

House File 630 - Introduced

HOUSE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 67)

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

A BILL FOR

1 An Act relating to matters under the purview of the credit union
2 division of the department of commerce.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1226HV 83
5 rn/nh/14

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1 1 Section 1. Section 533.106, subsections 2 and 3, Code
1 2 2009, are amended to read as follows:
1 3 2. a. A state credit union, or its officers, directors,
1 4 or employees, shall not directly or indirectly make a loan of
1 5 money or property to the superintendent or deputy
1 6 superintendent.
1 7 b. The superintendent or deputy superintendent shall not
1 8 directly or indirectly accept a loan of money or property from
1 9 a state credit union, or its officers, directors, or
1 10 employees.
1 11 3. a. An employee of the credit union division, other
1 12 than the superintendent or deputy superintendent, may borrow
1 13 money from a state credit union only on comparable terms and
1 14 conditions to those ordinarily extended to all members of the
1 15 credit union. The employee shall notify the superintendent of
1 16 the acceptance of a loan from a state credit union.
1 17 b. The superintendent may restrict borrowing by employees
1 18 from state credit unions if the superintendent determines such
1 19 borrowing will interfere with the functions of the credit
1 20 union division.
1 21 c. An employee shall not participate in the examination of
1 22 a credit union where the employee has a loan.
1 23 Sec. 2. Section 533.113, Code 2009, is amended by adding
1 24 the following new subsection:
1 25 NEW SUBSECTION. 8. All reports of examinations, including
1 26 any copies of such reports, in the possession of any person
1 27 other than the superintendent or an employee of the credit
1 28 union division, including any state credit union or other
1 29 person examined by any agency to which any report of such
1 30 examination may be furnished under subsection 6, shall be
1 31 confidential communications, shall not be subject to subpoena
1 32 from such persons, and shall not be published or made public
1 33 by such persons.
1 34 Sec. 3. Section 533.203, subsection 2, Code 2009, is
1 35 amended by adding the following new paragraph:
2 1 NEW PARAGRAPH. d. A minor under sixteen years of age
2 2 shall not vote in the meetings of members either personally or
2 3 through the minor's parent or guardian.
2 4 Sec. 4. Section 533.204, subsection 5, Code 2009, is
2 5 amended to read as follows:
2 6 5. a. A state credit union wishing to maintain a board of
2 7 directors of less than nine members ~~may~~ shall apply to the
2 8 superintendent for permission to reduce the required number of
2 9 directors. An application to reduce the required number of
2 10 directors under this subsection must demonstrate both of the
2 11 following:
2 12 ~~a.~~ (1) The application is necessitated by a hardship or
2 13 other special circumstance.
2 14 ~~b.~~ (2) A lesser number of directors is in the best
2 15 interest of the state credit union and its members.
2 16 ~~b.~~ ~~In no event may the~~ The superintendent shall not allow
2 17 fewer than seven directors on a state credit union board.
2 18 Sec. 5. Section 533.204, Code 2009, is amended by adding

2 19 the following new subsections:

2 20 6. An employee of a state credit union shall not be a
2 21 member of the board of directors. For purposes of this
2 22 section, "employee of a state credit union" means an
2 23 individual employed by the state credit union other than the
2 24 chief executive officer.

2 25 7. A person shall not be elected to the board of directors
2 26 unless the person is at least eighteen years old by the date
2 27 on which the annual meeting is held.

2 28 Sec. 6. Section 533.205, subsection 6, paragraph b, Code
2 29 2009, is amended by striking the paragraph.

2 30 Sec. 7. Section 533.208, subsection 3, Code 2009, is
2 31 amended to read as follows:

2 32 3. Suspend by unanimous vote any officer, director, or
2 33 member of the auditing committee and call the members together
2 34 to act on the suspension, if the auditing committee deems the
2 35 action to be necessary to the proper conduct of the state

3 1 credit union. ~~A member of the auditing committee shall not~~

3 2 ~~participate in a vote to suspend if that member is the subject~~

3 3 ~~of the vote and shall not be included in the number~~

3 4 ~~determining a unanimous vote of the committee.~~ The members at

3 5 the meeting may sustain the suspension and remove the officer,

3 6 director, or member permanently or may reinstate the officer,

3 7 director, or member.

3 8 Sec. 8. Section 533.301, subsection 5, paragraph f, Code

3 9 2009, is amended to read as follows:

3 10 f. Shares, stocks, loans, and other obligations or a

3 11 combination of shares, stocks, loans, and other obligations of

3 12 a credit union service organization, ~~corporation, or~~

3 13 ~~association, provided the membership or ownership, as the case~~

3 14 ~~may be, of the credit union service organization, corporation,~~

3 15 ~~or association is primarily confined or restricted to credit~~

3 16 ~~unions or organizations of credit unions, and provided that~~

3 17 ~~the purpose of the credit union service organization,~~

3 18 ~~corporation, or association is primarily designed to provide~~

3 19 ~~services to credit unions, organizations of credit unions, or~~

3 20 ~~credit union members.~~ However, the aggregate amount invested

3 21 pursuant to this paragraph shall not exceed five percent of

3 22 the assets of the credit union.

3 23 Sec. 9. Section 533.309, subsection 3, Code 2009, is

3 24 amended to read as follows:

3 25 3. ACCOUNT FOR MINORS. Shares may be issued and deposits

3 26 accepted in the name of a minor. Such shares and deposits may

3 27 be withdrawn by the minor and payments made on such

3 28 withdrawals shall be valid. ~~A minor under sixteen years of~~

3 29 ~~age shall not be entitled to vote in the meetings of the~~

3 30 ~~members either personally or through the minor's parent or~~

3 31 ~~guardian, and a minor shall not become a director until the~~

3 32 ~~minor reaches the minor's eighteenth birthday.~~

3 33 Sec. 10. Section 533.501, subsection 1, Code 2009, is

3 34 amended to read as follows:

3 35 1. VIOLATION OF LAW, RULE, OR CEASE AND DESIST ORDER OR

4 1 ENGAGING IN UNSAFE OR UNSOUND PRACTICE.

4 2 a. (1) If the superintendent has reason to believe that

4 3 an officer, director, employee, or committee member of a state

4 4 credit union has violated any law, rule, or cease and desist

4 5 order relating to a state credit union, or has engaged in an

4 6 unsafe or unsound practice in conducting the business of a

4 7 state credit union, the superintendent may cause notice to be

4 8 served upon the officer, director, employee, or committee

4 9 member to appear before the superintendent to show cause why

4 10 the person should not be removed from office or employment. A

4 11 copy of such notice shall be sent by certified mail or

4 12 restricted certified mail to each director of the state credit

4 13 union affected.

4 14 (2) If the superintendent finds that the accused has

4 15 violated a law, rule, or cease and desist order relating to a

4 16 state credit union, or has engaged in an unsafe or unsound

4 17 practice in conducting the business of a state credit union,

4 18 after granting the accused a hearing before an independent

4 19 administrative law judge, the superintendent in the

4 20 superintendent's discretion may order that the accused be

4 21 removed from office and from any position of employment with

4 22 the state credit union. The superintendent may further order

4 23 that the accused not accept employment in any state credit

4 24 union under the superintendent's jurisdiction without the

4 25 superintendent's prior approval.

4 26 (3) A copy of the order shall be served upon the accused

4 27 and upon the state credit union affected, at which time the

4 28 accused shall cease to be an officer, director, employee, or

4 29 committee member of the state credit union.

4 30 b. (1) If the superintendent determines that a state
4 31 credit union has violated any of the provisions of this
4 32 chapter or rules adopted pursuant to this chapter, after
4 33 notice and opportunity for hearing, the superintendent shall
4 34 order the state credit union to correct the violation, except
4 35 when the state credit union is insolvent.
5 1 (2) The superintendent may specify the manner in which the
5 2 violation is to be corrected and grant the state credit union
5 3 not more than sixty days within which to comply with the
5 4 order.
5 5 (3) The superintendent may revoke a state credit union's
5 6 certificate of approval for failure to comply with the order.
5 7 (4) If the certificate of approval has been revoked, the
5 8 superintendent may apply to the district court of the county
5 9 in which the state credit union is located for the appointment
5 10 of a receiver for the state credit union.

5 11 EXPLANATION

5 12 This bill makes changes to several provisions of Code
5 13 chapter 533, dealing with state administration and regulation
5 14 of credit unions.

5 15 The bill makes provisions regarding the making of or
5 16 acceptance of a loan and the borrowing of money by or from a
5 17 credit union which currently apply to the superintendent of
5 18 credit unions also applicable to the deputy superintendent of
5 19 credit unions.

5 20 The bill provides that all reports of examinations
5 21 possessed by anyone other than the superintendent or an
5 22 employee of the credit union division shall be confidential
5 23 communications, shall not be subject to subpoena, and shall
5 24 not be published or made public.

5 25 The bill relocates a provision restricting the ability to
5 26 vote in credit union membership meetings to persons over the
5 27 age of 16 to Code section 533.203, dealing with membership
5 28 meetings, and deletes the same provision elsewhere in Code
5 29 chapter 533. The bill makes mandatory a currently optional
5 30 provision directing a state credit union to apply to the
5 31 superintendent for permission to reduce board membership to a
5 32 level below nine members. The bill relocates a provision
5 33 prohibiting an employee of a state credit union from being a
5 34 member of the board of directors of the credit union,
5 35 clarifies that "employee" in this instance does not include
6 1 the chief executive officer of the credit union, and provides
6 2 that a person must be at least 18 years of age by the date of
6 3 the credit union's annual meeting to be elected to the board
6 4 of directors.

6 5 The bill provides that a member of a credit union auditing
6 6 committee shall not participate in a vote to suspend an
6 7 officer, director, or member of the committee if that member
6 8 is the subject of the vote. Additionally, the bill makes
6 9 changes of a primarily technical nature regarding specified
6 10 subsection headnotes.

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