the superintendent shall
5 12 bring to the council's attention, including the following:

5 13 (1) Recommended changes in the examination and regulation
5 14 of credit unions.

5 15 (2) Strategic planning for credit union=provided services.

5 16 (3) Statutory revisions.

5 17 (4) Recommendations regarding the annual fee authorized by
5 18 section 533.112, subsection 1.

5 19 4. a. Each member of the council shall receive actual and
5 20 necessary expenses incurred in the discharge of official
5 21 duties.

5 22 b. Each member of the council may also be eligible to
5 23 receive compensation as provided in section 7E.6.

5 24 5. A member of the credit union council shall not take
5 25 part in any action or participate in any decision when the
5 26 matter under consideration specifically relates to a credit
5 27 union of which the council member is a member.

5 28 Sec. 8. NEW SECTION. 533.108 RECORDS OF CREDIT UNION
5 29 DIVISION.

5 30 1. a. Records of the credit union division are public
5 31 records subject to the provisions of chapter 22, except as
5 32 otherwise provided in this chapter.

5 33 b. Papers, documents, writings, reports, reports of
5 34 examinations and other information relating specifically to
5 35 the supervision and regulation of a specific state credit
6 1 union or of other persons by the superintendent pursuant to
6 2 the laws of this state are not public records and shall not be
6 3 open for examination or copying by the public or for
6 4 examination or publication by the news media. The
6 5 superintendent or an employee of the credit union division
6 6 shall not disclose such information in any manner to any
6 7 person other than the person examined, except as otherwise
6 8 authorized by this section.

6 9 2. a. The superintendent or an employee of the credit
6 10 union division shall not be subpoenaed in any cause or
6 11 proceeding to give testimony concerning papers, documents,
6 12 writings, reports, reports of examinations, or other
6 13 information relating to the supervision and regulation of a
6 14 specific state credit union or persons by the superintendent
6 15 pursuant to the laws of this state.

6 16 b. The papers, documents, writings, reports, reports of
6 17 examinations, and other information of the credit union
6 18 division that relate to the supervision and regulation of a
6 19 specific state credit union or persons shall not be offered in
6 20 evidence in a court or be subject to subpoena by a party,
6 21 except when relevant in the following matters:

6 22 (1) In actions or proceedings brought by the
6 23 superintendent.

6 24 (2) In matters in which an interested and proper party
6 25 seeks review of a decision of the superintendent.

6 26 (3) In actions or proceedings that arise out of the
6 27 criminal provisions of the laws of this state or of the United
6 28 States.

6 29 (4) In actions brought as shareholder derivative suits
6 30 against a credit union by a member who has acquired an
6 31 ownership share.

6 32 (5) In actions brought to recover moneys or to recover
6 33 upon an indemnity bond for embezzlement, misappropriation, or
6 34 misuse of credit union funds.

6 35 3. a. Information, records, and documents utilized for
7 1 the purpose of, or in the course of, investigation,
7 2 regulation, or examination of a specific credit union,
7 3 received by the credit union division from some other
7 4 governmental entity that treats such information, records, and
7 5 documents as confidential, are confidential and shall not be
7 6 disclosed by the division and are not subject to subpoena.

7 7 b. Information, records, and documents under paragraph "a"
7 8 do not constitute a public record subject to examination and
7 9 copying under chapter 22.

7 10 c. The superintendent may exchange with governmental
7 11 regulatory officials confidential information, records, and
7 12 documents that are not a public record subject to examination
7 13 and copying under chapter 22 provided that the other officials
7 14 are subject to, or agree to comply with, standards of
7 15 confidentiality comparable to those contained in this section.

7 16 Sec. 9. NEW SECTION. 533.109 INSURANCE AND SURETY BOND.

7 17 1. The superintendent shall acquire good and sufficient
7 18 bond in a company authorized to do business in this state in
7 19 order to ensure both of the following:

7 20 a. The faithful performance of the deputy superintendent,
7 21 assistants, examiners, and all other employees of the credit
7 22 union division.

7 23 b. Protection from any liability that may accrue in case
7 24 of the loss of property of a state credit union, or of a
7 25 member of a state credit union or of any other person, in the
7 26 course of an examination, investigation, or other function
7 27 required or allowed by the laws of this state.

7 28 2. The superintendent shall be bonded in accordance with
7 29 chapter 64, provided that such bond shall be in the amount of
7 30 one hundred thousand dollars.

7 31 Sec. 10. NEW SECTION. 533.110 REIMBURSEMENT OF EXPENSES.

7 32 1. The superintendent, deputy superintendent, assistants,
7 33 examiners, and other employees of the credit union division
7 34 are entitled to receive reimbursement for expenses incurred in
7 35 the performance of their duties.

8 1 2. The superintendent, and when specifically authorized by
8 2 the superintendent, the deputy superintendent, assistants,
8 3 examiners, and other employees of the division, are entitled
8 4 to receive reimbursement for expenses incurred while attending
8 5 conventions, meetings, conferences, schools, or seminars
8 6 relating to the performance of their duties.

8 7 Sec. 11. NEW SECTION. 533.111 EXPENSES OF THE CREDIT
8 8 UNION DIVISION.

8 9 1. a. All expenses required in the discharge of the
8 10 duties and responsibilities imposed upon the credit union
8 11 division, the superintendent, and the credit union council by
8 12 the laws of this state shall be paid from fees provided by the
8 13 laws of this state and appropriated by the general assembly
8 14 from the general fund of the state.

8 15 b. All fees imposed under this chapter are payable to the
8 16 superintendent, who shall pay all fees and other moneys
8 17 received to the treasurer of state within the time required by
8 18 section 12.10. The treasurer of state shall deposit such
8 19 funds in the general fund of the state.

8 20 2. The superintendent shall account for receipts and
8 21 disbursements according to the separate duties imposed upon
8 22 the superintendent by the laws of this state, and each
8 23 separate duty shall be fiscally self-sustaining.

8 24 3. The credit union division may expend additional funds,
8 25 including funds for additional personnel, if the additional
8 26 expenditures are actual expenses that exceed the funds
8 27 budgeted for credit union examinations and directly result
8 28 from examinations of state credit unions.

8 29 a. The amounts necessary to fund the excess examination
8 30 expenses shall be collected from state credit unions being
8 31 regulated, and the collections shall be treated as repayment
8 32 receipts as defined in section 8.2.

8 33 b. The division shall notify in writing the legislative
8 34 services agency and the department of management when hiring
8 35 additional personnel. The written notification shall include
9 1 documentation that any additional expenditure related to such
9 2 hiring will be totally reimbursed to the general fund of the
9 3 state, and shall also include the division's justification for
9 4 hiring such personnel. The division must obtain the approval
9 5 of the department of management only if the number of
9 6 additional personnel to be hired exceeds the number of full=
9 7 time equivalent positions authorized by the general assembly.

9 8 4. a. All fees and other moneys collected shall be
9 9 deposited into the general fund of the state and expenses
9 10 required to be paid under this section shall be paid from
9 11 funds appropriated for those purposes. Moneys deposited into
9 12 the general fund of the state pursuant to this section shall
9 13 be subject to the requirements of section 8.60.

9 14 b. Funds appropriated to the credit union division shall
9 15 be subject at all times to the warrant of the director of
9 16 revenue, drawn upon written requisition of the superintendent
9 17 or a designated representative, for the payment of all

9 18 salaries and other expenses necessary to carry out the duties
9 19 of the credit union division.

9 20 5. The credit union division may accept reimbursement of
9 21 expenses related to the examination of a state credit union
9 22 from the national credit union administration or any other
9 23 guarantor or insurance plan authorized by this chapter. These
9 24 reimbursements shall be deposited into the general fund of the
9 25 state.

9 26 Sec. 12. NEW SECTION. 533.112 ANNUAL FEES == EXAMINATION
9 27 FEES == DELINQUENCIES.

9 28 1. Each state credit union shall pay an annual fee as
9 29 determined by the superintendent based on the actual cost of
9 30 operating the credit union division. The superintendent shall
9 31 consider recommendations from the credit union council and
9 32 from state credit unions in determining the amount of the
9 33 annual fee.

9 34 2. Each state credit union, corporation, credit union
9 35 service organization, or other person subject to an
10 1 examination pursuant to section 533.113 shall pay an
10 2 examination fee. The superintendent shall establish by rule
10 3 an examination fee schedule.

10 4 3. a. Failure of a state credit union, corporation,
10 5 credit union service organization, or other person to pay a
10 6 fee pursuant to subsection 1 or 2 shall result in the fee
10 7 being considered delinquent and a penalty equal to five
10 8 percent of the original fee may be assessed for each day or
10 9 part of a day the payment remains delinquent.

10 10 b. A fee delinquency under this subsection by a
10 11 corporation, credit union service organization, or other
10 12 person may result in the superintendent collecting the
10 13 delinquent fee and penalty from the state credit union owning
10 14 shares or investments or having business transactions or a
10 15 relationship with such corporation, credit union service
10 16 organization, or other person.

10 17 c. A fee delinquency under this subsection may also
10 18 constitute grounds for revocation of the certificate of
10 19 approval of the credit union to operate in this state.

10 20 Sec. 13. NEW SECTION. 533.113 EXAMINATIONS.

10 21 1. The superintendent may do any or all of the following:

10 22 a. Make or cause to be made an examination of a credit
10 23 union whenever the superintendent believes such examination is
10 24 necessary or advisable, but in no event less frequently than
10 25 once during each twenty-four-month period.

10 26 b. Make or cause to be made such limited examinations at
10 27 such times and with such frequency as the superintendent deems
10 28 necessary and advisable to determine the condition of any
10 29 state credit union and whether any person has violated the
10 30 provisions of this chapter.

10 31 c. Make or cause to be made an examination of any
10 32 corporation or credit union service organization in which a
10 33 state credit union owns shares or has made an investment.

10 34 d. Make or cause to be made an examination of any person
10 35 having business transactions or a relationship with any state
11 1 credit union, upon application to and order of the district
11 2 court of Polk county, when such examination is deemed
11 3 necessary and advisable in order to determine whether the
11 4 capital of the state credit union is impaired or whether the
11 5 safety of its deposits is imperiled.

11 6 e. Accept, in lieu of the examination of a state credit
11 7 union, or any corporation or credit union service organization
11 8 in which a state credit union owns shares or has made an
11 9 investment, or of any person having business transactions or a
11 10 relationship with any state credit union, an examination
11 11 report prepared by a federal regulatory authority.

11 12 f. Accept, in lieu of the examination of a state credit
11 13 union, an audit report conducted by a certified public
11 14 accounting firm selected from a list of firms previously
11 15 approved by the superintendent. The cost of the audit shall
11 16 be paid by the state credit union.

11 17 g. Accept, in lieu of the examination of an out-of-state
11 18 credit union which also conducts business in this state, an
11 19 examination report prepared by a state or federal regulatory
11 20 authority.

11 21 h. Retain, at the examinee's expense, accountants,
11 22 investigators, and other experts as reasonably necessary to
11 23 assist in the conduct of the examination. Any person so
11 24 retained shall serve in a purely advisory capacity at the
11 25 direction of the superintendent.

11 26 2. A state credit union and all of its officers and agents
11 27 shall give to the representatives of the superintendent free
11 28 and unimpeded access to all books, papers, securities,

11 29 records, and other sources of information under their control.
11 30 3. a. A report of examination shall be forwarded to the
11 31 chairperson of a state credit union within thirty days after
11 32 the completion of the examination. Within thirty days of the
11 33 receipt of this report, a meeting of the directors shall be
11 34 called by the state credit union to consider matters contained
11 35 in the report and the action taken shall be set forth in the
12 1 minutes of the board.

12 2 b. The report of examination of any affiliate or of any
12 3 person examined as provided in this subsection shall not be
12 4 transmitted by the superintendent to any such affiliate or
12 5 person or to the board of directors of any state credit union
12 6 unless authorized or requested by such affiliate or person.

12 7 4. a. Whenever the superintendent deems it necessary and
12 8 advisable, the superintendent may notify the board of
12 9 directors of a state credit union that a meeting will be held
12 10 at a place and time and manner as the superintendent directs.
12 11 The superintendent's notice may disclose the purpose of the
12 12 meeting.

12 13 b. The superintendent may present to the board at the
12 14 meeting any item the superintendent desires to bring to the
12 15 attention of the board, including but not limited to any
12 16 report of an examination required or allowed by this chapter,
12 17 any conclusions or projections drawn by the superintendent,
12 18 any recommendations made relative to a report of an
12 19 examination, and any other matters concerning the operation
12 20 and condition of the state credit union.

12 21 c. The state credit union shall cause the matters
12 22 presented at the meeting to be recorded in the minutes of the
12 23 meeting.

12 24 d. Each member of the board of directors shall furnish the
12 25 superintendent a statement on forms supplied by the
12 26 superintendent that the member is familiar with the matters
12 27 presented by the superintendent.

12 28 5. The superintendent may require any of the following
12 29 state credit unions to submit to an additional examination or
12 30 to an independent audit performed by a certified public
12 31 accounting firm as provided in subsection 1, paragraph "f", at
12 32 the expense of the state credit union:

12 33 a. A state credit union where the records are inadequate.

12 34 b. A state credit union in which the books have not been
12 35 balanced as of the end of the month not less than thirty days
13 1 previously.

13 2 c. A state credit union whose affairs are in an
13 3 unfavorable condition.

13 4 6. The superintendent may furnish a copy of the
13 5 examination report and materials relating to any or all
13 6 examinations made of any state credit union and any affiliate
13 7 of a state credit union to any or all of the following,
13 8 including any official or supervising examiner of any office
13 9 or regulatory authority:

13 10 a. The national credit union administration.

13 11 b. The federal deposit insurance corporation.

13 12 c. The federal reserve system.

13 13 d. The office of the comptroller of the currency.

13 14 e. The office of thrift supervision.

13 15 f. The federal home loan bank.

13 16 g. Financial institution regulatory authorities of other
13 17 states.

13 18 h. The financial crimes enforcement network of the United
13 19 States department of the treasury.

13 20 7. If the superintendent concludes that a state credit
13 21 union's affairs are in an unfavorable condition, the
13 22 superintendent may direct the state credit union to consider
13 23 consolidation, dissolution, or any other form of
13 24 reorganization.

13 25 Sec. 14. NEW SECTION. 533.114 ANNUAL REPORT OF
13 26 SUPERINTENDENT.

13 27 1. The superintendent shall report annually to the
13 28 governor in the manner and within the time required by chapter
13 29 7A. A copy of the report shall be furnished by the
13 30 superintendent to each state credit union and to the Iowa
13 31 credit union league and its affiliates.

13 32 2. In addition to the matters required by chapter 7A, the
13 33 annual report of the superintendent shall contain all of the
13 34 following:

13 35 a. A summary of applications approved or denied by the
14 1 superintendent pursuant to this chapter since the last
14 2 previous report.

14 3 b. A summary of the assets, liabilities, and capital
14 4 structures of all state credit unions, and a summary of the

14 5 volume of consumer installment credit outstanding per state
14 6 credit union, as of December 31 of the year for which the
14 7 report is made.

14 8 c. A statement of the receipts and disbursements of funds
14 9 of the superintendent during the calendar year ending on the
14 10 preceding December 31 and of the funds on hand on that
14 11 December 31, including an estimate of the disbursements of
14 12 credit union division funds for consumer credit protection
14 13 during the year for which the report is made.

14 14 d. Information that the administrator of the Iowa consumer
14 15 credit code may require to be included.

14 16 e. A list of state credit unions that have been designated
14 17 as serving predominantly low-income members pursuant to
14 18 section 533.301, subsection 1.

14 19 f. Other information the superintendent deems appropriate
14 20 and advisable to disclose in the discharge of the duties
14 21 imposed upon the superintendent by this chapter.

14 22 Sec. 15. NEW SECTION. 533.115 RECIPROCITY.

14 23 1. Subject to rules of the superintendent, a credit union
14 24 organized in another state may do business in Iowa if state
14 25 credit unions organized in Iowa may do business in the state
14 26 in which the out-of-state credit union is organized.

14 27 2. Notwithstanding subsection 1, an out-of-state credit
14 28 union shall meet the same deposit insurance requirements
14 29 established by this chapter for a state credit union prior to
14 30 doing business in Iowa.

14 31 Sec. 16. NEW SECTION. 533.116 ENFORCEMENT OF IOWA
14 32 CONSUMER CREDIT CODE.

14 33 1. The superintendent shall enforce the Iowa consumer
14 34 credit code with respect to state credit unions, as provided
14 35 in sections 537.2303, 537.2305, and 537.6105.

15 1 2. The superintendent shall cooperate with the
15 2 administrator of the Iowa consumer credit code as designated
15 3 in section 537.6103, and shall assist that administrator
15 4 whenever necessary to provide for the discharge of the duties
15 5 of that administrator.

15 6 3. Notwithstanding other provisions of this chapter to the
15 7 contrary, the superintendent shall furnish to the
15 8 administrator of the Iowa consumer credit code, access to or
15 9 copies of records in the custody of the credit union division
15 10 that relate to a state credit union when necessary to enable
15 11 the administrator of the Iowa consumer credit code to enforce
15 12 chapter 537.

15 13 Sec. 17. NEW SECTION. 533.117 SMALL LOANS LEGISLATION.

15 14 This chapter does not apply to any person engaged in the
15 15 business of loaning money under chapter 536.

15 16 Sec. 18. NEW SECTION. 533.201 ORGANIZATION.

15 17 1. In order to simplify the organization of state credit
15 18 unions, the superintendent shall cause to be prepared an
15 19 approved form of articles of incorporation and a form of
15 20 bylaws, consistent with this chapter, which shall be used by
15 21 state credit union incorporators.

15 22 2. a. A group comprised of at least seven residents of
15 23 the state of Iowa may apply to the superintendent for
15 24 permission to organize a state credit union.

15 25 b. A state credit union shall be organized by delivering
15 26 to the superintendent articles of incorporation that state all
15 27 of the following:

15 28 (1) The name and location of the proposed state credit
15 29 union.

15 30 (2) The names and addresses of the subscribers to the
15 31 articles and the number of shares subscribed to by each.

15 32 (3) The share structure of the state credit union. A
15 33 state credit union may have more than one class of shares.
15 34 The par value of the shares of the state credit union shall be
15 35 established by the board of directors.

16 1 3. The applicants shall prepare and adopt bylaws for the
16 2 general governance of the state credit union consistent with
16 3 the provisions of this chapter.

16 4 4. The articles and the bylaws, both executed in
16 5 duplicate, shall be forwarded with a fee of ten dollars to the
16 6 superintendent.

16 7 5. a. The superintendent shall determine whether the
16 8 articles and bylaws conform to the provisions of this chapter
16 9 within thirty days of receipt.

16 10 b. The superintendent shall notify the applicants of the
16 11 determination after review of the articles and bylaws.

16 12 c. If the decision is favorable, the superintendent shall
16 13 issue a certificate of approval, which shall be attached to
16 14 the duplicate articles of incorporation and returned, together
16 15 with the duplicate bylaws, to the applicants.

16 16 d. Articles and bylaws approved by the superintendent
16 17 shall be binding upon the applicants and the board of
16 18 directors of a state credit union. If the board of directors
16 19 does not follow the articles of incorporation and bylaws, the
16 20 members of the state credit union may pursue a derivative
16 21 action in Iowa district court.

16 22 6. a. The applicants shall file the duplicate of the
16 23 articles of incorporation and the attached certificate of
16 24 approval with the county recorder of the county within which
16 25 the state credit union is to have its principal place of
16 26 business.

16 27 b. The county recorder shall record and index the
16 28 duplicate of the articles of incorporation and the attached
16 29 certificate of approval and return the articles of
16 30 incorporation and the certificate of approval, with the
16 31 recorder's certificate of record attached, to the
16 32 superintendent for permanent record.

16 33 7. Articles of incorporation may be amended by a favorable
16 34 vote of a majority of the members present at a meeting, if
16 35 that number constitutes a quorum and if the proposed amendment
17 1 was contained in the notice of the meeting.

17 2 8. Bylaws may be amended by any of the following methods:
17 3 a. The favorable vote of a majority of the members present
17 4 at a meeting, if that number constitutes a quorum and if the
17 5 proposed amendment was contained in the notice of the meeting.

17 6 b. The favorable vote of a majority of the members of the
17 7 board.

17 8 c. By a majority vote of members voting by mailed or
17 9 electronic ballot, ensuring the confidentiality of voters,
17 10 according to procedures specified by rule of the
17 11 superintendent, requiring at least twenty days' notice to all
17 12 members. An announcement shall be made to members of the
17 13 results of the vote. Ballots shall be preserved for a
17 14 reasonable period of time following the vote.

17 15 d. A combination of procedures as specified in paragraphs
17 16 "a" and "c", whereby members are allowed to vote either in
17 17 person at a meeting or by mailed or electronic ballot,
17 18 according to procedures specified by rule of the
17 19 superintendent. If the proposed amendment receives a
17 20 favorable majority of the total votes cast in person and by
17 21 mailed or electronic ballot, the bylaws shall be amended.

17 22 9. An amendment to the articles of incorporation or bylaws
17 23 must be approved by the superintendent before the amendment
17 24 becomes effective.

17 25 10. The original articles or amended articles may contain
17 26 a provision eliminating or limiting the personal liability of
17 27 a director, officer, or employee of the state credit union or
17 28 its shareholders for monetary damages for breach of fiduciary
17 29 duty as a director, officer, or employee, provided that the
17 30 provision does not eliminate or limit the liability of a
17 31 director, officer, or employee for any breach of the
17 32 director's, officer's, or employee's duty of loyalty to the
17 33 state credit union or its shareholders, for acts or omissions
17 34 not in good faith or that involve intentional misconduct or a
17 35 knowing violation of law, or for any transaction from which
18 1 the director, officer, or employee derives an improper
18 2 personal benefit. However, a provision shall not eliminate or
18 3 limit the liability of a director, officer, employee, or
18 4 shareholder for any act or omission occurring prior to the
18 5 date when the provision in the articles of incorporation
18 6 becomes effective.

18 7 Sec. 19. NEW SECTION. 533.202 COMMON BOND == MEMBERSHIP
18 8 == OWNERSHIP SHARE.

18 9 1. a. State credit union organization shall be available
18 10 to groups of individuals who have a common bond of association
18 11 such as, but not limited to, occupation, common employer, or
18 12 residence within specified geographic boundaries.

18 13 b. Changes in the common bond may be made by the board of
18 14 directors.

18 15 2. a. The membership of a state credit union consists of
18 16 those persons in the common bond who have subscribed to one
18 17 ownership share and have complied with the other requirements
18 18 specified by the articles of incorporation and bylaws.

18 19 b. Organizations, incorporated or otherwise, may be
18 20 members.

18 21 c. Unless the state credit union's bylaws state otherwise,
18 22 once a person or organization becomes a member of a state
18 23 credit union in accordance with this chapter, the person or
18 24 organization may remain a member of that state credit union,
18 25 and retain all membership privileges, until the person or
18 26 organization chooses to withdraw from the membership of the

18 27 state credit union, or is expelled pursuant to section
18 28 533.210.

18 29 Sec. 20. NEW SECTION. 533.203 FISCAL YEAR == MEMBERSHIP
18 30 MEETINGS.

18 31 1. The fiscal year of all state credit unions shall end
18 32 December 31.

18 33 2. Annual meetings shall be held, and special meetings may
18 34 be held, in the manner indicated in the bylaws.

18 35 a. At all meetings, a member shall have one vote
19 1 regardless of the number of or class of shares held by the
19 2 member.

19 3 b. There shall be no voting by proxy.

19 4 c. A member other than a natural person may cast a single
19 5 vote through a delegated agent.

19 6 3. a. The majority of members present at any meeting may
19 7 vote to modify, amend, or reverse any act of the board of
19 8 directors or instruct the board to take action not
19 9 inconsistent with the articles, bylaws, or this chapter.

19 10 b. In order to be binding upon the board of directors, any
19 11 action taken by the membership to modify, amend, or reverse an
19 12 act of the board, or to instruct the board to take action,
19 13 requires an affirmative vote of a majority of all eligible
19 14 members obtained by submitting the modification, amendment, or
19 15 reversal to the members by mail or electronic ballot, pursuant
19 16 to rules adopted by the superintendent.

19 17 Sec. 21. NEW SECTION. 533.204 ELECTION OF BOARD.

19 18 1. At the organizational meeting a board of directors of
19 19 not less than nine members shall be elected to hold office for
19 20 such terms as the bylaws provide and until successors are
19 21 elected and qualified.

19 22 2. At each annual meeting one member shall be elected to
19 23 fill each position vacated by reason of an expiring term or
19 24 other cause.

19 25 3. Pursuant to rules adopted by the superintendent, state
19 26 credit unions may allow members to vote on the election of
19 27 directors via electronic means including but not limited to
19 28 the internet or telephone.

19 29 4. A record of the names and addresses of the directors,
19 30 officers, and committee persons shall be filed with the
19 31 superintendent within ten days following each election.

19 32 5. A state credit union wishing to maintain a board of
19 33 directors of less than nine members may apply to the
19 34 superintendent for permission to reduce the required number of
19 35 directors. An application to reduce the required number of
20 1 directors under this subsection must demonstrate both of the
20 2 following:

20 3 a. The application is necessitated by a hardship or other
20 4 special circumstance.

20 5 b. A lesser number of directors is in the best interest of
20 6 the state credit union and its members.

20 7 In no event may the superintendent allow fewer than seven
20 8 directors on a state credit union board.

20 9 Sec. 22. NEW SECTION. 533.205 BOARD OF DIRECTORS ==
20 10 DUTIES.

20 11 1. Within five days following the organizational meeting
20 12 and each annual meeting, the directors shall elect the
20 13 following officers from the membership of the board of
20 14 directors:

20 15 a. A chairperson of the board.

20 16 b. A vice chairperson.

20 17 c. A secretary.

20 18 d. A chief financial officer whose title shall be
20 19 designated by the board.

20 20 2. a. The board of directors shall appoint the following
20 21 committees:

20 22 (1) A credit committee of not less than three members.

20 23 (2) An auditing committee of not less than three members.

20 24 b. The board may also appoint alternate members of the
20 25 credit committee.

20 26 c. Only a member of the board or a member of the state
20 27 credit union may be appointed to the credit committee or to
20 28 the auditing committee.

20 29 d. The board may appoint an executive committee to act on
20 30 its behalf.

20 31 3. The duties and responsibilities of a director and of
20 32 the board of directors shall include, but are not limited to,
20 33 all of the following:

20 34 a. General management of the affairs of the state credit
20 35 union.

21 1 b. Setting the amount of the surety bond that shall be
21 2 required of all officers and employees handling money.

21 3 c. Attendance at no less than seventy-five percent of the
21 4 regular board meetings held during the calendar year.
21 5 d. Periodic review of the original records of the state
21 6 credit union, or comprehensive summaries prepared by the
21 7 officers of the state credit union, pertaining to loans,
21 8 security interests, and investments.
21 9 e. Review of the adequacy of the state credit union's
21 10 internal controls.
21 11 f. Periodic review of utilization of security measures.
21 12 g. Establishing education and training programs to ensure
21 13 that the director possesses adequate knowledge to manage the
21 14 affairs of the state credit union.

21 15 4. a. Directors of a state credit union shall discharge
21 16 the duties of their position in good faith and with that
21 17 diligence, care, and skill which ordinarily prudent persons
21 18 would exercise under similar circumstances in like positions.
21 19 b. The directors have a continuing responsibility to
21 20 assure themselves that the state credit union is being managed
21 21 according to law and that the practices and policies adopted
21 22 by the board are being implemented.

21 23 5. a. The board of directors shall name or employ an
21 24 individual who performs active executive or official duties
21 25 for the state credit union as its chief executive officer.
21 26 b. The board shall fix the tenure and provide for the
21 27 reasonable compensation of the chief executive officer.
21 28 c. The chief executive officer may be a member of the
21 29 board of directors.

21 30 6. a. The chief executive officer or the chief executive
21 31 officer's designee shall determine the compensation and tenure
21 32 of employees of the state credit union.
21 33 b. An employee of the state credit union shall not be a
21 34 member of the board of directors.
21 35 c. For purposes of this section, an employee of the state
22 1 credit union means an individual employed by the state credit
22 2 union other than the chief executive officer.

22 3 7. A state credit union shall not pay an overdraft of a
22 4 director, officer, or employee of the state credit union on an
22 5 account at the state credit union, unless the payment of funds
22 6 is made in accordance with either of the following:
22 7 a. A written, preauthorized, interest-bearing extension of
22 8 credit plan that specifies a method of repayment.
22 9 b. A written, preauthorized transfer of collected funds
22 10 from another account of the account holder at the state credit
22 11 union.

22 12 8. A credit union director shall not receive compensation
22 13 for service as a director. However, a director may be
22 14 reimbursed for reasonable expenses directly related to such
22 15 service.

22 16 Sec. 23. NEW SECTION. 533.206 MEETINGS OF THE BOARD.
22 17 Unless the bylaws provide otherwise, the board of directors
22 18 may permit any and all directors to participate in all except
22 19 one meeting per year of the board of directors through the use
22 20 of any means of communication by which all directors
22 21 participating in the meeting may simultaneously hear each
22 22 other and communicate during the meeting. A director
22 23 participating in a meeting by this means is deemed to be
22 24 present at the meeting.

22 25 Sec. 24. NEW SECTION. 533.207 CREDIT COMMITTEE.
22 26 1. The credit committee shall have responsibility for the
22 27 general supervision of all loans to members.
22 28 2. Applications for loans shall be on a form approved by
22 29 the credit committee.
22 30 a. All applications shall set forth the purpose for which
22 31 the loan is desired, the security, if any, offered and such
22 32 other data as may be required.
22 33 b. Within the meaning of this section, an assignment of
22 34 shares or deposits or the endorsement of a note may be deemed
22 35 security.

23 1 3. At least a majority of the members of the credit
23 2 committee shall review and act on all loan applications and
23 3 may grant approval, or the credit committee, with the prior
23 4 approval of the board of directors, may grant one or more loan
23 5 officers the power to approve or reject loans subject to
23 6 written conditions and regulations adopted by the credit
23 7 committee.

23 8 4. The credit committee shall meet as often as may be
23 9 necessary after due notice to each member.

23 10 Sec. 25. NEW SECTION. 533.208 AUDITING COMMITTEE.
23 11 The auditing committee shall perform the following
23 12 functions:
23 13 1. Make or cause to be made an examination of the affairs

23 14 of the state credit union at least annually, including an
23 15 audit of its financial records. If the auditing committee
23 16 feels such action to be necessary, the auditing committee
23 17 shall call the members together after the audit and submit to
23 18 them its report.

23 19 2. Make or cause to be made an annual report and submit it
23 20 at the annual meeting of the members.

23 21 3. Suspend by unanimous vote any officer, director, or
23 22 member of the auditing committee and call the members together
23 23 to act on the suspension, if the auditing committee deems the
23 24 action to be necessary to the proper conduct of the state
23 25 credit union. The members at the meeting may sustain the
23 26 suspension and remove the officer, director, or member
23 27 permanently or may reinstate the officer, director, or member.

23 28 4. Call a special meeting of state credit union members by
23 29 majority vote to consider a matter to be submitted by the
23 30 auditing committee.

23 31 Sec. 26. NEW SECTION. 533.209 CONFLICTS OF INTEREST.

23 32 1. A director, committee member, officer, or employee of a
23 33 state credit union shall not directly or indirectly
23 34 participate in either the deliberation upon or the
23 35 determination of any matter in which the director, committee
24 1 member, officer, or employee has a direct or indirect
24 2 interest.

24 3 2. For the purposes of this section, an interest may
24 4 include, but is not limited to, a pecuniary or familial
24 5 interest.

24 6 Sec. 27. NEW SECTION. 533.210 EXPULSION OF CREDIT UNION
24 7 MEMBER.

24 8 1. The board of directors may expel any member of a state
24 9 credit union who has failed to do either of the following:

24 10 a. Carry out the member's obligations to the state credit
24 11 union.

24 12 b. Comply with the state credit union's bylaws or
24 13 policies.

24 14 2. A member of a state credit union may be expelled by a
24 15 majority vote of the board of directors at a regular or
24 16 special meeting of the board.

24 17 a. An expelled member may request a hearing before the
24 18 membership of the state credit union, which shall be held
24 19 within sixty days of an expelled member's request.

24 20 b. At the hearing, the membership may reinstate the
24 21 expelled member by majority vote, upon terms and conditions
24 22 prescribed at the hearing.

24 23 3. Any member may withdraw from the state credit union at
24 24 any time, but advance notice of withdrawal may be required as
24 25 provided in this section.

24 26 4. After deducting all amounts due from the member to the
24 27 state credit union and the amount necessary to honor
24 28 outstanding share drafts drawn against accounts of the member,
24 29 all amounts paid on shares or as deposits of an expelled or
24 30 withdrawing member, along with accrued dividends and interest
24 31 to the date of expulsion or withdrawal, shall be paid to that
24 32 member.

24 33 5. Upon expulsion or withdrawal of a member from a state
24 34 credit union, or at any other time, the state credit union may
24 35 require sixty days' notice of intention to withdraw shares and
25 1 thirty days' notice of intention to withdraw deposits, except
25 2 that a state credit union shall not at any time require notice
25 3 of withdrawal with respect to funds that are subject to
25 4 withdrawal by share drafts.

25 5 6. Withdrawing or expelled members shall have no further
25 6 rights in the state credit union. However, withdrawing or
25 7 expelled members shall not be released from any remaining
25 8 liability to the state credit union because of the expulsion
25 9 or withdrawal.

25 10 Sec. 28. NEW SECTION. 533.211 SUSPENSION OR RESTRICTION
25 11 OF SERVICES.

25 12 1. A state credit union may suspend or deny certain
25 13 services to members who have done any of the following:

25 14 a. Caused a loss to the state credit union.

25 15 b. Violated the membership agreement or any policy adopted
25 16 by the board.

25 17 c. Been physically or verbally abusive to state credit
25 18 union members or staff.

25 19 2. Members with suspended services may maintain a share
25 20 account, and continue to vote at annual and special meetings.

25 21 Sec. 29. NEW SECTION. 533.212 USE OF NAME "CREDIT UNION"
25 22 REQUIREMENTS == RESTRICTIONS == EXCEPTIONS.

25 23 1. a. A state credit union organized in accordance with
25 24 this chapter shall include the words "credit union" in its

25 25 name.
25 26 b. All state credit union offices shall be identified by
25 27 use of the state credit union's full name.
25 28 c. The full name of a state credit union shall be used in
25 29 all legal documents of the state credit union.
25 30 2. a. A person other than a credit union shall not use a
25 31 name or title containing the words "credit union", or any
25 32 derivation, and shall not represent in advertising or
25 33 otherwise that the person is conducting business as a credit
25 34 union, except as provided in subsection 3.
25 35 b. A person who violates paragraph "a" may be enjoined
26 1 from the use of words, advertising, or other representation
26 2 prohibited by paragraph "a".
26 3 3. The prohibitions contained in subsection 2 do not apply
26 4 to any of the following entities:
26 5 a. A credit union organized under this chapter or the laws
26 6 of another state.
26 7 b. A credit union organized under the Federal Credit Union
26 8 Act, 12 U.S.C. } 1751 et seq.
26 9 c. The Iowa credit union league, a chapter, affiliate, or
26 10 subsidiary of the Iowa credit union league or a political
26 11 action committee formed pursuant to the Federal Election
26 12 Campaign Act, 2 U.S.C. } 431 et seq., or chapter 68A by the
26 13 Iowa credit union league or by credit unions organized under
26 14 this chapter or federal law.
26 15 d. A joint service center operated by two or more credit
26 16 unions where credit union services are made available to
26 17 credit union members.
26 18 e. An organization formed for educational purposes in
26 19 association with an accredited elementary or secondary school
26 20 that engages in receipt of deposits of no more than twenty
26 21 dollars per depositor and uses the words "educational credit
26 22 union" in its name. An educational credit union must be
26 23 affiliated with a state credit union organized under this
26 24 chapter. Notwithstanding this recognition given to an
26 25 educational credit union, an educational credit union is not a
26 26 state credit union within the scope or regulation of this
26 27 chapter.
26 28 Sec. 30. NEW SECTION. 533.213 CORPORATE CENTRAL CREDIT
26 29 UNION.
26 30 1. A corporate central credit union may be established.
26 31 a. Credit unions organized under this chapter, the Federal
26 32 Credit Union Act, or any other credit union act and credit
26 33 union organizations may be members.
26 34 b. Regulated financial institutions, nonprofit
26 35 organizations, and cooperative organizations may also be
27 1 members to the extent and manner provided for in the bylaws of
27 2 the corporate central credit union.
27 3 2. A corporate central credit union shall not be required
27 4 to transfer to its legal reserve more than five percent of its
27 5 net income for the year.
27 6 3. A corporate central credit union shall have all the
27 7 powers, restrictions, and obligations imposed upon, or granted
27 8 to a state credit union under this chapter, except that the
27 9 corporate central credit union may also exercise any of the
27 10 following additional powers subject to the adoption of rules
27 11 by the superintendent and with the prior written approval of
27 12 the superintendent:
27 13 a. Borrow any amount from any source.
27 14 b. Invest in or purchase obligations or securities or
27 15 other designated investments to the same extent authorized for
27 16 other supervised financial institutions.
27 17 c. Invest in or acquire shares, stocks, or other
27 18 obligations of an organization providing services that are
27 19 associated with the operations of credit unions. However, the
27 20 aggregate amount invested pursuant to this paragraph shall not
27 21 exceed fifty percent of the total of all reserves and
27 22 undivided earnings of the corporate central credit union.
27 23 d. Buy or sell investment securities and corporate bonds
27 24 that are evidences of indebtedness. However, the purchase or
27 25 sale is limited to marketable obligations of a corporation or
27 26 state or federal agency issued without recourse.
27 27 e. Establish one or more capital accounts in the same
27 28 manner as if it were a federal credit union.
27 29 f. Sell all or part of its assets to another corporate
27 30 central credit union and assume the liabilities of a selling
27 31 corporate central credit union if the action is pursuant to a
27 32 plan agreed upon by a majority of the board of directors and,
27 33 in the case of the sale of all of its assets, the affirmative
27 34 vote of a majority of its members either by mail or in person
27 35 at a meeting called for that purpose.

28 1 g. Invest in the shares or deposits of another similarly
28 2 organized corporate central credit union, or central liquidity
28 3 facility.
28 4 h. Make other investments approved by the superintendent.
28 5 Sec. 31. NEW SECTION. 533.301 POWERS.
28 6 A state credit union shall have the power to do all of the
28 7 following:
28 8 1. Receive payments for ownership shares, other shares, or
28 9 as deposits from any or all of the following:
28 10 a. Members of the state credit union.
28 11 b. Nonmembers as prescribed by rule where the state credit
28 12 union is serving predominantly low-income members. Rules
28 13 adopted allowing nonmember deposits in state credit unions
28 14 serving predominantly low-income members shall be designed
28 15 solely to meet the needs of the low-income members.
28 16 c. Other state credit unions.
28 17 d. Federal, state, county, and city governments.
28 18 2. Make loans or leases to members.
28 19 3. Make loans to a cooperative society or other
28 20 organization having membership in the state credit union.
28 21 4. Make deposits in state and national banks, state and
28 22 federal savings banks or savings and loan associations, and
28 23 state and federal credit unions, the accounts of which are
28 24 insured by the federal deposit insurance corporation or the
28 25 national credit union share insurance fund.
28 26 5. Make investments in any or all of the following:
28 27 a. Time deposits in state and national banks, state and
28 28 federal savings banks or savings and loan associations, and
28 29 state and federal credit unions, the deposits of which are
28 30 insured by the federal deposit insurance corporation or the
28 31 national credit union share insurance fund.
28 32 b. Obligations, participations, or other instruments of or
28 33 issued by, or fully guaranteed as to principal and interest by
28 34 the United States government or any agency of the United
28 35 States government, or any trust or trusts established for
29 1 investing directly or collectively in the United States
29 2 government or any agency of the United States government.
29 3 c. General obligations of this state and any subdivision
29 4 of this state.
29 5 d. Purchase of notes of liquidating credit unions with the
29 6 approval of the superintendent.
29 7 e. Shares and deposits in other credit unions.
29 8 f. Shares, stocks, loans, and other obligations or a
29 9 combination of shares, stocks, loans, and other obligations of
29 10 a credit union service organization, corporation, or
29 11 association, provided the membership or ownership, as the case
29 12 may be, of the credit union service organization, corporation,
29 13 or association is primarily confined or restricted to credit
29 14 unions or organizations of credit unions, and provided that
29 15 the purpose of the credit union service organization,
29 16 corporation, or association is primarily designed to provide
29 17 services to credit unions, organizations of credit unions, or
29 18 credit union members. However, the aggregate amount invested
29 19 pursuant to this paragraph shall not exceed five percent of
29 20 the assets of the credit union.
29 21 g. Obligations issued by federal land banks, federal
29 22 intermediate credit banks, banks for cooperatives, or any of
29 23 the federal farm credit banks.
29 24 h. Commercial paper issued by United States corporations
29 25 as defined by rule.
29 26 i. Corporate bonds as defined by and subject to terms and
29 27 conditions imposed by the superintendent, provided that the
29 28 superintendent shall not approve investment in corporate bonds
29 29 unless the bonds are rated in the two highest grades of
29 30 corporate bonds by a nationally accepted rating agency.
29 31 j. Any permissible investment for federal credit unions,
29 32 provided that this paragraph shall not permit a credit union
29 33 to invest in a credit union service organization except as
29 34 provided in paragraph "f".
29 35 6. Borrow money as provided in this chapter.
30 1 7. Assess penalties as may be provided by the bylaws.
30 2 8. Sue and be sued.
30 3 9. Make contracts.
30 4 10. Purchase, hold, and dispose of property necessary and
30 5 incidental to its operation, except that any property acquired
30 6 through foreclosure shall be disposed of within a period not
30 7 to exceed ten years.
30 8 11. Exercise such incidental powers as may be necessary or
30 9 requisite to enable the state credit union to carry on the
30 10 business effectively for which it is incorporated.
30 11 12. Apply for share account and deposit account insurance

30 12 that meets the requirements of this chapter, and take all
30 13 actions necessary to maintain an insured status.

30 14 13. Serve a group of persons having an insufficient number
30 15 of members to form or conduct the affairs of a separate credit
30 16 union, upon the approval of the superintendent. The existence
30 17 of a common bond relationship between the group and the credit
30 18 union affecting that service shall not be required.

30 19 14. Deposit with a credit union that has been in existence
30 20 for not more than a year, an amount not to exceed twenty-five
30 21 percent of the assets of the new credit union, but only one
30 22 credit union may, at any time, make such a deposit.

30 23 15. Acquire the conditional sales contracts, promissory
30 24 notes, or other similar instruments executed by its members,
30 25 but the rate of interest existing on the instruments shall not
30 26 exceed the highest rate charged by the acquiring credit union
30 27 on its outstanding loans.

30 28 16. a. Sell, participate in, or discount the obligations
30 29 of its members with or without recourse.

30 30 b. Purchase the obligations of credit union members,
30 31 provided the obligations meet the requirements of this
30 32 chapter.

30 33 17. Acquire and hold shares in a corporation engaged in
30 34 providing and operating facilities through which a credit
30 35 union and its members may engage, by means of either the
31 1 direct transmission of electronic impulses to and from the
31 2 credit union or the recording of electronic impulses or other
31 3 indicia of a transaction for delayed transmission to the
31 4 credit union, in transactions in which such credit union is
31 5 otherwise permitted to engage pursuant to applicable law,
31 6 subject to the prior approval of the superintendent.

31 7 18. Engage in any transaction otherwise permitted by this
31 8 chapter and applicable law, by means of either the direct
31 9 transmission of electronic impulses to or from the state
31 10 credit union or the recording of electronic impulses or other
31 11 indicia of a transaction for delayed transmission to the state
31 12 credit union.

31 13 a. Subject to the provisions of chapter 527, a state
31 14 credit union may utilize, establish, or operate, alone or with
31 15 one or more other credit unions, banks incorporated under
31 16 chapter 524 or federal law, savings and loan associations
31 17 incorporated under chapter 534 or federal law, corporations
31 18 licensed under chapter 536A, or third parties, the satellite
31 19 terminals permitted under chapter 527, by means of which the
31 20 state credit union may transmit to or receive from any member
31 21 electronic impulses constituting transactions pursuant to this
31 22 subsection. However, such utilization, establishment, or
31 23 operation shall be lawful only when in compliance with chapter
31 24 527.

31 25 b. This subsection shall not be construed as authority for
31 26 any person to engage in transactions not otherwise permitted
31 27 by applicable law, and shall not be deemed to repeal, replace,
31 28 or in any other way affect any applicable law or rule
31 29 regarding the maintenance of or access to financial
31 30 information maintained by any credit union.

31 31 19. Establish one or more state credit union offices other
31 32 than its main office.

31 33 a. A state credit union may furnish at any of its offices
31 34 all credit union services ordinarily furnished to the
31 35 membership at its principal place of business.

32 1 b. The central executive and official business and
32 2 recordkeeping functions of a state credit union shall be
32 3 exercised at its principal place of business or at another
32 4 state credit union office or a location authorized by the
32 5 superintendent for these functions.

32 6 c. A state credit union shall file an informational
32 7 statement in the form prescribed by the superintendent prior
32 8 to opening a state credit union office.

32 9 d. A state credit union office shall not be opened without
32 10 a certificate to establish a state credit union office issued
32 11 by the superintendent.

32 12 e. The establishment of a state credit union office must
32 13 be reasonably necessary for service to, and in the best
32 14 interests of, the members of the state credit union, and shall
32 15 not endanger the safety and soundness of the state credit
32 16 union opening the office.

32 17 f. A state credit union may join with one or more credit
32 18 unions in the operation of an office facility to meet the
32 19 service needs of its members.

32 20 20. Contract with another credit union to furnish services
32 21 which either could otherwise legally perform. Contracted
32 22 services provided under this subsection are subject to

32 23 regulation and examination like other services.
32 24 21. Purchase insurance or make the purchase of insurance
32 25 available for members.
32 26 22. Charge fees and penalties and apply them to income.
32 27 23. a. (1) Act as agent of the federal government when
32 28 requested by the secretary of the United States department of
32 29 treasury.
32 30 (2) Perform such services as may be required in connection
32 31 with the collection of taxes and other obligations due the
32 32 United States and the lending, borrowing, and repayment of
32 33 moneys by the United States.
32 34 (3) Act as a depository of public money when designated
32 35 for that purpose.
33 1 b. (1) Act as agent of this state when requested by the
33 2 treasurer of state.
33 3 (2) Perform such services as may be required in connection
33 4 with the collection of taxes and other obligations due this
33 5 state and the lending, borrowing, and repayment of moneys by
33 6 this state.
33 7 (3) Act as a depository of public moneys when designated
33 8 for that purpose.
33 9 24. Receive public funds pursuant to chapter 12C and
33 10 pledge its assets to secure the deposit of public funds.
33 11 25. Engage in any activity authorized by the
33 12 superintendent which would be permitted if the state credit
33 13 union were organized under the Federal Credit Union Act, 12
33 14 U.S.C. } 1751 et seq.
33 15 26. To promote the public welfare, make donations for
33 16 religious, charitable, scientific, educational, or community
33 17 betterment purposes.
33 18 27. Set off a member's accounts against any of the
33 19 member's debts or liabilities owed the state credit union
33 20 pursuant to an agreement entered into between the member and
33 21 the state credit union. The state credit union shall also
33 22 have a lien on the shares and deposits of a member for any sum
33 23 due to the state credit union from the member or for any loan
33 24 endorsed by the member.
33 25 28. All other powers determined by the superintendent to
33 26 be appropriate for a state credit union.
33 27 Sec. 32. NEW SECTION. 533.302 CAPITAL.
33 28 1. The capital of a state credit union shall consist of
33 29 the sum of its ownership shares plus accumulated net earnings.
33 30 2. A state credit union may accept deposits to individual
33 31 capital accounts that shall be considered the secondary or
33 32 alternative capital of the state credit union and shall be
33 33 available to cover losses of the state credit union that
33 34 exceed reserves and undivided earnings. A deposit holder of a
33 35 secondary or alternative capital account may be considered a
34 1 member of the credit union but, as such, shall not be
34 2 authorized to acquire an ownership share in the state credit
34 3 union and shall not have the rights of membership, including
34 4 the ability to vote, obtain a loan, or hold office in the
34 5 state credit union.
34 6 a. A secondary or alternative capital account may be
34 7 withdrawn or transferred by the depositor upon prior written
34 8 notice to, and termination of membership in, the state credit
34 9 union and in accordance with rules adopted by the
34 10 superintendent. If the superintendent determines that the
34 11 withdrawal or transfer would adversely affect the safety and
34 12 soundness of the state credit union, the depositor shall not
34 13 withdraw or transfer the secondary or alternative capital
34 14 account.
34 15 b. The aggregate amount that may be held in a secondary or
34 16 alternative capital account by any one depositor or group of
34 17 depositors may be determined by the board of directors of a
34 18 state credit union, subject to the approval of the
34 19 superintendent.
34 20 c. At the option of the state credit union, the secondary
34 21 or alternative capital account may earn a dividend, and may or
34 22 may not be insured.
34 23 Sec. 33. NEW SECTION. 533.303 RESERVES.
34 24 1. At the end of each dividend period, but no less than
34 25 quarterly, the gross income of the state credit union shall be
34 26 determined.
34 27 2. A legal reserve against losses on loans and against
34 28 such other losses as may be specified by rule shall be set
34 29 aside from the gross income in accordance with the following
34 30 schedule:
34 31 a. A state credit union in operation for more than four
34 32 years and having assets of five hundred thousand dollars or
34 33 more shall set aside the following amounts in the following

34 34 order:

34 35 (1) Ten percent of the gross income until the legal
35 1 reserve equals four percent of the total outstanding loans and
35 2 risk assets.

35 3 (2) Five percent of the gross income until the legal
35 4 reserve equals six percent of the total outstanding loans and
35 5 risk assets.

35 6 b. A state credit union in operation for less than four
35 7 years or having assets of less than five hundred thousand
35 8 dollars shall set aside the following amounts in the order set
35 9 forth:

35 10 (1) Ten percent of the gross income until the legal
35 11 reserve equals seven and one-half percent of the total
35 12 outstanding loans and risk assets.

35 13 (2) Five percent of the gross income until the legal
35 14 reserve equals ten percent of the total outstanding loans and
35 15 risk assets.

35 16 3. a. If the legal reserve falls below the percent of the
35 17 total outstanding loans and risk assets required for a state
35 18 credit union by this section, the state credit union shall
35 19 replenish the legal reserve by regular contributions in the
35 20 amounts needed to reach the required reserve. However, the
35 21 superintendent may waive the reserve requirement when in the
35 22 superintendent's opinion the waiver is necessary or desirable.

35 23 b. The legal reserve shall belong to the state credit
35 24 union and shall be used to meet losses.

35 25 c. The reserve shall not be distributed to members as
35 26 interest or dividends except on liquidation of the state
35 27 credit union or in accordance with a plan approved by the
35 28 superintendent.

35 29 4. The superintendent may require a state credit union to
35 30 set aside additional amounts as a special reserve if an
35 31 examination of assets discloses that the legal reserve of the
35 32 state credit union is inadequate.

35 33 5. A state credit union shall maintain an adequate
35 34 allowance for loan and lease losses account and such other
35 35 valuation allowance accounts as may be necessary to provide
36 1 for the full and fair disclosure, in the state credit union's
36 2 financial statements, of the assets, liabilities, and equity
36 3 of the state credit union.

36 4 6. For the purpose of establishing legal reserves, the
36 5 following shall not be considered risk assets:

36 6 a. Cash on hand.

36 7 b. Deposits and shares in federally insured banks, savings
36 8 banks, and credit unions.

36 9 c. Assets which are insured by, fully guaranteed as to
36 10 principal and interest by, or due from the United States
36 11 government, its agencies, and instrumentalities.

36 12 d. Loans to other credit unions.

36 13 e. Student loans insured under the provisions of 20 U.S.C.
36 14 } 1071-1087 or similar state programs.

36 15 f. Loans insured by the federal housing administration
36 16 under 12 U.S.C. } 1703.

36 17 g. Loans fully insured or guaranteed by the federal
36 18 government, a state government, or any agency of either.

36 19 h. Common trust investments which deal in investments
36 20 authorized in section 533.301.

36 21 i. Prepaid expenses.

36 22 j. Accrued interest on nonrisk investments.

36 23 k. Furniture and equipment.

36 24 l. Land and buildings.

36 25 m. Loans fully secured by a pledge of shares within the
36 26 state credit union.

36 27 n. Deposits in the national credit union share insurance
36 28 fund.

36 29 o. Real estate loans in transit to the secondary market as
36 30 specified by rule.

36 31 7. Notwithstanding any other provision of this section, a
36 32 state credit union shall maintain a sufficient amount of net
36 33 worth as required by the state credit union's deposit insurer
36 34 and rules of the superintendent.

36 35 Sec. 34. NEW SECTION. 533.304 INVESTMENT IN CERTAIN
37 1 SHARES OR EQUITY INTERESTS.

37 2 1. For purposes of this section, unless the context
37 3 otherwise requires:

37 4 a. "Equity interests" means limited partnership interests
37 5 and other equity investments in which liability is limited to
37 6 the amount of the investment, but does not mean general
37 7 partnership interests or other interests involving general
37 8 liability.

37 9 b. "Small business" means a corporation, partnership,

37 10 proprietorship, or other entity formed under the laws of the
37 11 United States, or a state, district, or territory of the
37 12 United States, that meets the appropriate United States small
37 13 business administration definition of small business and that
37 14 is principally engaged in the development or exploitation of
37 15 inventions, technological improvements, new processes, or
37 16 other products not previously generally available in this
37 17 state, or other investments which provide an economic benefit
37 18 to this state.

37 19 c. "Venture capital fund" means a corporation,
37 20 partnership, proprietorship, or other entity formed under the
37 21 laws of the United States, or a state, district, or territory
37 22 of the United States, whose principal business is or will be
37 23 the making of investments in and the provision of significant
37 24 managerial assistance to small businesses that meet the United
37 25 States small business administration definition of small
37 26 business.

37 27 2. A state credit union may invest in either of the
37 28 following to the extent that the total investments under this
37 29 section shall not be more than five percent of the state
37 30 credit union's assets:

37 31 a. Shares or equity interests in venture capital funds
37 32 that agree to invest an amount equal to at least fifty percent
37 33 of the state credit union's investment in small businesses
37 34 having their principal offices within this state and having
37 35 either more than one-half of their assets within this state or
38 1 more than one-half of their employees employed within this
38 2 state.

38 3 b. Shares or equity interests in small businesses having
38 4 their principal offices within this state and having either
38 5 more than one-half of their assets within this state or more
38 6 than one-half of their employees employed within this state.
38 7 A state credit union shall not invest in more than twenty
38 8 percent of the total capital and surplus of any one small
38 9 business under this paragraph.

38 10 Sec. 35. NEW SECTION. 533.305 INVESTMENT IN BANKS OR
38 11 SAVINGS BANKS == REQUIRED FINDINGS.

38 12 1. INVESTMENTS IN BANKS. A state credit union may, with
38 13 the prior approval of the superintendent, invest in the
38 14 capital stock, obligations, or other securities of a bank.

38 15 2. INVESTMENT IN SAVINGS BANKS. A state credit union may,
38 16 with the prior approval of the superintendent, invest in the
38 17 capital stock, obligations, or other securities of a savings
38 18 bank.

38 19 3. FINDINGS REQUIRED. The superintendent shall not grant
38 20 an approval under subsection 1 or 2, unless the superintendent
38 21 makes one of the following findings:

38 22 a. Based upon a preponderance of the evidence presented,
38 23 the proposed investment will not have the immediate effect of
38 24 significantly reducing competition between depository
38 25 financial institutions located in the same community as the
38 26 institution whose shares would be acquired.

38 27 b. Based upon a preponderance of the evidence presented,
38 28 the proposed investment would have an anticompetitive effect
38 29 as described in paragraph "a", but other factors, specifically
38 30 cited, outweigh the anticompetitive effect so that there would
38 31 be a net public benefit as a result of the investment.

38 32 4. COMPETITION PRESERVED. a. The subsequent liquidation
38 33 of a bank or savings bank whose shares are acquired under this
38 34 section shall not prevent the subsequent incorporation of
38 35 another bank or savings bank in the same community.

39 1 b. The superintendent of banking shall not find the
39 2 liquidation of a bank whose shares are acquired under this
39 3 section to be grounds for disapproving the incorporation of
39 4 another bank in the same community under section 524.305.

39 5 c. The superintendent of savings and loan associations
39 6 shall not find the liquidation of a savings and loan
39 7 association whose shares are acquired under this section to be
39 8 grounds for disapproving the incorporation of another savings
39 9 and loan association in the same community under chapter 534.

39 10 Sec. 36. NEW SECTION. 533.306 POWER TO BORROW.
39 11 A state credit union may borrow from any source in total a
39 12 sum that shall not exceed fifty percent of the sum of its
39 13 share and deposit account balances.

39 14 Sec. 37. NEW SECTION. 533.307 ACCOUNT INSURANCE.

39 15 1. Except as provided in section 533.302, a state credit
39 16 union organized under this chapter, as a condition of
39 17 maintaining its privilege of organization, shall acquire and
39 18 maintain insurance to protect each holder of an ownership
39 19 share and each depositor against loss of funds held on account
39 20 by the state credit union.

39 21 2. The insurance required by this section shall be
39 22 obtained from an agency of the federal government or a deposit
39 23 insurance plan approved by the Iowa commissioner of insurance
39 24 and the superintendent.

39 25 Sec. 38. NEW SECTION. 533.308 FIDELITY BOND AND GENERAL
39 26 INSURANCE COVERAGE.

39 27 1. A state credit union shall maintain a fidelity bond for
39 28 state credit union employees and officials in a sufficient
39 29 amount to indemnify the state credit union against losses that
39 30 may be incurred by reason of any act or acts of fraud,
39 31 dishonesty, forgery, theft, larceny, embezzlement, wrongful
39 32 abstraction, misapplication, misappropriation, or other
39 33 unlawful act committed by the employee or official directly or
39 34 through connivance with others, and general insurance coverage
39 35 for losses caused by persons not associated with the state
40 1 credit union.

40 2 a. The fidelity bond and general insurance coverage shall
40 3 be obtained from a company authorized to do business in this
40 4 state.

40 5 b. The superintendent may require additional coverage for
40 6 a state credit union if, in the opinion of the superintendent,
40 7 current coverage is insufficient. The board of directors of
40 8 the state credit union shall obtain the additional coverage
40 9 within thirty days after written notice from the
40 10 superintendent.

40 11 2. The superintendent may furnish to any official of an
40 12 insurance plan by which the accounts of a state credit union
40 13 are insured or by which its employees and officials are
40 14 bonded, any information relating to examinations,
40 15 investigations, and reports of the status of that state credit
40 16 union or its employees and officials for the purpose of
40 17 facilitating the availability or continuation of the insurance
40 18 or bond of the state credit union or resolution of a claim.

40 19 Sec. 39. NEW SECTION. 533.309 SHARE ACCOUNTS.

40 20 A state credit union may have share accounts including, but
40 21 not limited to, the following types:

40 22 1. OWNERSHIP SHARE ACCOUNT. The ownership share account
40 23 shall consist of an account balance held by the state credit
40 24 union in accordance with the state credit union's bylaws.
40 25 Each member may acquire only one ownership share. In the case
40 26 of a joint account, the joint account owners may acquire only
40 27 one ownership share unless each joint account owner applies
40 28 for and is accepted as an individual member. The state credit
40 29 union shall not set off fees against a member's ownership
40 30 share.

40 31 2. JOINT ACCOUNTS. A member may designate any person or
40 32 persons to hold shares, deposits, and thrift club accounts
40 33 with the member in joint tenancy with the right of
40 34 survivorship, but such joint tenants shall not be permitted to
40 35 cast more than one vote per ownership share jointly held in
41 1 the state credit union. However, a joint tenant may have
41 2 other rights of a jointly held ownership share, including the
41 3 ability to obtain loans, or hold office or be required to pay
41 4 an entrance fee. Payment of part or all of such joint
41 5 accounts to any of the joint tenants shall, to the extent of
41 6 such payment, discharge the liability to all.

41 7 3. ACCOUNT FOR MINORS. Shares may be issued and deposits
41 8 accepted in the name of a minor. Such shares and deposits may
41 9 be withdrawn by the minor and payments made on such
41 10 withdrawals shall be valid. A minor under sixteen years of
41 11 age shall not be entitled to vote in the meetings of the
41 12 members either personally or through the minor's parent or
41 13 guardian, and a minor shall not become a director until the
41 14 minor reaches the minor's eighteenth birthday.

41 15 4. BENEFICIARY ACCOUNT. If a member makes a deposit for
41 16 the benefit of a person other than the depositor, the name and
41 17 residence address of the beneficiary shall be disclosed and
41 18 the account shall be kept in the name of the depositor, for
41 19 the benefit of the beneficiary. The account balance may be
41 20 withdrawn by the depositor or, upon the death of the
41 21 depositor, by the beneficiary or the beneficiary's legal
41 22 representative.

41 23 Sec. 40. NEW SECTION. 533.310 DEPOSITS IN THE NAMES OF
41 24 TWO OR MORE INDIVIDUALS.

41 25 When a deposit is made in a state credit union in the names
41 26 of two or more individuals that is payable to any one or more
41 27 of them or is payable to the survivor or survivors, the
41 28 deposit, including interest, or any part, may be paid to any
41 29 one or more of the individuals, whether or not the others are
41 30 living. The receipt or a quitittance of the individuals who are
41 31 paid is a valid and sufficient release and discharge of the

41 32 state credit union for any payment made pursuant to this
41 33 section.

41 34 Sec. 41. NEW SECTION. 533.311 ACCEPTANCE OF DEPOSITS AND
41 35 INVESTMENTS WHILE INSOLVENT.

42 1 When a state credit union is insolvent, the state credit
42 2 union shall not do either of the following:

42 3 1. Accept any deposits or investments in ownership shares.
42 4 2. Renew or extend the term of any time deposits or time
42 5 investments.

42 6 Sec. 42. NEW SECTION. 533.312 DIVIDENDS AND INTEREST.

42 7 1. The board of directors may declare dividends at such
42 8 rates and upon such classes of shares as are determined by the
42 9 board, at such intervals and for such periods as the board may
42 10 authorize, and after provision for required reserves pursuant
42 11 to section 533.303.

42 12 2. Dividends shall be considered a normal operating
42 13 expense of the state credit union and shall be paid on all
42 14 paid-up shares outstanding at the close of the period for
42 15 which the dividend is declared and shall be available only
42 16 from undivided earnings.

42 17 3. The superintendent may restrict or prohibit the payment
42 18 of a dividend or interest when an impairment of capital
42 19 exists.

42 20 Sec. 43. NEW SECTION. 533.313 SHARE DRAFTS.

42 21 1. A state credit union may provide its members with share
42 22 draft accounts.

42 23 a. "Share draft" means a negotiable draft which is payable
42 24 upon demand and is used to withdraw funds from a share draft
42 25 account.

42 26 b. A share draft is an item for purposes of chapter 554,
42 27 article 4.

42 28 c. The term does not include a draft issued by a state
42 29 credit union for the transfer of funds between the issuing
42 30 credit union and another credit union, a bank, a savings and
42 31 loan association, or another depository financial institution.

42 32 2. A share draft account is an account that is a demand
42 33 account from which a state credit union has agreed that funds
42 34 may be withdrawn by means of a share draft. A share draft
42 35 account may bear interest or dividends as determined by the
43 1 board of directors, provided that the state credit union shall
43 2 not pay interest or dividends on a share draft account at a
43 3 rate that exceeds the maximum interest rate which a regulated
43 4 financial institution is able to pay on comparable instruments
43 5 as allowed by the depository institutions deregulatory
43 6 committee.

43 7 3. A state credit union may guarantee payment for a share
43 8 draft if both the following conditions are met:

43 9 a. A specific guarantee authorization is obtained for the
43 10 share draft from the state credit union.

43 11 b. The guarantee authorization is immediately noted on the
43 12 share draft account to prevent the withdrawal of funds needed
43 13 to pay the guaranteed share draft.

43 14 4. A state credit union may charge fees and penalties on
43 15 share drafts and apply fees and penalties to the state credit
43 16 union's income in relation to share draft services.

43 17 5. The superintendent may adopt rules relating to share
43 18 draft programs as necessary to administer this chapter.

43 19 Sec. 44. NEW SECTION. 533.314 PAYMENT OF SHARE DRAFTS
43 20 DURING DISSOLUTION.

43 21 Other provisions of section 533.404 notwithstanding, when a
43 22 state credit union is dissolved, first priority of payment
43 23 shall be given to unpaid share drafts. However, a share draft
43 24 shall not be paid if any of the following conditions exist:

43 25 1. The share draft was issued on or after the date of
43 26 dissolution, or on or after the date the state credit union is
43 27 required by section 533.405, subsection 2, to cease doing
43 28 business in the event of a voluntary dissolution.

43 29 2. The share draft is written against an account that does
43 30 not contain sufficient funds with which to pay the share
43 31 draft.

43 32 3. The share draft is payable to a member of the state
43 33 credit union, or to a member of the family of the issuer of
43 34 the share draft, or to a business in which the issuer of the
43 35 share draft has an interest. However, the exception contained
44 1 in this subsection does not apply to any person referred to in
44 2 this subsection if the person is a holder in due course, as
44 3 provided in chapter 554, article 3.

44 4 Sec. 45. NEW SECTION. 533.315 LOANS.

44 5 1. GENERAL LENDING POWER. A state credit union may loan
44 6 to a member for a provident or productive purpose.

44 7 a. Loans are subject to the conditions contained in this

44 8 section and in the bylaws.

44 9 b. A loan may be repaid by the borrower, in whole or in
44 10 part, any day the office of the state credit union is open for
44 11 business.

44 12 c. A loan shall be made pursuant to an application with
44 13 supportive credit information.

44 14 d. The superintendent may adopt rules requiring periodic
44 15 updating of credit or financial information for all loans or
44 16 for classes of loans designated in the rules.

44 17 2. AGGREGATE LENDING TO ONE MEMBER. A state credit union
44 18 shall not lend in the aggregate to a member more than ten
44 19 percent of its member savings.

44 20 3. LENDING TO A CREDIT UNION DIRECTOR. A director of a
44 21 state credit union may borrow from that state credit union
44 22 under the provisions of this chapter, but the rates, terms,
44 23 and conditions of a loan or line of credit either made to or
44 24 endorsed or guaranteed by the director shall not be more
44 25 favorable than the rates, terms, or conditions of comparable
44 26 existing loans or lines of credit provided to other members.
44 27 The aggregate amount of all director loans and lines of credit
44 28 shall not exceed twenty-five percent of the assets of the
44 29 state credit union.

44 30 4. LOANS ON REAL PROPERTY. a. A state credit union may
44 31 make permanent loans, construction loans, combined
44 32 construction and permanent loans, or second mortgage loans
44 33 secured by liens on real property, as authorized by rules
44 34 adopted by the superintendent. The rules shall contain
44 35 provisions as necessary to ensure the safety and soundness of
45 1 these loans, and to ensure full and fair disclosure to
45 2 borrowers of the effects of provisions in agreements for these
45 3 loans, including provisions permitting change or adjustment of
45 4 any terms of a loan, provisions permitting, requiring, or
45 5 prohibiting repayment of a loan on a basis other than of equal
45 6 periodic installments of interest plus principal over a fixed
45 7 term, provisions imposing penalties for a borrower's
45 8 noncompliance with requirements of a loan agreement, or
45 9 provisions allowing or requiring a borrower to choose from
45 10 alternative courses of action at any time during the
45 11 effectiveness of a loan agreement.

45 12 b. (1) A state credit union may include in the loan
45 13 documents signed by the borrower a provision requiring the
45 14 borrower to pay the state credit union each month in addition
45 15 to interest and principal under the note an amount equal to
45 16 one-twelfth of the estimated annual real estate taxes, special
45 17 assessments, hazard insurance premium, mortgage insurance
45 18 premium, or any other payment agreed to by the borrower and
45 19 the state credit union in order to better secure the loan.
45 20 The state credit union shall be deemed to be acting in a
45 21 fiduciary capacity with respect to these funds.

45 22 (2) A state credit union receiving funds in escrow
45 23 pursuant to an escrow agreement executed on or after July 1,
45 24 1982, in connection with a loan as defined in section 535.8,
45 25 subsection 1, shall pay interest to the borrower on those
45 26 funds, calculated on a daily basis, at the rate the state
45 27 credit union pays to its members on ordinary savings deposits.

45 28 (3) A state credit union that maintains an escrow account
45 29 in connection with any loan authorized by subsection 4,
45 30 whether or not the mortgage has been assigned to a third
45 31 person, shall each year deliver to the mortgagor a written
45 32 annual accounting of all transactions made with respect to the
45 33 loan and escrow account.

45 34 c. A state credit union that obtains a report or opinion
45 35 by an attorney or from another mortgage lender relating to
46 1 defects in or liens or encumbrances on the title to real
46 2 property, the unmarketability of the title to real property,
46 3 or the invalidity or unenforceability of liens or encumbrances
46 4 on real property, shall provide a copy of the report or
46 5 opinion to the mortgagor and the mortgagor's attorney.

46 6 5. ESCROW REPORTS. A state credit union may act as an
46 7 escrow agent with respect to real property that is mortgaged
46 8 to the state credit union, and may receive funds and make
46 9 disbursements from escrowed funds in that capacity. The state
46 10 credit union shall be deemed to be acting in a fiduciary
46 11 capacity with respect to escrowed funds. A state credit union
46 12 that maintains an escrow account, whether or not a mortgage
46 13 has been assigned to a third person, shall deliver to the
46 14 mortgagor a written summary of all transactions made with
46 15 respect to the loan and escrow accounts during each calendar
46 16 year. However, the mortgagor and mortgagee may, by mutual
46 17 agreement, select a fiscal year reporting period other than
46 18 the calendar year. The summary shall be delivered or mailed

46 19 not later than thirty days following the year to which the
46 20 disclosure relates. The summary shall contain all of the
46 21 following information:
46 22 a. The name and address of the mortgagee.
46 23 b. The name and address of the mortgagor.
46 24 c. A summary of escrow account activity during the year as
46 25 follows:
46 26 (1) The balance of the escrow account at the beginning of
46 27 the year.
46 28 (2) The aggregate amount of deposits to the escrow account
46 29 during the year.
46 30 (3) The aggregate amount of withdrawals from the escrow
46 31 account for each of the following categories:
46 32 (a) Payments against loan principal.
46 33 (b) Payments against interest.
46 34 (c) Payments against real estate taxes.
46 35 (d) Payments for real property insurance premiums.
47 1 (e) All other withdrawals.
47 2 (4) The balance of the escrow account at the end of the
47 3 year.
47 4 d. A summary of loan principal for the year as follows:
47 5 (1) The amount of principal outstanding at the beginning
47 6 of the year.
47 7 (2) The aggregate amount of payments against principal
47 8 during the year.
47 9 (3) The amount of principal outstanding at the end of the
47 10 year.
47 11 6. OTHER LOANS. Loans that are not secured by real
47 12 property shall be subject to the following conditions:
47 13 a. Loans to any one member that in the aggregate exceed
47 14 the unsecured loan limit established by the board of directors
47 15 of a state credit union shall be secured by one or more
47 16 cosigners or guarantors, or by a first lien on collateral
47 17 having a value that is approximately equal to the amount in
47 18 excess of such unsecured loan limit. Every cosigner or
47 19 guarantor shall furnish the state credit union with evidence
47 20 of financial responsibility.
47 21 b. This subsection shall not be deemed to preclude a
47 22 credit committee or loan officer from requiring security for
47 23 any loan.
47 24 c. A state credit union may make loans according to any or
47 25 all of the following:
47 26 (1) Loans insured under the provisions of 20 U.S.C. }
47 27 1071-1087 or similar state programs.
47 28 (2) Loans insured by the federal housing administration
47 29 under 12 U.S.C. } 1703.
47 30 (3) Loans to families of low or moderate income as a part
47 31 of programs authorized in chapter 16.
47 32 d. The restrictions and limitations contained in this
47 33 subsection do not apply to loans made to a member credit union
47 34 by a corporate central credit union.
47 35 7. LOAN RENEWALS AND EXTENSIONS. This section shall not
48 1 prevent the renewal or extension of loans.
48 2 8. PENALTIES. The superintendent may impose a penalty on
48 3 a state credit union for each loan made in violation of this
48 4 section. If a state credit union, after notice in writing,
48 5 and opportunity for hearing, fails to satisfactorily resolve
48 6 the matter within sixty days from receipt of such notice, the
48 7 superintendent may impose a penalty against such state credit
48 8 union in an amount not to exceed one hundred dollars per day
48 9 per violation for each day the violation remains unresolved.
48 10 9. CONSUMER CREDIT CODE.
48 11 a. The provisions of the Iowa consumer credit code shall
48 12 apply to consumer loans made by a state credit union, and a
48 13 provision of that code shall supersede any conflicting
48 14 provision of this chapter with respect to a consumer loan.
48 15 b. Notwithstanding paragraph "a", a state credit union may
48 16 offer voluntary debt cancellation coverage, whether insurance
48 17 or debt waiver, to members. The amount charged for the
48 18 coverage shall be included in the amount financed, as defined
48 19 in section 537.1301. However, the charge for such coverage
48 20 may be excluded from the finance charge under the federal
48 21 Truth in Lending Act as defined in section 537.1302.
48 22 10. EARLY LOAN REPAYMENT. If a member elects to repay a
48 23 loan secured by a mortgage or deed of trust upon real property
48 24 that is a single-family or a two-family dwelling or
48 25 agricultural land at a date earlier than is required by the
48 26 terms of the loan, the state credit union shall be governed by
48 27 section 535.9.
48 28 11. INTEREST ON PREPAYMENT. Real estate loans on
48 29 one-family to four-family dwellings may be repaid in part or

48 30 in full at any time, except that a state credit union may
48 31 charge not to exceed six months' advance interest on that part
48 32 of the aggregate amount of all prepayments made on such loan
48 33 in any twelve-month period which exceeds twenty percent of the
48 34 original principal amount of the loan; and may charge any
48 35 negotiated rate on other loans. This subsection, however,
49 1 does not authorize a state credit union to charge any advance
49 2 interest or prepayment penalty where prohibited by section
49 3 535.9.

49 4 Sec. 46. NEW SECTION. 533.316 INTEREST RATES.

49 5 1. a. Interest rates on loans made by a state credit
49 6 union, other than loans secured by a mortgage or deed of trust
49 7 which is a first lien upon real property, shall not exceed the
49 8 finance charge permitted in sections 537.2401 and 537.2402 on
49 9 consumer loans.

49 10 b. Interest rates on business loans shall not exceed the
49 11 finance charge permitted by section 535.2.

49 12 2. With respect to a loan secured by a mortgage or deed of
49 13 trust which is a first lien upon real property, a state credit
49 14 union shall not charge a rate of interest that exceeds the
49 15 maximum rate permitted by section 535.2.

49 16 3. The provisions of this section do not apply to a loan
49 17 that is subject to section 636.46.

49 18 Sec. 47. NEW SECTION. 533.317 AUTHORITY TO LEASE SAFE
49 19 DEPOSIT BOXES.

49 20 1. A state credit union may lease safe deposit boxes for
49 21 the storage of property on terms and conditions prescribed by
49 22 the state credit union. The terms and conditions shall not
49 23 bind any person to whom the state credit union does not give
49 24 notice of the terms and conditions by delivery of a lease and
49 25 agreement in writing containing the terms and conditions.

49 26 2. A state credit union may limit its liability provided
49 27 that the limitations are set forth in the lease and agreement
49 28 in at least the same size and type as the other substantive
49 29 provisions of the contract.

49 30 3. The lease and agreement of a safe deposit box may
49 31 provide that evidence tending to prove that property was left
49 32 in a safe deposit box upon the last entry by the member or the
49 33 member's authorized agent, and that the property or any part
49 34 of the property was found missing upon subsequent entry, is
49 35 not sufficient to raise a presumption that the property was
50 1 lost by any negligence or wrongdoing for which the state
50 2 credit union is responsible, or put upon the state credit
50 3 union the burden of proof that the alleged loss was not the
50 4 fault of the state credit union.

50 5 4. A state credit union may lease a safe deposit box to a
50 6 minor.

50 7 a. A state credit union may deal with a minor with respect
50 8 to a safe deposit lease and agreement without the consent of a
50 9 parent, guardian, or conservator and with the same effect as
50 10 though the minor were an adult.

50 11 b. Any action of the minor with respect to such safe
50 12 deposit lease and agreement is binding on the minor with the
50 13 same effect as though the minor were an adult.

50 14 5. A state credit union that has on file a power of
50 15 attorney of a member covering a safe deposit lease and
50 16 agreement, which has not been revoked by the member, shall
50 17 incur no liability as a result of continuing to honor the
50 18 provisions of the power of attorney in the event of the death
50 19 or incompetence of the donor of the power of attorney until
50 20 the state credit union receives written notice of the death,
50 21 or written notice of adjudication by a court of the
50 22 incompetence of the member and the appointment of a guardian
50 23 or conservator.

50 24 Sec. 48. NEW SECTION. 533.318 SAFE DEPOSIT BOX ACCESS.

50 25 1. A state credit union shall permit a person named in and
50 26 authorized by a court order to open, examine, and remove the
50 27 contents of a safe deposit box located at the state credit
50 28 union.

50 29 2. If a court order has not been delivered to a state
50 30 credit union, the following persons may access and remove any
50 31 or all contents of a safe deposit box located at the state
50 32 credit union and described in an ownership or rental agreement
50 33 or lease between the state credit union and a deceased owner
50 34 or lessee:

50 35 a. A co-owner or co-lessee of the safe deposit box.

51 1 b. A person designated in the safe deposit box agreement
51 2 or lease to have access to the safe deposit box upon the death
51 3 of the lessee, to the extent provided in the safe deposit box
51 4 agreement or lease.

51 5 c. An executor or administrator of the estate of a

51 6 deceased owner or lessee upon delivery to the state credit
51 7 union of a certified copy of letters of appointment.
51 8 d. A person named as an executor in a copy of a purported
51 9 will produced by the person, provided such access shall be
51 10 limited to the removal of a purported will, and no other
51 11 contents shall be removed.
51 12 e. A trustee of a trust created by the deceased owner or
51 13 lessee upon delivery to the state credit union of a copy of
51 14 the trust together with an affidavit by the trustee that
51 15 certifies that the copy of the trust delivered to the state
51 16 credit union with the affidavit is an accurate and complete
51 17 copy of the trust, the trustee is the duly authorized and
51 18 acting trustee under the trust, the trust property includes
51 19 property in the safe deposit box, and that to the knowledge of
51 20 the trustee the trust has not been revoked.

51 21 3. A person removing any contents of a safe deposit box
51 22 pursuant to subsection 1 or 2 shall deliver any writing
51 23 purported to be a will of the decedent to the court having
51 24 jurisdiction over the decedent's estate.

51 25 4. a. If a person authorized to have access under
51 26 subsection 1 or 2 does not request access to the safe deposit
51 27 box within the thirty-day period immediately following the
51 28 date of death of the owner or lessee of a safe deposit box,
51 29 and the state credit union has knowledge of the death of the
51 30 owner or lessee of the safe deposit box, the safe deposit box
51 31 may be opened by or in the presence of two employees of the
51 32 state credit union.

51 33 b. If a safe deposit box is opened pursuant to paragraph
51 34 "a", the state credit union employees present at such opening
51 35 shall do all of the following:

52 1 (1) Remove any purported will of the deceased owner or
52 2 lessee.

52 3 (2) Unseal, copy, and retain in the records of the state
52 4 credit union a copy of a purported will removed from the safe
52 5 deposit box. An additional copy of such purported will shall
52 6 be made, dated, and signed by the credit union employees
52 7 present at the safe deposit box opening and placed in the safe
52 8 deposit box. The safe deposit box shall then be resealed.

52 9 (3) The original of a purported will shall be sent by
52 10 certified mail or restricted certified mail or personally
52 11 delivered to the district court in the county of the last
52 12 known residence of the deceased owner or lessee, or the court
52 13 having jurisdiction over the testator's estate. If the
52 14 residence is unknown or last known and not in this state, the
52 15 purported will shall be sent by certified mail or restricted
52 16 certified mail or personally delivered to the district court
52 17 in the county where the safe deposit box is located.

52 18 c. If no key is produced, the state credit union may cause
52 19 the safe deposit box to be opened and the state credit union
52 20 shall have a claim against the estate of the deceased owner or
52 21 lessee and a lien upon the contents of the safe deposit box
52 22 for the costs of opening and resealing the safe deposit box.

52 23 5. a. A state credit union may rely upon published
52 24 information or other reasonable proof of death of an owner or
52 25 lessee.

52 26 b. A state credit union has no duty to inquire about or
52 27 discover, and is not liable to any person for failure to
52 28 inquire about or discover, the death of the owner or lessee of
52 29 a safe deposit box.

52 30 c. A state credit union has no duty to open or cause to be
52 31 opened, and is not liable to any person for failure to open or
52 32 cause to be opened, a safe deposit box of a deceased owner or
52 33 lessee.

52 34 d. Upon compliance with the requirements of this section
52 35 as appropriate, the state credit union is not liable to any
53 1 person as a result of the opening of the safe deposit box,
53 2 removal and delivery of the purported will, or retention of
53 3 the unopened safe deposit box and contents.

53 4 Sec. 49. NEW SECTION. 533.319 ADVERSE CLAIMS TO PROPERTY
53 5 IN SAFE DEPOSIT AND SAFEKEEPING.

53 6 1. A state credit union shall not be required, in the
53 7 absence of a court order or indemnity required by this
53 8 section, to recognize any claim to, or claim of authority to
53 9 exercise control over, property held in safe deposit or
53 10 property held for safekeeping pursuant to section 533.321 made
53 11 by a person or persons other than the following:

53 12 a. The member in whose name the property is held by the
53 13 state credit union.

53 14 b. An individual or group of individuals who are
53 15 authorized to have access to the safe deposit box, or to the
53 16 property held for safekeeping, pursuant to a certified

53 17 corporate resolution or other written arrangement with the
53 18 member, currently on file with the state credit union, which
53 19 has not been revoked by valid corporate action in the case of
53 20 a corporation, or by a valid agreement or other valid action
53 21 appropriate for the form of legal organization of any other
53 22 member, of which the state credit union has received notice
53 23 and which is not the subject of a dispute known to the state
53 24 credit union as to its original validity. The safe deposit
53 25 and safekeeping account records of a state credit union shall
53 26 be presumptive evidence as to the identity of the member on
53 27 whose behalf the property is held.

53 28 2. A person making an adverse claim to, or an adverse
53 29 claim of authority to control, property held in a safe deposit
53 30 box or for safekeeping, must do either of the following:

53 31 a. Obtain and serve on the state credit union an
53 32 appropriate court order or judicial process directed to the
53 33 state credit union, restraining any action with respect to the
53 34 property until further order of the court or instructing the
53 35 state credit union to deliver the property, in whole or in
54 1 part, as indicated in the order or process.

54 2 b. Deliver to the state credit union a bond, in form and
54 3 amount with sureties satisfactory to the state credit union,
54 4 indemnifying the state credit union against any liability,
54 5 loss, or expense which the state credit union might incur
54 6 because of its refusal to deliver the property to any person
54 7 described in subsection 1, paragraph "a" or "b".

54 8 Sec. 50. NEW SECTION. 533.320 REMEDIES AND PROCEEDINGS
54 9 FOR NONPAYMENT OF RENT ON SAFE DEPOSIT BOX.

54 10 1. A state credit union has a lien upon the contents of a
54 11 safe deposit box for past due rentals and any expense incurred
54 12 in opening the safe deposit box, replacement of the locks on
54 13 the safe deposit box, and of a sale made pursuant to this
54 14 section.

54 15 2. If the rental of a safe deposit box is not paid within
54 16 six months from the day the rental is due, at any time after
54 17 the six months and while the rental remains unpaid, the state
54 18 credit union shall mail a notice by restricted certified mail
54 19 to the member at the member's last known address as shown upon
54 20 the records of the state credit union, stating that if the
54 21 amount due for the rental is not paid on or before a specified
54 22 day, which shall be at least thirty days after the date of
54 23 mailing such notice, the state credit union will remove the
54 24 contents of the safe deposit box and hold the contents for the
54 25 account of the member.

54 26 3. If the rental for the safe deposit box has not been
54 27 paid after the expiration of the period specified in a notice
54 28 mailed pursuant to subsection 2, the state credit union, in
54 29 the presence of two of its officers, may cause the safe
54 30 deposit box to be opened and the contents removed. An
54 31 inventory of the contents of the safe deposit box shall be
54 32 made by the two officers present and the contents held by the
54 33 state credit union for the account of the member.

54 34 4. a. If the contents are not claimed within two years
54 35 after their removal from the safe deposit box, the state
55 1 credit union may proceed to sell so much of the contents as is
55 2 necessary to pay the past due rentals and expense incurred in
55 3 opening the safe deposit box, replacement of the locks on the
55 4 safe deposit box, and the sale of the contents.

55 5 b. The sale shall be held at the time and place specified
55 6 in a notice published prior to the sale once each week for two
55 7 successive weeks in a newspaper of general circulation
55 8 published in the city or unincorporated area in which the
55 9 state credit union has its principal place of business, or if
55 10 there is none, a newspaper of general circulation published in
55 11 the county, or in a county adjoining the county, in which the
55 12 state credit union has its principal place of business.

55 13 c. A copy of the published notice shall be mailed to the
55 14 member at the member's last known address as shown upon the
55 15 records of the state credit union.

55 16 d. The notice shall contain the name of the member and
55 17 need only describe the contents of the safe deposit box in
55 18 general terms.

55 19 e. The contents of any number of safe deposit boxes may be
55 20 sold under one notice of sale and the cost of the sale
55 21 apportioned ratably among the several safe deposit box members
55 22 involved.

55 23 f. At the time and place designated in the notice the
55 24 contents taken from each respective safe deposit box shall be
55 25 sold separately to the highest bidder for cash and the
55 26 proceeds of each sale applied to the rentals and expenses due
55 27 to the state credit union and the residue from any such sale

55 28 shall be held by the state credit union for the account of the
55 29 member or members.

55 30 g. An amount held as proceeds from such sale shall be
55 31 credited with interest at the customary annual rate for
55 32 savings accounts at the state credit union, or in lieu, at the
55 33 customary rate of interest in the community where such
55 34 proceeds are held. The crediting of interest does not
55 35 activate the account to avoid an abandonment as unclaimed
56 1 property under chapter 556.

56 2 5. a. Notwithstanding the provisions of this section,
56 3 shares, bonds, or other securities which, at the time of a
56 4 sale pursuant to subsection 4, are listed on an established
56 5 stock exchange in the United States shall not be sold at
56 6 public sale but may be sold through an established stock
56 7 exchange.

56 8 b. Upon making a sale of any such securities, an officer
56 9 of the state credit union shall execute and attach to the
56 10 securities an affidavit reciting facts showing that the
56 11 securities were sold pursuant to this section, and that the
56 12 state credit union has complied with the provisions of this
56 13 section. The affidavit constitutes sufficient authority to
56 14 any corporation whose shares are sold or to any registrar or
56 15 transfer agent of such corporation to cancel the certificates
56 16 representing the shares to the purchaser of the shares, and to
56 17 any registrar, trustee, or transfer agent of registered bonds
56 18 or other securities, to register any such bonds or other
56 19 securities in the name of the purchaser of the bonds or other
56 20 securities.

56 21 6. The proceeds of any sale made pursuant to this section,
56 22 after the payment of any amounts with respect to which the
56 23 state credit union has a lien, any property that was not
56 24 offered for sale and property which, although offered for
56 25 sale, was not sold, shall be retained by the state credit
56 26 union until such time as the property is presumed abandoned
56 27 according to section 556.2, and shall be handled pursuant to
56 28 chapter 556.

56 29 Sec. 51. NEW SECTION. 533.321 AUTHORITY TO RECEIVE
56 30 PROPERTY FOR SAFEKEEPING.

56 31 1. A state credit union may accept property for
56 32 safekeeping if the state credit union issues a receipt for the
56 33 property, except in the case of night depositories.

56 34 a. A state credit union accepting property for safekeeping
56 35 shall purchase and maintain reasonable insurance coverage to
57 1 ensure against loss incurred in connection with the acceptance
57 2 of property for safekeeping.

57 3 b. Property held for safekeeping shall not be commingled
57 4 with the property of the state credit union or the property of
57 5 others.

57 6 2. A state credit union has a lien upon any property held
57 7 for safekeeping and for expenses incurred in any sale made
57 8 pursuant to this subsection.

57 9 a. If the charge for safekeeping of property is not paid
57 10 within six months from the day the charge is due, at any time
57 11 after the six months and while the charge remains unpaid, the
57 12 state credit union may mail a notice to the member at the
57 13 member's last known address as shown upon the records of the
57 14 state credit union, stating that if the amount due is not paid
57 15 on or before a specified day, which shall be at least thirty
57 16 days after the date of mailing the notice, the state credit
57 17 union will remove the property from safekeeping and hold the
57 18 property for the account of the member.

57 19 b. After the expiration of the period specified in the
57 20 notice, if the charge for safekeeping has not been paid, the
57 21 state credit union may remove the property from safekeeping,
57 22 cause the property to be inventoried, and hold the property
57 23 for the account of the member.

57 24 c. If the property is not claimed within two years after
57 25 its removal from safekeeping, the state credit union may
57 26 proceed to sell so much of the property as is necessary to pay
57 27 the charge which remains unpaid and the expense incurred in
57 28 making the sale in the manner provided for in section 533.320,
57 29 subsections 4 and 5.

57 30 d. The proceeds of any sale made pursuant to this section,
57 31 after payment of any amounts with respect to which the state
57 32 credit union has a lien, any property that was not offered for
57 33 sale, and property which, although offered for sale, was not
57 34 sold, shall be retained by the state credit union until such
57 35 time as the property is presumed abandoned according to
58 1 section 556.2, and shall be handled pursuant to chapter 556.

58 2 Sec. 52. NEW SECTION. 533.322 PRESERVATION OF RECORDS.

58 3 1. The superintendent may adopt rules regarding the

58 4 preservation of records and files of a state credit union or
58 5 any other person supervised or regulated by the
58 6 superintendent. A state credit union is not required to
58 7 preserve its records for a period longer than eleven years
58 8 after the first day of January of the year following the time
58 9 of the making or filing of such records. However, account
58 10 records showing unpaid balances due to depositors shall not be
58 11 destroyed.

58 12 2. A copy of an original may be kept in lieu of any
58 13 original records.

58 14 a. For purposes of this section, a copy includes any
58 15 duplicate, rerecording or reproduction of an original record
58 16 from any photograph, photostat, microfilm, microcard,
58 17 miniature or microphotograph, computer printout,
58 18 electronically stored data or image, or other process that
58 19 accurately reproduces or forms a durable medium for accurately
58 20 and legibly reproducing an unaltered image or reproduction of
58 21 the original record.

58 22 b. A copy is deemed to be an original and shall be treated
58 23 as an original record in a judicial or administrative
58 24 proceeding for purposes of admissibility in evidence. A
58 25 facsimile, exemplification, or certified copy of any such copy
58 26 reproduced from a film record is deemed to be a facsimile,
58 27 exemplification, or certified copy of the original.

58 28 Sec. 53. NEW SECTION. 533.323 PHOTOGRAPHIC RECORDS.

58 29 1. Any state credit union writing or record, or a
58 30 photostatic or photographic reproduction of such writing or
58 31 record, whether in the form of an entry in a book or
58 32 otherwise, made as a memorandum or record of any act,
58 33 transaction, occurrence, or event, shall be admissible in
58 34 evidence as proof of the act, transaction, occurrence, or
58 35 event, if made in the regular course of business.

59 1 2. A printout or other tangible output, readable by sight,
59 2 shown to accurately reflect data contained in a promissory
59 3 note, negotiable instrument, or letter of credit, that
59 4 contains a signature made or created by electronic or digital
59 5 means such that it is stored by a computer or similar device,
59 6 is deemed to be an original of such note, instrument, or
59 7 letter for purposes of presenting such note, instrument, or
59 8 letter for payment, acceptance, or honor, or for purposes of a
59 9 judicial proceeding involving a claim based upon such note,
59 10 instrument, or letter.

59 11 Sec. 54. NEW SECTION. 533.324 LIABILITY FOR DESTRUCTION.

59 12 1. With the exception of certain account records which
59 13 shall not be destroyed pursuant to section 533.322, liability
59 14 shall not accrue against a state credit union for destroying
59 15 records if the records were maintained for the minimum time
59 16 provided for in this chapter.

59 17 2. In any cause or proceeding in which state credit union
59 18 records or files may be called in question or be demanded of
59 19 the state credit union, or any officer or employee of the
59 20 state credit union, a showing that such records or files have
59 21 been destroyed in accordance with the provisions of this
59 22 chapter or rules adopted pursuant to this chapter shall be a
59 23 sufficient excuse for the failure to produce them.

59 24 Sec. 55. NEW SECTION. 533.325 CONFIDENTIALITY OF STATE
59 25 CREDIT UNION INFORMATION.

59 26 1. The directors, officers, committee members, and
59 27 employees of a state credit union shall hold in confidence all
59 28 information regarding transactions of the state credit union,
59 29 including information regarding transactions with its members
59 30 and their personal affairs, except to the extent necessary in
59 31 connection with making, extending, or collecting a loan or
59 32 line of credit, guaranteeing of member share drafts by third
59 33 parties, or complying with the examination of credit union
59 34 records by regulatory authorities or compliance with an order
59 35 from a court having jurisdiction over the state credit union.

60 1 2. The board of directors may authorize participation of a
60 2 state credit union in a credit or consumer reporting agency if
60 3 the board has determined that use of such an agency is
60 4 essential in making and extending a loan or line of credit, or
60 5 guaranteeing member share drafts, and that information
60 6 supplied by the state credit union to such agency will be made
60 7 available only to legitimate members of that agency having a
60 8 legitimate business need for the information in connection
60 9 with a business transaction involving the state credit union.

60 10 Sec. 56. NEW SECTION. 533.326 GOVERNMENTAL EMPLOYEES.

60 11 1. When a state credit union has been organized by the
60 12 employees of the state or any political subdivision of the
60 13 state, the officer who writes warrants for the state or other
60 14 governmental body by which any public employee state credit

60 15 union member is employed, may withhold from the salary or
60 16 wages of the employee, and pay over to such state credit
60 17 union, sums as may be designated by written authorization
60 18 signed by the employee.

60 19 2. The provisions of section 539.4 shall have no
60 20 application to this section.

60 21 Sec. 57. NEW SECTION. 533.327 CHANGE IN PLACE OF
60 22 BUSINESS.

60 23 A state credit union may change its place of business on
60 24 written notice to the superintendent.

60 25 Sec. 58. NEW SECTION. 533.328 CONDUCTING BUSINESS
60 26 OUTSIDE OF STATE.

60 27 If a state credit union has an office and conducts business
60 28 in another state having laws or regulations allowing credit
60 29 unions to exercise additional powers, the state credit union
60 30 may request permission from the superintendent to exercise
60 31 such additional powers while operating in the other state with
60 32 only the resident members of that other state.

60 33 Sec. 59. NEW SECTION. 533.329 TAXATION.

60 34 1. A state credit union shall be deemed an institution for
60 35 savings and is subject to taxation only as to its real estate
61 1 and moneys and credits. The shares shall not be taxed.

61 2 2. a. The moneys and credits tax on state credit unions
61 3 is imposed at a rate of one-half cent on each dollar of the
61 4 legal and special reserves that are required to be maintained
61 5 by the state credit union under section 533.303, and shall be
61 6 levied by the board of supervisors and placed upon the tax
61 7 list and collected by the county treasurer. However, an
61 8 exemption shall be given to each state credit union in the
61 9 amount of forty thousand dollars.

61 10 b. The amount collected in each taxing district within a
61 11 city shall be apportioned twenty percent to the county, thirty
61 12 percent to the city general fund, and fifty percent to the
61 13 general fund of the state, and the amount collected in each
61 14 taxing district outside of cities shall be apportioned fifty
61 15 percent to the county and fifty percent to the general fund of
61 16 the state.

61 17 c. The moneys and credits tax shall be collected at the
61 18 location of the state credit union as shown in its articles of
61 19 incorporation.

61 20 d. The moneys and credits tax imposed under this section
61 21 shall be reduced by a tax credit authorized pursuant to
61 22 section 15.331C for certain sales taxes paid by a third-party
61 23 developer.

61 24 e. The moneys and credits tax imposed under this section
61 25 shall be reduced by an investment tax credit authorized
61 26 pursuant to section 15.333.

61 27 f. The moneys and credits tax imposed under this section
61 28 shall be reduced by an investment tax credit authorized
61 29 pursuant to section 15E.43.

61 30 g. The moneys and credits tax imposed under this section
61 31 shall be reduced by an investment tax credit authorized
61 32 pursuant to section 15E.51.

61 33 h. The moneys and credits tax imposed under this section
61 34 shall be reduced by an Iowa fund of funds tax credit
61 35 authorized pursuant to section 15E.66.

62 1 i. The moneys and credits tax imposed under this section
62 2 shall be reduced by an economic development region revolving
62 3 fund contribution tax credit authorized pursuant to section
62 4 15E.232.

62 5 j. The moneys and credits tax imposed under this section
62 6 shall be reduced by an endow Iowa tax credit authorized
62 7 pursuant to section 15E.305.

62 8 k. The moneys and credits tax imposed under this section
62 9 shall be reduced by a wage=benefits tax credit authorized
62 10 pursuant to section 15I.2.

62 11 Sec. 60. NEW SECTION. 533.330 REPORTS.

62 12 1. A state credit union shall report quarterly at a
62 13 specified time to the superintendent in a format prescribed by
62 14 the superintendent for that purpose.

62 15 a. If any quarterly report is in arrears, a penalty of one
62 16 hundred dollars for each day or fraction of a day such report
62 17 is in arrears may be levied by the superintendent against the
62 18 offending state credit union. This penalty shall be in
62 19 addition to the penalty for failure to pay the annual fee
62 20 pursuant to section 533.112.

62 21 b. If a quarterly report is not provided to the
62 22 superintendent within thirty days of the due date, the
62 23 superintendent may, after written notice to the board of
62 24 directors of the state credit union, suspend or revoke the
62 25 certificate of approval, take possession of the business and

62 26 property of the state credit union, and order its dissolution.
62 27 2. In addition to the quarterly report, the superintendent
62 28 may, from time to time, require a state credit union to
62 29 provide other supplemental reports at a specified time.
62 30 Failure of a state credit union to provide supplemental
62 31 reports when due may result in the superintendent levying a
62 32 penalty of fifty dollars per day for each day or fraction of a
62 33 day such report is late.

62 34 Sec. 61. NEW SECTION. 533.340 CREDIT UNION SERVICE
62 35 ORGANIZATION.

63 1 1. A credit union service organization may engage in any
63 2 of the nondepository activities that a state credit union is
63 3 authorized to engage in under this chapter.

63 4 2. A credit union service organization may engage in
63 5 activities authorized under federal law and regulation for a
63 6 federal credit union service organization. However, a credit
63 7 union service organization shall not engage in any activity
63 8 which is prohibited under state law for a state credit union.

63 9 Sec. 62. NEW SECTION. 533.401 MERGER.

63 10 1. With the approval of the superintendent, a state credit
63 11 union may merge with another credit union under the existing
63 12 certificate of approval of the other credit union if the
63 13 merger is pursuant to a plan agreed upon by a majority of the
63 14 board of directors of each credit union joining in the merger
63 15 and the merger is approved by the affirmative vote of a
63 16 majority of the members of the merging credit union either by
63 17 mail or in person at a meeting called for the purpose of
63 18 voting on the merger.

63 19 2. A plan of merger, whether by act of consolidation,
63 20 acquisition, or business combination, along with evidence that
63 21 the plan has been approved by the members of the merging
63 22 credit union in accordance with the provisions of this
63 23 section, shall be submitted to the superintendent, along with
63 24 any additional materials the superintendent may request.

63 25 3. The superintendent may approve a merger according to
63 26 the plan agreed upon by the majority of the board of directors
63 27 of each credit union if the superintendent receives a written
63 28 and verified application filed by the board of directors of
63 29 each credit union and finds all of the following:

63 30 a. Notice of the meeting called to consider the merger was
63 31 mailed to each member of the merging credit union entitled to
63 32 vote upon the question at least twenty days prior to the date
63 33 of the merger meeting.

63 34 b. The notice disclosed the purpose of the meeting and
63 35 properly informed the membership that approval of the merger
64 1 would be sought pursuant to this section.

64 2 c. At the meeting called to consider the merger, a
64 3 majority of the votes received, by regular mail or in person,
64 4 upon the question were in favor of the merger.

64 5 d. Control of the merging credit union shall transfer to
64 6 the board of directors of the continuing credit union upon
64 7 approval of the merger by the superintendent and the favorable
64 8 vote of a majority of the members as prescribed in paragraph
64 9 "c". Upon transfer of control, the board of directors of the
64 10 merging credit union may only do such things necessary to
64 11 execute the merger.

64 12 4. The superintendent may disapprove a merger if the
64 13 superintendent finds either of the following:

64 14 a. The merger would not result in a safe and sound credit
64 15 union.

64 16 b. The procedures required by this section, particularly
64 17 those used to obtain member approval for the merger, were not
64 18 followed or were irregular.

64 19 5. The superintendent may waive the membership merger vote
64 20 if the superintendent finds that an emergency exists which
64 21 justifies the waiver.

64 22 6. The certificate of merger and a copy of the agreed plan
64 23 of merger shall be forwarded to the superintendent, certified
64 24 by the superintendent, and returned to both credit unions
64 25 within thirty days of the date of receipt by the
64 26 superintendent.

64 27 7. a. Upon return of the certificate from the
64 28 superintendent, all of the merging credit union's property,
64 29 property rights, and members' interests shall vest in the
64 30 continuing credit union without the legal need for deeds,
64 31 endorsements or other instruments of transfer, and all debts,
64 32 obligations, and liabilities of the merging credit union shall
64 33 be assumed by the continuing credit union.

64 34 b. The rights and privileges of the members of the merging
64 35 credit union shall continue as provided in the plan.

65 1 c. Credit union membership in the continuing credit union

65 2 shall be available to persons within the common bond of the
65 3 merging credit union.

65 4 8. This section shall be construed to permit a credit
65 5 union organized under any other statute to merge with one
65 6 organized under this chapter, or to permit one organized under
65 7 this chapter to merge with one organized under any other
65 8 statute.

65 9 9. As used in the section, the term "merger" or "merge"
65 10 means the combination of assets and liabilities of one credit
65 11 union with those of another credit union such that one credit
65 12 union continues and the other credit union surrenders its
65 13 charter to operate as a credit union.

65 14 Sec. 63. NEW SECTION. 533.402 CONVERSION OF FINANCIAL
65 15 INSTITUTION TO STATE CREDIT UNION.

65 16 1. Any financial institution may convert to a state credit
65 17 union by complying with the laws of the original chartered
65 18 authority and upon the approval of the superintendent. As
65 19 used in this section, "financial institution" means any credit
65 20 union, bank, savings bank, or savings and loan association
65 21 chartered under federal or state law.

65 22 a. Application for approval of the conversion to a state
65 23 credit union shall be submitted to the superintendent in the
65 24 form prescribed by the superintendent, together with the
65 25 articles of incorporation and bylaws as required for
65 26 organization of a state credit union pursuant to this chapter.

65 27 b. The superintendent may cause an examination to be made
65 28 of any converting financial institution. The converting
65 29 financial institution shall reimburse the superintendent for
65 30 the division's costs related to the conversion.

65 31 2. a. If the superintendent approves the application of a
65 32 financial institution for conversion to a state credit union,
65 33 the superintendent shall cause the articles of incorporation
65 34 of the resulting state credit union to be filed and recorded
65 35 in the county in which the state credit union has its
66 1 principal place of business and the superintendent shall issue
66 2 a certificate of authority to do business under the laws of
66 3 this state to the resulting state credit union. The financial
66 4 institution shall then become a state credit union subject to
66 5 the laws of this state.

66 6 b. The superintendent shall furnish a copy of the
66 7 certificate to the administrator of the national credit union
66 8 administration.

66 9 3. a. Upon conversion, the existence of the original
66 10 financial institution shall cease.

66 11 b. The state credit union resulting from the conversion
66 12 shall have only the authority to engage in the business and
66 13 exercise the powers of a state credit union.

66 14 4. a. A liability of the original financial institution
66 15 or of its members, directors, or officers shall not be
66 16 affected, and any lien on any property of the financial
66 17 institution shall not be impaired by the conversion.

66 18 b. Any claim existing or action pending by or against the
66 19 original financial institution may be prosecuted to judgment
66 20 as if the conversion had not taken place, or the resulting
66 21 state credit union may be substituted in its place.

66 22 Sec. 64. NEW SECTION. 533.403 CONVERSION OF STATE CREDIT
66 23 UNION TO OTHER FINANCIAL INSTITUTION.

66 24 1. a. A state credit union may convert to another
66 25 financial institution with the approval of the superintendent
66 26 and by the affirmative vote of a two-thirds majority of the
66 27 state credit union's members who vote either by mail or in
66 28 person at a meeting called for the purpose of voting on the
66 29 conversion. As used in this section, "financial institution"
66 30 means any credit union, bank, savings bank, or savings and
66 31 loan association chartered under federal or state law.

66 32 b. A vote regarding conversion of a state credit union
66 33 shall be at a special membership meeting called for that
66 34 purpose and shall be in the manner prescribed by the bylaws
66 35 and pursuant to the rules of the superintendent.

67 1 c. Any member eligible to vote and not present at the
67 2 meeting may, within twenty days after the date on which the
67 3 meeting was held, vote in favor of conversion by signing a
67 4 statement in a form approved by the superintendent. This vote
67 5 shall have the same force and effect as if cast at the
67 6 meeting.

67 7 2. a. The board of directors of the state credit union
67 8 shall promptly notify the superintendent of any proposed
67 9 conversion and of any abandonment or disapproval of the
67 10 conversion by the members.

67 11 b. The board of directors of the state credit union shall
67 12 also promptly notify the superintendent of any approval or

67 13 disapproval of the conversion by the state or federal
67 14 chartering authority of the financial institution.
67 15 c. The board of directors of the state credit union shall
67 16 file with the superintendent appropriate evidence of the
67 17 following:
67 18 (1) That the state or federal chartering authority of the
67 19 financial institution approves the proposed conversion.
67 20 (2) That the financial institution accepts the state
67 21 credit union's accounts for deposit insurance coverage.
67 22 (3) That the state credit union has complied with the
67 23 provisions of this section.
67 24 d. The board of directors of the state credit union shall
67 25 notify the superintendent of the date on which the conversion
67 26 is to be effective.
67 27 3. Upon receipt of satisfactory proof that the state
67 28 credit union has complied with all applicable laws and
67 29 received approval from both the deposit insurer and the new
67 30 chartering authority, the superintendent shall issue a
67 31 certificate of conversion which shall be filed and recorded in
67 32 the county in which the state credit union has its principal
67 33 place of business and in the county in which its original
67 34 articles of incorporation were filed and recorded.
67 35 Sec. 65. NEW SECTION. 533.404 DISSOLUTION GENERALLY.
68 1 The following shall apply to dissolution of a state credit
68 2 union under this chapter, whether voluntary or involuntary:
68 3 1. Distribution of the assets of the state credit union
68 4 shall be made in the following order:
68 5 a. The payment of costs and expense of the administrator
68 6 of dissolution.
68 7 b. The payment of claims for public funds deposited
68 8 pursuant to chapter 12C and the payment of claims which are
68 9 given priority by applicable statutes. If the assets are
68 10 insufficient for payment of the claims in full, priority shall
68 11 be determined by the statutes or, in the absence of
68 12 conflicting provisions, on a pro rata basis.
68 13 c. The payment of deposits, including accrued interest, up
68 14 to the date of the special meeting of the members at which
68 15 voluntary dissolution was authorized, or in the case of
68 16 involuntary dissolution, the date of appointment of a
68 17 receiver.
68 18 d. The pro rata apportionment of the balance among the
68 19 members of record on the date of the special meeting of the
68 20 members at which voluntary dissolution was authorized, or in
68 21 the case of involuntary dissolution, the members of record on
68 22 the date of appointment of a receiver.
68 23 2. All amounts due members who are unknown, or who are
68 24 under a disability and no person is legally competent to
68 25 receive the amounts, or who cannot be found after the exercise
68 26 of reasonable diligence, shall be transmitted to the treasurer
68 27 of state who shall hold the amounts in the manner prescribed
68 28 by chapter 556. All amounts due creditors as described in
68 29 section 490.1440 shall be transmitted to the treasurer of
68 30 state in accordance with that section and shall be retained by
68 31 the treasurer of state and subject to claim as provided for in
68 32 that section.
68 33 3. The superintendent shall assume custody of the records
68 34 of a state credit union dissolved pursuant to this chapter and
68 35 shall retain the records which, in the superintendent's
69 1 discretion, are deemed necessary, in accordance with the
69 2 provisions of section 533.322. The superintendent may cause
69 3 film, photographic, photostatic, or other copies of the
69 4 records to be made and the superintendent shall retain the
69 5 copies in lieu of the original records.
69 6 4. a. The dissolution of a state credit union shall not
69 7 remove or impair any remedy available to or against such state
69 8 credit union, its directors, officers, or members for any
69 9 right or claim existing or any liability incurred prior to
69 10 such dissolution if an action or other proceeding to enforce
69 11 the right or claim is commenced within two years after the
69 12 date of filing of a certificate or decree of dissolution with
69 13 the county recorder in the county in which the state credit
69 14 union has its principal place of business.
69 15 b. Any such action or proceeding by or against the state
69 16 credit union may be prosecuted or defended by the state credit
69 17 union in its corporate name.
69 18 c. The members, directors, and officers shall have power
69 19 to take such corporate or other action as shall be appropriate
69 20 to protect such remedy, right, or claim.
69 21 Sec. 66. NEW SECTION. 533.405 VOLUNTARY DISSOLUTION.
69 22 The process of voluntary dissolution shall be as follows:
69 23 1. At a special meeting called for that purpose, a state

69 24 credit union may dissolve upon the affirmative vote of a
69 25 two-thirds majority of its members eligible to vote at the
69 26 special meeting.

69 27 a. Notice of the meeting's purpose shall be contained in
69 28 the meeting's notice.

69 29 b. Any member eligible to vote and not present at the
69 30 meeting may, within twenty days after the date on which the
69 31 meeting was held, vote in favor of dissolution by signing a
69 32 statement in a form approved by the superintendent. This vote
69 33 shall have the same force and effect as if cast at the
69 34 meeting.

69 35 2. a. The state credit union shall cease to do business
70 1 except for the purposes of liquidation immediately upon giving
70 2 notice of the special meeting called for the members' vote on
70 3 dissolution.

70 4 b. The board of directors shall immediately notify the
70 5 superintendent of the intention of the state credit union to
70 6 dissolve.

70 7 c. The state credit union shall not resume its regular
70 8 business unless the dissolution fails to receive the required
70 9 vote of the members or unless the members have revoked prior
70 10 affirmative action to dissolve as provided for in subsection
70 11 6.

70 12 3. a. The board of directors shall have power to
70 13 terminate and settle the affairs of a state credit union in
70 14 voluntary dissolution.

70 15 b. The state credit union shall continue in existence for
70 16 the purpose of discharging its liabilities, collecting and
70 17 distributing its assets, and doing all acts required in order
70 18 to terminate its affairs.

70 19 c. The state credit union may sue and be sued for the
70 20 purpose of enforcing such liabilities and for the purpose of
70 21 collecting its assets until its affairs are fully settled.

70 22 d. During the course of dissolution proceedings, the state
70 23 credit union shall make such reports and shall be subject to
70 24 such examinations as the superintendent may require.

70 25 e. If at any time after the affirmative vote of a majority
70 26 of the members of a state credit union to dissolve the state
70 27 credit union, the superintendent finds that the state credit
70 28 union is not making reasonable progress toward terminating its
70 29 affairs, the superintendent may apply to the district court
70 30 for appointment of a receiver to terminate the affairs of the
70 31 state credit union.

70 32 f. If the superintendent finds that a dissolving state
70 33 credit union is insolvent, the superintendent may proceed as
70 34 otherwise provided in this chapter.

70 35 4. a. The board of directors may appoint by resolution
71 1 any responsible person as defined in section 4.1, whose
71 2 appointment has been approved by the superintendent, to
71 3 exercise its powers to terminate and settle the affairs of the
71 4 state credit union pursuant to this section.

71 5 b. The superintendent may adopt rules establishing the
71 6 qualifications that must be met by such appointees, including
71 7 but not limited to filing a surety bond with the
71 8 superintendent.

71 9 5. a. Upon such proof as is satisfactory to the
71 10 superintendent that all assets have been liquidated from which
71 11 there is a reasonable expectance of realization, that the
71 12 liabilities of the state credit union have been discharged and
71 13 distribution made to its members, and that the liquidation has
71 14 been completed, the superintendent shall issue a certificate
71 15 of dissolution, which certificate shall be filed and recorded
71 16 in the county in which the state credit union has its
71 17 principal place of business and in the county in which its
71 18 original articles of incorporation were filed and recorded.

71 19 b. Upon the issuance of a certificate of dissolution, the
71 20 existence of the state credit union shall cease.

71 21 6. a. At any time prior to any distribution of its
71 22 assets, a state credit union may revoke the voluntary
71 23 dissolution proceedings by the affirmative vote of a majority
71 24 of its members eligible to vote. This vote, if taken, shall
71 25 be at a special meeting called for that purpose in the manner
71 26 prescribed by the bylaws.

71 27 b. The board of directors shall immediately notify the
71 28 superintendent of any such action to revoke voluntary
71 29 dissolution proceedings.

71 30 Sec. 67. NEW SECTION. 533.406 STATE CREDIT UNION MERGER,
71 31 CONVERSION, OR DISSOLUTION.

71 32 Notwithstanding section 533.301, subsection 25, a state
71 33 credit union shall comply with the state law requirements for
71 34 merger, conversion, or dissolution of a state credit union.

71 35 Sec. 68. NEW SECTION. 533.501 SUPERVISORY ACTION.

72 1 1. CEASE AND DESIST ORDER.

72 2 a. (1) If the superintendent has reason to believe that
72 3 an officer, director, employee, or committee member of a state
72 4 credit union has violated any law, rule, or cease and desist
72 5 order relating to a state credit union, or has engaged in an
72 6 unsafe or unsound practice in conducting the business of a
72 7 state credit union, the superintendent may cause notice to be
72 8 served upon the officer, director, employee, or committee
72 9 member to appear before the superintendent to show cause why
72 10 the person should not be removed from office or employment. A
72 11 copy of such notice shall be sent by certified mail or
72 12 restricted certified mail to each director of the state credit
72 13 union affected.

72 14 (2) If the superintendent finds that the accused has
72 15 violated a law, rule, or cease and desist order relating to a
72 16 state credit union, or has engaged in an unsafe or unsound
72 17 practice in conducting the business of a state credit union,
72 18 after granting the accused reasonable opportunity to be heard,
72 19 the superintendent in the superintendent's discretion may
72 20 order that the accused be removed from office and from any
72 21 position of employment with the state credit union. The
72 22 superintendent may further order that the accused not accept
72 23 employment in any state credit union under the
72 24 superintendent's jurisdiction without the superintendent's
72 25 prior approval.

72 26 (3) A copy of the order shall be served upon the accused
72 27 and upon the state credit union affected, at which time the
72 28 accused shall cease to be an officer, director, employee, or
72 29 committee member of the state credit union.

72 30 b. (1) If the superintendent determines that a state
72 31 credit union has violated any of the provisions of this
72 32 chapter, after notice and opportunity for hearing, the
72 33 superintendent shall order the state credit union to correct
72 34 the violation, except when the state credit union is
72 35 insolvent.

73 1 (2) The superintendent may specify the manner in which the
73 2 violation is to be corrected and grant the state credit union
73 3 not more than sixty days within which to comply with the
73 4 order.

73 5 (3) The superintendent may revoke a state credit union's
73 6 certificate of approval for failure to comply with the order.

73 7 (4) If the certificate of approval has been revoked, the
73 8 superintendent may apply to the district court of the county
73 9 in which the state credit union is located for the appointment
73 10 of a receiver for the state credit union.

73 11 2. SUMMARY CEASE AND DESIST ORDER.

73 12 a. (1) If it appears to the superintendent that a state
73 13 credit union, or any director, officer, employee, or committee
73 14 member of a state credit union, is engaging in or is about to
73 15 engage in an unsafe or unsound practice or dishonest act in
73 16 conducting the business of the state credit union that is
73 17 likely to cause insolvency or substantial dissipation of
73 18 assets or earnings of the state credit union, or is likely to
73 19 seriously weaken the condition of the state credit union or
73 20 otherwise seriously prejudice the interests of its members,
73 21 the superintendent may issue an interim summary cease and
73 22 desist order requiring the state credit union, or any
73 23 director, officer, employee, or committee member, to cease and
73 24 desist from any such practice or act, and may take affirmative
73 25 action, including suspension of the director, officer,
73 26 employee, or committee member to prevent such insolvency,
73 27 dissipation, condition, or prejudice.

73 28 (2) The interim order shall become effective upon personal
73 29 service upon the state credit union, or upon the director,
73 30 officer, employee, or committee member of the state credit
73 31 union, and remain effective and enforceable pending the
73 32 completion of administrative proceedings conducted pursuant to
73 33 this section and issuance of a final order.

73 34 b. (1) The interim order shall contain a concise
73 35 statement of the facts constituting the alleged unsafe or
74 1 unsound practice or alleged dishonest act, and shall fix a
74 2 time and place at which a hearing will be held to determine
74 3 whether a final order to cease and desist should issue against
74 4 the state credit union, or any director, officer, employee, or
74 5 committee member.

74 6 (2) The hearing shall be fixed for a date not later than
74 7 thirty days after service of the interim order unless a later
74 8 date is set at the request of the party served.

74 9 (3) If the state credit union, or the director, officer,
74 10 employee, or committee member, fails to appear at the hearing,

74 11 the state credit union, or the director, officer, employee, or
74 12 committee member, is deemed to have consented to the issuance
74 13 of a final cease and desist order.

74 14 (4) In the event of such consent, or if upon the record
74 15 made at the hearing the superintendent finds that any unsafe
74 16 or unsound practice or dishonest act specified in the interim
74 17 order has been established, the superintendent may issue and
74 18 serve upon the state credit union, or the director, officer,
74 19 employee, or committee member, a final order to cease and
74 20 desist from any such practice or act. The order may require
74 21 the state credit union, or the director, officer, employee, or
74 22 committee member, to cease and desist from any such practice
74 23 or act and direct affirmative action, including suspension of
74 24 the director, officer, employee, or committee member.

74 25 c. (1) A hearing provided for in this section shall be
74 26 presided over by an administrative law judge appointed in
74 27 accordance with section 17A.11.

74 28 (2) The hearing shall be private, unless the
74 29 superintendent determines after full consideration of the
74 30 views of the party afforded the hearing, that a public hearing
74 31 is necessary to protect the public interest.

74 32 (3) After the hearing, and within thirty days after the
74 33 case has been submitted for decision, the superintendent shall
74 34 review the proposed order of the administrative law judge and
74 35 render a final decision, including findings of fact upon which
75 1 the decision is predicated, and issue and serve upon each
75 2 party to the proceeding an order consistent with this section.

75 3 (4) Records and information relating to the hearing shall
75 4 be confidential and not subject to subpoena. Such records and
75 5 information shall not constitute a public record subject to
75 6 examination or copying under chapter 22.

75 7 d. Any final order issued by the superintendent shall
75 8 become effective upon service upon the state credit union,
75 9 director, officer, employee, or committee member.

75 10 e. In the case of violation or threatened violation of, or
75 11 failure to obey, an order, the superintendent may apply to the
75 12 district court of the county in which the state credit union
75 13 has its principal place of business for the enforcement of the
75 14 order and such court shall have jurisdiction and power to
75 15 order and require compliance with the order.

75 16 f. (1) Within ten days after a state credit union or any
75 17 director, officer, employee, or committee member is served
75 18 with a summary cease and desist order, the state credit union
75 19 or director, officer, employee, or committee member affected
75 20 may apply to the district court in the county in which the
75 21 state credit union has its principal place of business for an
75 22 injunction setting aside, limiting, or suspending the
75 23 enforcement, operation, or effectiveness of the interim order
75 24 pending the completion of administrative proceedings.

75 25 (2) If serious prejudice to the interests of the
75 26 superintendent, the state credit union, or the officer,
75 27 director, employee, or committee member would result from a
75 28 court hearing, the court may order the judicial proceeding to
75 29 be conducted in camera.

75 30 Sec. 69. NEW SECTION. 533.502 GROUNDS FOR MANAGEMENT OF
75 31 STATE CREDIT UNION BY SUPERINTENDENT.

75 32 1. Notwithstanding any other provision of this chapter,
75 33 the superintendent may take over the management of the
75 34 property and business of a state credit union when it appears
75 35 to the superintendent that any of the following actions have
76 1 occurred or conditions exist:

76 2 a. The state credit union has violated any law of this
76 3 state.

76 4 b. The capital of the state credit union is impaired.

76 5 c. The state credit union is conducting its business in an
76 6 unsafe or unsound manner.

76 7 d. The state credit union is in such condition that it is
76 8 unsound, unsafe, or inexpedient for it to transact business.

76 9 e. The state credit union has suspended or refused payment
76 10 of its deposits or other liabilities.

76 11 f. The state credit union refuses to make its records
76 12 available to the superintendent for examination or otherwise
76 13 refuses to make available, through an officer or employee
76 14 having knowledge, information required by the superintendent
76 15 for the proper discharge of the duties of the superintendent's
76 16 office.

76 17 g. The state credit union neglects or refuses to observe
76 18 any order of the superintendent made pursuant to the
76 19 provisions of this chapter, unless the enforcement of such
76 20 order is stayed in a court proceeding brought by the state
76 21 credit union.

76 22 h. The state credit union has not transacted any business
76 23 or performed any of the duties contemplated by its
76 24 authorization to do business for a period of at least one
76 25 hundred eighty days.

76 26 2. The superintendent shall thereafter manage the property
76 27 and business of the state credit union until such time as the
76 28 superintendent may relinquish to the state credit union the
76 29 management, upon such conditions as the superintendent may
76 30 prescribe, or until the affairs of the state credit union are
76 31 finally dissolved as provided in this chapter.

76 32 3. Judicial review of the actions of the superintendent
76 33 may be sought in accordance with chapter 17A. However,
76 34 contested case provisions of chapter 17A, the Iowa
76 35 administrative procedure Act, do not apply to an action by the
77 1 superintendent to take over the management of or to manage a
77 2 state credit union, as authorized by this section.

77 3 Sec. 70. NEW SECTION. 533.503 SUPERINTENDENT AS
77 4 RECEIVER.

77 5 1. In all situations in which the superintendent has been
77 6 appointed as receiver as provided in this chapter, the
77 7 superintendent shall make a diligent effort to collect and
77 8 realize on the assets of the state credit union, and shall
77 9 make distribution of the proceeds from time to time to those
77 10 entitled in the order provided for by law.

77 11 a. The superintendent may execute as receiver, or after
77 12 the receivership has terminated, assignments, releases, and
77 13 satisfactions to effectuate sales and transfers.

77 14 b. Upon the order of the court in which the receivership
77 15 is pending, the superintendent may sell or compound all bad or
77 16 doubtful debts.

77 17 c. Upon the order of the court in which the receivership
77 18 is pending, the superintendent may sell all the real and
77 19 personal property of the state credit union, on such terms as
77 20 the court shall direct.

77 21 2. All expenses of the receivership and dissolution shall
77 22 be determined by the superintendent, subject to the approval
77 23 of the district court, and shall be paid out of the assets of
77 24 the state credit union.

77 25 3. At the completion of the receivership, the
77 26 superintendent shall file a final report which shall contain
77 27 details of receivership activity and such additional facts as
77 28 the court may require.

77 29 4. a. Upon the submission and approval of the final
77 30 report, the court shall enter a decree dissolving the state
77 31 credit union and discharging the receiver, at which time the
77 32 existence of the state credit union shall cease.

77 33 b. The clerk of the district court shall file and record
77 34 certified copies of the decree with the county recorder of the
77 35 county in which the state credit union has its principal place
78 1 of business and with the county recorder of the county in
78 2 which its original articles of incorporation were filed and
78 3 recorded. A fee shall not be charged by the county recorder
78 4 for the filing or recording of such decree.

78 5 Sec. 71. NEW SECTION. 533.504 TENDER OF RECEIVERSHIP TO
78 6 INSURANCE PLAN.

78 7 1. a. The superintendent may tender to the administrator
78 8 of an account insurance plan approved under this chapter the
78 9 appointment as receiver for an insured state credit union.

78 10 b. If the insurance plan administrator accepts the
78 11 appointment as receiver, the rights of the members and other
78 12 creditors of the insured state credit union shall be
78 13 determined in accordance with the laws of this state and the
78 14 insurance plan administrator shall comply with all applicable
78 15 provisions of this chapter.

78 16 2. The administrator of an account insurance plan as
78 17 receiver shall possess the powers, rights, and privileges
78 18 given to the superintendent as provided by law.

78 19 3. If the administrator of an account insurance plan pays
78 20 or makes available for payment the insured liabilities of a
78 21 state credit union, the administrator shall be subrogated by
78 22 operation of law to all rights of the members against the
78 23 insured state credit union in the same manner and to the same
78 24 extent as subrogation is provided for in applicable laws in
78 25 the case of a closed federal credit union.

78 26 Sec. 72. NEW SECTION. 533.505 SUBPOENA == CONTEMPT.

78 27 1. The superintendent or the superintendent's designee may
78 28 subpoena witnesses, compel their attendance, administer an
78 29 oath, examine any person under oath, and require the
78 30 production of any relevant record during the period of
78 31 examination.

78 32 2. An examination may be conducted on any subject relating

78 33 to the duties imposed upon or powers vested in the
78 34 superintendent.

78 35 3. Whenever a person subpoenaed pursuant to subsection 1
79 1 fails to produce a record or to give testimony as required by
79 2 the terms of the subpoena, the superintendent may apply to the
79 3 district court of Polk county for the enforcement of the
79 4 subpoena or the issuance of an order compelling compliance.

79 5 4. The refusal of any person to obey an order of the
79 6 district court issued pursuant to subsection 1, without
79 7 reasonable cause, shall be considered a contempt of court.

79 8 Sec. 73. NEW SECTION. 533.506 LIMITATION OF ACTIONS.
79 9 1. All causes of action against a state credit union based
79 10 upon a claim or claims inconsistent with an entry or entries
79 11 in a state credit union record or ledger, made in the regular
79 12 course of business, shall be deemed to have accrued, and shall
79 13 accrue, one year after the date of such entry or entries.

79 14 2. An action founded upon such a cause shall not be
79 15 brought after the expiration of ten years from the date of
79 16 such accrual.

79 17 Sec. 74. NEW SECTION. 533.507 FALSE STATEMENTS FOR
79 18 CREDIT == FRAUDULENT PRACTICE.
79 19 A person who knowingly makes or causes to be made, directly
79 20 or indirectly, any false statement in writing, or who
79 21 procures, knowing that a false statement in writing has been
79 22 made concerning the financial condition or means or ability to
79 23 pay of such person or any other person in which such person is
79 24 interested or for whom such person is acting with the intent
79 25 that such statement shall be relied upon by a state credit
79 26 union for the purpose of procuring the delivery of property,
79 27 the payment of cash, or the receipt of credit in any form, for
79 28 the benefit of such person or of any other person in which
79 29 such person is interested or for whom such person is acting,
79 30 is guilty of a fraudulent practice.

79 31 Sec. 75. NEW SECTION. 533.508 FALSE STATEMENTS ==
79 32 PENALTIES.
79 33 1. A director, officer, or employee of a state credit
79 34 union shall not intentionally publish, disseminate, or
79 35 distribute any advertising or notice containing any false,
80 1 misleading, or deceptive statements concerning rates, terms,
80 2 or conditions on which loans are made, or deposits or share
80 3 installments are received, or concerning any charge which the
80 4 state credit union is authorized to impose pursuant to this
80 5 chapter, or concerning the financial condition of the state
80 6 credit union. Any director, officer, or employee of a state
80 7 credit union who violates the provisions of this section is
80 8 guilty of a fraudulent practice.

80 9 2. Any person who maliciously or with intent to deceive
80 10 makes, publishes, utters, repeats, or circulates any false
80 11 statement concerning any state credit union which imputes or
80 12 tends to impute insolvency, unsound financial condition or
80 13 financial embarrassment, or which may tend to cause or provoke
80 14 or aid in causing or provoking a general withdrawal of
80 15 deposits from such state credit union, or which may otherwise
80 16 injure or tend to injure the business or goodwill of such
80 17 state credit union, is guilty of a simple misdemeanor.

80 18 Sec. 76. NEW SECTION. 533.509 PENALTY FOR FALSIFICATION.
80 19 A director, officer, agent, or employee of a state credit
80 20 union, a credit union service organization, or any other
80 21 person who knowingly signs, makes, or consents to another
80 22 person making any false statement or false entry in the books
80 23 of the state credit union or credit union service
80 24 organization, or knowingly signs, makes, or consents to the
80 25 making of any false report regarding a state credit union or
80 26 credit union service organization, or knowingly diverts the
80 27 funds of the state credit union, is guilty of a class "C"
80 28 felony and is forever after barred from holding any office or
80 29 position in a state credit union or credit union service
80 30 organization.

80 31 DIVISION II
80 32 Sec. 77. Section 8A.412, subsection 18, Code 2007, is
80 33 amended to read as follows:
80 34 18. The administrator and the deputy administrator of the
80 35 credit union division of the department of commerce, all
81 1 members of the credit union ~~review board~~ council, and all
81 2 employees of the credit union division.

81 3 Sec. 78. Section 12C.13, Code 2007, is amended to read as
81 4 follows:
81 5 12C.13 DEPOSIT NOT MEMBERSHIP.
81 6 Notwithstanding chapter 534, the deposit of public funds in
81 7 ~~an association a credit union~~ defined in section ~~533.1~~ 533.102
81 8 or an association defined in 534.102 does not constitute being

81 9 a shareholder, stockholder, or owner of a corporation in
81 10 violation of Article VIII of the Constitution of the State of
81 11 Iowa or any other provision of law.

81 12 Sec. 79. Section 12C.16, subsection 1, paragraph b,
81 13 subparagraph (4), Code 2007, is amended to read as follows:
81 14 (4) To the extent of the guarantee, loans, obligations, or
81 15 nontransferable letters of credit upon which the payment of
81 16 principal and interest is fully secured or guaranteed by the
81 17 United States of America or an agency or instrumentality of
81 18 the United States of America or the ~~U.-S.~~ United States
81 19 central credit union, a corporate central credit union
81 20 organized under section ~~533.38~~ 533.213, or a corporate credit
81 21 union organized under 12 C.F.R. } 704, and the rating of any
81 22 one of such credit unions remains within the two highest
81 23 classifications of prime established by at least one of the
81 24 standard rating services approved by the superintendent of
81 25 banking by rule pursuant to chapter 17A. The treasurer of
81 26 state shall adopt rules pursuant to chapter 17A to implement
81 27 this section.

81 28 Sec. 80. Section 12C.17, subsection 1, paragraph c, Code
81 29 2007, is amended to read as follows:

81 30 c. The securities shall be deposited with the federal
81 31 reserve bank, the federal home loan bank of Des Moines, Iowa,
81 32 or the ~~U.-S.~~ United States central credit union, a corporate
81 33 central credit union organized under section ~~533.38~~ 533.213,
81 34 or a corporate credit union organized under 12 C.F.R. } 704
81 35 pursuant to a bailment agreement or a pledge custody

82 1 agreement.
82 2 Sec. 81. Section 12C.17, subsection 4, Code 2007, is
82 3 amended to read as follows:

82 4 4. Upon written request from the appropriate public
82 5 officer but not less than monthly, the federal reserve bank,
82 6 the federal home loan bank of Des Moines, Iowa, the ~~U.-S.~~
82 7 United States central credit union, a corporate central credit
82 8 union organized under section ~~533.38~~ 533.213, or a corporate
82 9 credit union organized under 12 C.F.R. } 704 shall report a
82 10 description, the par value, and the market value of any
82 11 pledged collateral by a credit union.

82 12 Sec. 82. Section 12C.23, subsection 3, paragraph b, Code
82 13 2007, is amended to read as follows:

82 14 b. The loss to public depositors shall be satisfied, first
82 15 through any applicable deposit insurance and then through the
82 16 sale of securities pledged by the defaulting credit union, and
82 17 then the assets of the defaulting credit union. The priority
82 18 of claims are those established pursuant to section ~~533.22~~
82 19 533.404, subsection 1, paragraph "b". To the extent permitted
82 20 by federal law, in the distribution of an insolvent federally
82 21 chartered credit union's assets, the order of payment of
82 22 liabilities if its assets are insufficient to pay in full all
82 23 its liabilities for which claims are made shall be in the same
82 24 order as for the equivalent type of state chartered credit
82 25 union as provided in section ~~533.22~~ 533.404, subsection 1,
82 26 paragraph "b".

82 27 Sec. 83. Section 15.333, subsection 1, Code 2007, is
82 28 amended to read as follows:

82 29 1. An eligible business may claim a tax credit equal to a
82 30 percentage of the new investment directly related to new jobs
82 31 created by the location or expansion of an eligible business
82 32 under the program. The tax credit shall be amortized equally
82 33 over five calendar years. The tax credit shall be allowed
82 34 against taxes imposed under chapter 422, division II, III, or
82 35 V, and against the moneys and credits tax imposed in section
83 1 ~~533.24~~ 533.329. If the business is a partnership, S
83 2 corporation, limited liability company, cooperative organized
83 3 under chapter 501 and filing as a partnership for federal tax
83 4 purposes, or estate or trust electing to have the income taxed
83 5 directly to the individual, an individual may claim the tax
83 6 credit allowed. The amount claimed by the individual shall be
83 7 based upon the pro rata share of the individual's earnings of
83 8 the partnership, S corporation, limited liability company,
83 9 cooperative organized under chapter 501 and filing as a
83 10 partnership for federal tax purposes, or estate or trust. The
83 11 percentage shall be determined as provided in section 15.335A.
83 12 Any tax credit in excess of the tax liability for the tax year
83 13 may be credited to the tax liability for the following seven
83 14 years or until depleted, whichever occurs first.

83 15 Subject to prior approval by the department of economic
83 16 development, in consultation with the department of revenue,
83 17 an eligible business whose project primarily involves the
83 18 production of value-added agricultural products or uses
83 19 biotechnology-related processes may elect to receive a refund

83 20 of all or a portion of an unused tax credit. For purposes of
83 21 this subsection, such an eligible business includes a
83 22 cooperative described in section 521 of the Internal Revenue
83 23 Code which is not required to file an Iowa corporate income
83 24 tax return, and whose project primarily involves the
83 25 production of ethanol. The refund may be applied against a
83 26 tax liability imposed under chapter 422, division II, III, or
83 27 V, and against the moneys and credits tax imposed in section
83 28 ~~533.24~~ 533.329. If the business is a partnership, S
83 29 corporation, limited liability company, cooperative organized
83 30 under chapter 501 and filing as a partnership for federal tax
83 31 purposes, or estate or trust electing to have the income taxed
83 32 directly to the individual, an individual may claim the tax
83 33 credit allowed. The amount claimed by the individual shall be
83 34 based upon the pro rata share of the individual's earnings of
83 35 the partnership, S corporation, limited liability company,
84 1 cooperative organized under chapter 501 and filing as a
84 2 partnership for federal tax purposes, or estate or trust.
84 3 Sec. 84. Section 15E.43, subsection 1, paragraph a, Code
84 4 2007, is amended to read as follows:
84 5 a. For tax years beginning on or after January 1, 2002, a
84 6 tax credit shall be allowed against the taxes imposed in
84 7 chapter 422, divisions II, III, and V, and in chapter 432, and
84 8 against the moneys and credits tax imposed in section ~~533.24~~
84 9 533.329, for a portion of a taxpayer's equity investment, as
84 10 provided in subsection 2, in a qualifying business or a
84 11 community-based seed capital fund. An individual may claim a
84 12 tax credit under this paragraph of a partnership, limited
84 13 liability company, S corporation, estate, or trust electing to
84 14 have income taxed directly to the individual. The amount
84 15 claimed by the individual shall be based upon the pro rata
84 16 share of the individual's earnings from the partnership,
84 17 limited liability company, S corporation, estate, or trust.
84 18 Sec. 85. Section 15E.44, subsection 4, Code 2007, is
84 19 amended to read as follows:
84 20 4. After verifying the eligibility of a qualifying
84 21 business, the board shall issue a tax credit certificate to be
84 22 attached to the equity investor's tax return. The tax credit
84 23 certificate shall contain the taxpayer's name, address, tax
84 24 identification number, the amount of credit, the name of the
84 25 qualifying business, and other information required by the
84 26 department of revenue. The tax credit certificate, unless
84 27 rescinded by the board, shall be accepted by the department of
84 28 revenue as payment for taxes imposed pursuant to chapter 422,
84 29 divisions II, III, and V, and in chapter 432, and for the
84 30 moneys and credits tax imposed in section ~~533.24~~ 533.329,
84 31 subject to any conditions or restrictions placed by the board
84 32 upon the face of the tax credit certificate and subject to the
84 33 limitations of section 15E.43.
84 34 Sec. 86. Section 15E.45, subsection 4, Code 2007, is
84 35 amended to read as follows:
85 1 4. After verifying the eligibility of the community-based
85 2 seed capital fund, the board shall issue a tax credit
85 3 certificate to be attached to the taxpayer's tax return. The
85 4 tax credit certificate shall contain the taxpayer's name,
85 5 address, tax identification number, the amount of the tax
85 6 credit, the name of the community-based seed capital fund, and
85 7 other information required by the department of revenue. The
85 8 tax credit certificate, unless rescinded by the board, shall
85 9 be accepted by the department of revenue or a local taxing
85 10 district, as applicable, as payment for taxes imposed pursuant
85 11 to chapter 422, divisions II, III, and V, and chapter 432, and
85 12 as payment for the moneys and credits tax imposed pursuant to
85 13 section ~~533.24~~ 533.329, subject to any conditions or
85 14 restrictions placed by the board on the face of the tax credit
85 15 certificate and subject to the limitations of section 15E.43.
85 16 Sec. 87. Section 15E.51, subsection 2, Code 2007, is
85 17 amended to read as follows:
85 18 2. A tax credit shall be allowed against the taxes imposed
85 19 in chapter 422, divisions II, III, and V, and in chapter 432,
85 20 and against the moneys and credits tax imposed in section
85 21 ~~533.24~~ 533.329, for a portion of a taxpayer's equity
85 22 investment in a venture capital fund. An individual may claim
85 23 a tax credit under this section of a partnership, limited
85 24 liability company, S corporation, estate, or trust electing to
85 25 have income taxed directly to the individual. The amount
85 26 claimed by the individual shall be based upon the pro rata
85 27 share of the individual's earnings from the partnership,
85 28 limited liability company, S corporation, estate, or trust.
85 29 Sec. 88. Section 15E.62, subsection 6, Code 2007, is
85 30 amended to read as follows:

85 31 6. "Tax credit" means a contingent tax credit issued
85 32 pursuant to section 15E.66 that is available against tax
85 33 liabilities imposed by chapter 422, divisions II, III, and V,
85 34 and by chapter 432 and against the moneys and credits tax
85 35 imposed by section ~~533.24~~ 533.329.

86 1 Sec. 89. Section 15E.232, subsection 2, paragraph a, Code
86 2 2007, is amended to read as follows:

86 3 a. A nongovernmental entity making a contribution to an
86 4 economic development region revolving fund, except those
86 5 described in paragraph "b", may claim a tax credit equal to
86 6 twenty percent of the amount contributed to the revolving
86 7 fund. The tax credit shall be allowed against taxes imposed
86 8 in chapter 422, divisions II, III, and V, and in chapter 432,
86 9 and against the moneys and credits tax imposed in section
86 10 ~~533.24~~ 533.329. An individual may claim under this subsection
86 11 the tax credit of a partnership, limited liability company, S
86 12 corporation, estate, or trust electing to have income taxed
86 13 directly to the individual. The amount claimed by the
86 14 individual shall be based upon the pro rata share of the
86 15 individual's earnings from the partnership, limited liability
86 16 company, S corporation, estate, or trust. Any tax credit in
86 17 excess of the taxpayer's liability for the tax year may be
86 18 credited to the tax liability for the following ten years or
86 19 until depleted, whichever occurs first. A tax credit shall
86 20 not be carried back to a tax year prior to the tax year in
86 21 which the taxpayer redeems the tax credit. A tax credit under
86 22 this section is not transferable.

86 23 Sec. 90. Section 15E.305, subsection 1, Code 2007, is
86 24 amended to read as follows:

86 25 1. For tax years beginning on or after January 1, 2003, a
86 26 tax credit shall be allowed against the taxes imposed in
86 27 chapter 422, divisions II, III, and V, and in chapter 432, and
86 28 against the moneys and credits tax imposed in section ~~533.24~~
86 29 533.329 equal to twenty percent of a taxpayer's endowment gift
86 30 to an endow Iowa qualified community foundation. An
86 31 individual may claim a tax credit under this section of a
86 32 partnership, limited liability company, S corporation, estate,
86 33 or trust electing to have income taxed directly to the
86 34 individual. The amount claimed by the individual shall be
86 35 based upon the pro rata share of the individual's earnings
87 1 from the partnership, limited liability company, S
87 2 corporation, estate, or trust. A tax credit shall be allowed
87 3 only for an endowment gift made to an endow Iowa qualified
87 4 community foundation for a permanent endowment fund
87 5 established to benefit a charitable cause in this state. Any
87 6 tax credit in excess of the taxpayer's tax liability for the
87 7 tax year may be credited to the tax liability for the
87 8 following five years or until depleted, whichever occurs
87 9 first. A tax credit shall not be carried back to a tax year
87 10 prior to the tax year in which the taxpayer claims the tax
87 11 credit.

87 12 Sec. 91. Section 15I.2, subsection 1, paragraph a,
87 13 unnumbered paragraph 1, Code 2007, is amended to read as
87 14 follows:

87 15 Any nonretail, nonservice business may claim a tax credit
87 16 equal to a percentage of the annual wages and benefits paid
87 17 for a qualified new job created by the location or expansion
87 18 of the business in the state. The tax credit shall be allowed
87 19 against taxes imposed under chapter 422, division II, III, or
87 20 V, and chapter 432 and against the moneys and credits tax
87 21 imposed in section ~~533.24~~ 533.329. The percentage shall be
87 22 equal to the amount provided in subsection 2.

87 23 Sec. 92. Section 68B.35, subsection 2, paragraph e, Code
87 24 2007, is amended to read as follows:

87 25 e. Members of the state banking council, the ethics and
87 26 campaign disclosure board, the credit union ~~review board~~
87 27 council, the economic development board, the employment appeal
87 28 board, the environmental protection commission, the health
87 29 facilities council, the Iowa finance authority, the Iowa
87 30 public employees' retirement system investment board, the
87 31 board of the Iowa lottery authority, the natural resource
87 32 commission, the board of parole, the petroleum underground
87 33 storage tank fund board, the public employment relations
87 34 board, the state racing and gaming commission, the state board
87 35 of regents, the tax review board, the transportation
88 1 commission, the office of consumer advocate, the utilities
88 2 board, the Iowa telecommunications and technology commission,
88 3 and any full-time members of other boards and commissions as
88 4 defined under section 7E.4 who receive an annual salary for
88 5 their service on the board or commission. The Iowa ethics and
88 6 campaign disclosure board shall conduct an annual review to

88 7 determine if members of any other board, commission, or
88 8 authority should file a statement and shall require the filing
88 9 of a statement pursuant to rules adopted pursuant to chapter
88 10 17A.

88 11 Sec. 93. Section 252I.1, subsection 4, Code 2007, is
88 12 amended to read as follows:

88 13 4. "Credit union" means "credit union" as defined in
88 14 section ~~533.51~~ 533.102.

88 15 Sec. 94. Section 331.427, subsection 1, unnumbered
88 16 paragraph 1, Code 2007, is amended to read as follows:

88 17 Except as otherwise provided by state law, county revenues
88 18 from taxes and other sources for general county services shall
88 19 be credited to the general fund of the county, including
88 20 revenues received under sections 91.11, 101A.3, 101A.7,
88 21 123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,
88 22 321I.8, section 331.554, subsection 6, sections 341A.20,
88 23 364.3, 368.21, 423A.7, 428A.8, 430A.3, 433.15, 434.19, 445.57,
88 24 453A.35, 458A.21, 483A.12, ~~533.24~~ 533.329, 556B.1, 583.6,
88 25 602.8108, 904.908, and 906.17, and the following:

88 26 Sec. 95. Section 421.17A, subsection 1, paragraph c, Code
88 27 2007, is amended to read as follows:

88 28 c. "Credit union" means "credit union" as defined in
88 29 section ~~533.51~~ 533.102.

88 30 Sec. 96. Section 535B.11, subsection 3, unnumbered
88 31 paragraph 2, Code 2007, is amended to read as follows:

88 32 Compliance with sections 524.905, ~~533.16~~ 533.315, 534.206,
88 33 and 536A.20 shall constitute compliance with this subsection.

88 34 Sec. 97. Section 537.2305, subsection 1, Code 2007, is
88 35 amended to read as follows:

89 1 1. For the purpose of discovering violations of this
89 2 chapter or securing information lawfully required, the
89 3 licensing authority shall examine periodically at intervals
89 4 the licensing authority deems appropriate, but not less
89 5 frequently than is required for other examinations of the
89 6 licensee by section 524.217, ~~533.6~~ 533.113, 534.401, 536.10,
89 7 or 536A.15, whichever is applicable, the loans, business, and
89 8 records of every licensee, except a licensee which has no
89 9 office physically located in this state and engages in no
89 10 face-to-face solicitation in this state. In addition, the
89 11 licensing authority may at any time investigate the loans,
89 12 business, and records of any lender. For these purposes the
89 13 licensing authority shall be given free and reasonable access
89 14 to the offices, places of business, and records of the lender.

89 15 Sec. 98. Section 546.4, Code 2007, is amended to read as
89 16 follows:

89 17 546.4 CREDIT UNION DIVISION.

89 18 1. The credit union division created by section 533.103
89 19 shall regulate and supervise credit unions under chapter 533.

89 20 2. The division is headed by the superintendent of credit
89 21 unions who shall be appointed pursuant to section ~~533.55~~
89 22 533.104.

89 23 3. The credit union ~~review board~~ council shall perform
89 24 duties within the division as prescribed in chapter 533.

89 25 Sec. 99. Section 602.8102, subsection 73, Code 2007, is
89 26 amended to read as follows:

89 27 73. Certify copies of a decree dissolving a credit union
89 28 as provided in section ~~533.21~~ 533.503, subsection 4.

89 29 Sec. 100. Chapter 533, Code 2007, is repealed.

89 30 Sec. 101. CODE EDITOR DIRECTIVE.

89 31 1. The Code editor shall establish the following divisions
89 32 in chapter 533:

89 33 a. Division I, entitled "administration of Act", shall be
89 34 comprised of sections 533.101 through 533.117.

89 35 b. Division II, entitled "organization of credit unions",
90 1 shall be comprised of sections 533.201 through 533.213.

90 2 c. Division III, entitled "credit union operations", shall
90 3 be comprised of sections 533.301 through 533.340.

90 4 d. Division IV, entitled "merger, conversion, and
90 5 dissolution of credit unions", shall be comprised of sections
90 6 533.401 through 533.406.

90 7 e. Division V, entitled "supervisory actions, limitations,
90 8 and penalties", shall be comprised of sections 533.501 through
90 9 533.509.

90 10 2. The Code editor shall make such other revisions
90 11 throughout the Code to update references to particular
90 12 provisions of the Iowa credit union Act, and such other
90 13 revisions consistent with this Act.

90 14 EXPLANATION

90 15 This bill relates to the credit union division of the
90 16 department of commerce, revising and reorganizing the Iowa
90 17 credit union Act, Code chapter 533. Current Code chapter 533

90 18 is repealed.

90 19 The bill structures the Iowa credit union Act into five
90 20 divisions. The first, administration of Act, groups sections
90 21 with definitions, as well as the creation of the credit union
90 22 division, and management of the division. Provisions related
90 23 to annual fees, records, and examinations are also contained
90 24 in this division.

90 25 Division II, organization of state credit unions, relates
90 26 to the creation and structure of individual state credit
90 27 unions: the creation of articles of incorporation and bylaws;
90 28 the common bond required for credit union membership; policies
90 29 regarding officers, directors, and committees; and membership
90 30 policies.

90 31 Division III provides the details of state credit union
90 32 operations: state credit union powers; capitalization,
90 33 reserves, and investments; insurance; types and operation of
90 34 accounts; loans; safe deposit box policies; and taxes and
90 35 other business regulations.

91 1 Division IV covers merger, conversion, and dissolution of
91 2 credit unions. The actions in this division are primarily
91 3 voluntary acts undertaken by the state credit union in
91 4 changing its business form, though some of the dissolution
91 5 principles also apply to involuntary dissolutions as well.

91 6 Division V includes supervisory actions, limitations, and
91 7 penalties, which include supervisory action by the
91 8 superintendent over state credit unions and directors,
91 9 officers, employees, and committee members; management of
91 10 state credit unions by the superintendent in cases of
91 11 illegality or unsound business circumstances, involuntary
91 12 dissolutions, and receiverships for insured state credit
91 13 unions; and penalties for false statements and falsifications
91 14 in obtaining credit.

91 15 The bill also contains revisions to other sections of the
91 16 Code that refer to particular provisions in Code chapter 533,
91 17 and updates those references according to the new section
91 18 numbers.

91 19 The bill also contains a directive to the Code editor to
91 20 insert formal names for the five divisions within Code chapter
91 21 533, as revised, and to make revisions throughout the Code as
91 22 necessary, in light of the revisions in Code chapter 533.

91 23 LSB 1020SS 82

91 24 eg:rj/cf/24.2