

CHAPTER 269

CREDIT UNIONS

H. F. 245

AN ACT to amend chapter five hundred thirty-three (533), code 1946, relating to credit unions.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter five hundred thirty-three (533), Code 1946, is
2 hereby amended by inserting the following section at the beginning of
3 said chapter: "**Definition and Purpose.** A credit union is hereby
4 defined as a cooperative, non-profit association, incorporated in
5 accordance with the provisions of this chapter for the purpose of
6 creating a source of credit at a fair and reasonable rate of interest,
7 of encouraging habits of thrift among its members and of providing
8 the opportunity for people to use and control their savings for their
9 mutual benefit."

1 SEC. 2. Chapter five hundred thirty-three (533), Code 1946, is
2 hereby amended by inserting immediately preceding section five
3 hundred thirty-three point one (533.1) the following new section:
4 "**Administration.** The superintendent of banking shall be charged
5 with the execution of the laws of this state relating to credit unions."

1 SEC. 3. Section five hundred thirty-three point one (533.1), Code
2 1946, is hereby amended as follows:

3 1. By striking from line one (1) of subsection one (1) and from
4 line twelve (12) of the last paragraph of said section the word "a".

5 2. By striking from lines six (6), seven (7) and eight (8) of
6 subsection six (6) the words "as articles of incorporation are recorded
7 and indexed".

8 3. By striking out the words "certificate of organization" wherever
9 they appear in said section and inserting the words "articles of
10 incorporation" in lieu thereof and by striking from line three (3)
11 of subsection one (1) and from line two (2) of subsection one (1),
12 paragraph b and from line one (1) of subsection three (3) and
13 from line two (2) of subsection four (4) of said section the word
14 "certificate" and inserting the word "articles" in lieu thereof.

15 4. By striking from line two (2) of subsection one (1), paragraph c
16 the words "not exceed ten" and inserting the words "be five" in lieu
17 thereof.

18 5. By striking from line three (3) of subsection three (3) the
19 word "two" and inserting the word "ten" in lieu thereof.

1 SEC. 4. Section five hundred thirty-three point two (533.2), Code
2 1946, is hereby repealed and the following inserted in lieu thereof:

3 "**Amendments.** The articles of incorporation or the bylaws may be
4 amended by a favorable vote of three-fourths of the members present
5 at any meeting, which number must constitute a quorum provided
6 the proposed amendment was contained in the notice of the meeting.
7 Any and all such amendments must be approved by the superintendent
8 of banking before they become effective."

1 SEC. 5. Section five hundred thirty-three point three (533.3), Code
2 1946, is hereby repealed and the following inserted in lieu thereof:

3 **"Restriction.** No person, firm, corporation, co-partnership, or associa-
4 tion, except a credit union organized under the provisions of this
5 chapter or under the federal credit union act or except the Iowa
6 credit union league, inc. or chapters of said league, shall use a name
7 or title containing the words "credit union" or any derivation thereof
8 or shall represent themselves, in their advertising or otherwise, as
9 conducting business as a credit union.

10 Any person, firm, corporation, co-partnership, or association, upon
11 conviction of the violation of the provisions of this section shall be
12 fined not more than five hundred dollars (\$500.00) or imprisoned
13 not more than one year or both; and may be enjoined from such
14 continued use of said words, advertising or other representation."

1 **SEC. 6.** Section five hundred thirty-three point four (533.4), sub-
2 section seven (7), Code 1946, is hereby amended by inserting after
3 the word "due" in line three (3) thereof the following: ", provided
4 no such fine shall exceed one percent (1%) per month on amounts in
5 arrears or five (5) cents, whichever is the larger" and is further
6 amended by adding the following new subsections:

7 "8. Sue and be sued.

8 9. Make contracts.

9 10. Purchase, hold and dispose of property necessary and incidental
10 to its operation provided, however, that any property acquired through
11 foreclosure shall be disposed of within a period not to exceed ten (10)
12 years.

13 11. Exercise such incidental powers as may be necessary or requisite
14 to enable it to carry on effectively the business for which it is
15 incorporated."

1 **SEC. 7.** Section five hundred thirty-three point six (533.6), Code
2 1946, is hereby repealed and the following inserted in lieu thereof:
3 **"Reports.** Credit Unions organized under this chapter shall report to
4 the superintendent of banking annually on or before the first day
5 of February on blanks supplied by him for that purpose. Additional
6 reports may be required. If any report remains in arrears for more
7 than five (5) days, a fine of five (5) dollars for each day such report
8 remains in arrears may be levied against such offending credit union.
9 If such report is not returned within thirty (30) days of the due
10 date, the superintendent of banking may, after written notice to
11 the president of such credit union of his intention to do so, suspend
12 or revoke the certificate of approval, take possession of the business
13 and property of such credit union, and order its dissolution."

1 **SEC. 8.** Chapter five hundred thirty-three (533), Code 1946, is
2 hereby amended by inserting immediately following section five
3 hundred thirty-three point six (533.6), a new section as follows:
4 **"Examinations.** The superintendent of banking shall examine, or
5 cause to be examined, each credit union annually. Each credit union
6 and all of its officers and agents shall give to the representatives
7 of said superintendent free access to all books, papers, securities,
8 records and other sources of information under their control; and
9 for the purposes of such examination said representatives shall have
10 the power to subpoena witnesses, administer oaths, compel the giving
11 of testimony, and require the submission of documents. A report of

12 such examination shall be forwarded to the president of each credit
13 union within thirty (30) days after the completion of the examination.
14 Within thirty (30) days of the receipt of such report, a meeting
15 of the directors shall be called to consider matters contained in the
16 report and the action taken shall be set forth in the minutes of the
17 Board.

18 The superintendent of banking may require any credit union, whose
19 records are inadequate or whose books have not been balanced as of
20 the end of the month not less than thirty days previously or whose
21 affairs are in an unfavorable condition, to submit to an additional
22 examination each year.

23 Each credit union shall pay to the superintendent of banking a
24 maximum fee for all examinations as follows: During its first three
25 (3) years of operation ten (10) dollars plus twelve and one-half
26 ($12\frac{1}{2}$) cents per hundred (100) dollars of assets at the time of the
27 examination and each year thereafter fifteen (15) dollars plus
28 twelve and one-half ($12\frac{1}{2}$) cents per hundred (100) dollars of
29 assets at the time of the examination.

30 If it shall appear that any credit union is insolvent or that it has
31 violated any of the provisions of this chapter, the superintendent
32 of banking may, after hearing or giving opportunity for a hearing,
33 order such credit union to correct such condition and shall grant it
34 not less than sixty (60) days within which to comply and failure
35 so to do shall afford the said superintendent grounds to revoke the
36 certificate of approval and to apply to the district court of the district
37 in which such credit union is located for the appointment of a receiver
38 to close up the affairs of such credit union."

1 SEC. 9. Section five hundred thirty-three point seven (533.7),
2 Code 1946, is hereby repealed and the following inserted in lieu
3 thereof: "**Fiscal year—meetings.** The fiscal year of all credit unions
4 shall end December 31. Annual meetings shall be held, and special
5 meetings may be held, in the manner indicated in the bylaws.

6 At all meetings no member shall have more than one vote regardless
7 of the shares held by him. There shall be no voting by proxy. A
8 member other than a natural person may cast a single vote through
9 a delegated agent which agent shall be a member of the organization
10 for which he acts. The majority of members present at any meeting
11 may modify, amend or reverse any act of the board of directors or
12 instruct it to take action not inconsistent with the bylaws or of this
13 chapter."

1 SEC. 10. Section five hundred thirty-three point eight (533.8),
2 Code 1946, is hereby repealed and the following inserted in lieu
3 thereof: "**Elections.** At the organization meeting there shall be
4 elected a board of directors of not less than nine members to hold
5 office for such terms as the bylaws provide and until successors are
6 elected and qualify. At each annual meeting there shall be elected
7 one member to fill each position vacated by reason of expiring terms
8 or other causes. A record of the names and address of the directors,
9 officers and committeemen shall be filed with the superintendent of
10 banking within ten days following each election."

1 SEC. 11. Section five hundred thirty-three point nine (533.9), Code
2 1946, is hereby amended by striking out the first sentence thereof

3 and inserting in lieu thereof the following: "Within five (5) days
4 following the organization meeting and each annual meeting the
5 directors shall elect from their own number a president, vice-president,
6 treasurer and secretary, of whom the last two may be the same
7 individual, and also a credit committee of not less than three (3)
8 members and an auditing committee of three (3) members." and is
9 further amended by striking out all of subsection five (5) of said
10 section and inserting in lieu thereof the following: "Fill vacancies
11 which occur in the board between meetings of the members until the
12 next annual meeting and until successors are elected and qualify."

1 SEC. 12. Section five hundred thirty-three point eleven (533.11),
2 Code 1946, is hereby amended by striking out the word "supervisory"
3 in line one (1) and two (2) of the first paragraph and line one (1)
4 of the last paragraph thereof and inserting in lieu thereof the word
5 "auditing" and is further amended by striking out the last sentence
6 in said section.

1 SEC. 13. Chapter five hundred thirty-three (533), Code 1946, is
2 hereby amended by inserting immediately following section five
3 hundred thirty-three point twelve (533.12) a new section as follows:
4 "Joint accounts. A member may designate any person or persons
5 to hold shares, deposits, and thrift club accounts with him in joint
6 tenancy with the right of survivorship, but no joint tenant, unless
7 a member in his own right, shall be permitted to vote, obtain loans,
8 or hold office or be required to pay an entrance fee. Payment of part
9 or all of such accounts to any of the joint tenants shall, to the extent
10 of such payment, discharge the liability to all."

1 SEC. 14. Section five hundred thirty-three point thirteen (533.13),
2 Code 1946, is hereby repealed and the following inserted in lieu thereof:
3 "Minors. Shares may be issued and deposits accepted in the name of
4 a minor and such shares and deposits may be withdrawn by such
5 minor and payments made on such withdrawals shall be valid. No
6 such minor under sixteen (16) years of age shall be entitled to vote
7 in the meetings of the members either personally or through his par-
8 ent or guardian, nor may he become a director until he shall have
9 reached his eighteenth (18) birthday."

1 SEC. 15. Chapter five hundred thirty-three (533), Code 1946, is
2 hereby amended by inserting a new section immediately following
3 section five hundred thirty-three point thirteen (533.13) as follows:
4 "Trust accounts. If shares and deposits are held in trust, the name
5 and residence of the beneficiary shall be disclosed and the account
6 shall be kept in the name of the holder as trustee for such beneficiary.
7 Such shares and deposits may be withdrawn, upon the death of the
8 trustee, by the beneficiary's legal representative."

1 SEC. 16. Section five hundred thirty-three point fifteen (533.15),
2 Code 1946, is hereby amended by striking out the words "its assets"
3 in lines three (3) and four (4) thereof and by inserting in lieu
4 thereof the words "the sum of its share and deposit account balances".

1 SEC. 17. Section five hundred thirty-three point sixteen (533.16),
2 Code 1946, is hereby amended by inserting at the end thereof the
3 following: "Loans secured by a mortgage or deed of trust upon

4 real property may be made only on unencumbered property located
5 in Iowa and in bordering counties of adjacent states and every such
6 loan shall comply with one of the following conditions:

7 (1) If the terms of the instrument securing such loan call for
8 payment at maturity the loan shall not be for a period in excess of five
9 (5) years and the amount loaned shall not exceed fifty percent (50%)
10 of the appraised value of the property given as security.

11 (2) If the terms of the instrument securing such loan call for
12 installment payments which are sufficient to retire at least forty per-
13 cent (40%) of the principal of the loan within ten (10) years the
14 amount loaned shall not exceed sixty percent (60%) of the appraised
15 value of the property given as security and shall not be for a period
16 in excess of ten (10) years.

17 (3) If the terms of the instrument securing such loan call for
18 monthly installment payments, including principal and interest, at
19 least equal to one percent (1%) of the principal of the loan, the
20 amount loaned shall not exceed eighty percent (80%) of the appraised
21 value of the property given as security.

22 The foregoing restrictions or limitations shall not prevent the
23 renewal or extension of loans and shall not apply to loans which
24 are secured under the provisions of the national housing act, as
25 amended.

26 No credit union shall loan to any one member more than one
27 hundred (100) dollars or ten percent (10%) of its total assets
28 whichever is greater."

1 SEC. 18. Section five hundred thirty-three point seventeen (533.17),
2 Code 1946, is hereby repealed and the following inserted in lieu
3 thereof:

4 "Reserves.

5 (1) *Legal reserve.* All fees and fines shall, after the payment
6 of organization expenses, be added to the legal reserve of the corpora-
7 tion.

8 In addition thereto, at the end of each fiscal year until such time as
9 said legal reserve equals ten percent (10%) of the sum of the share
10 and deposit account balances of the corporation, there shall be
11 transferred to said reserve not less than ten percent (10%) of the
12 corporation's gross income for the year. Thereafter there shall annually
13 be added to said reserve at the end of each fiscal year such percent
14 of the gross earnings, but not exceeding ten percent (10%), as shall
15 be required to maintain said reserve at ten percent (10%) of the
16 sum of the said share and deposit account balances.

17 The legal reserve, including any excess which may be in said
18 reserve at the time this amendment becomes effective, shall belong
19 to the corporation, and shall not be distributed except on dissolution
20 of the credit union. Said legal reserve shall be used to meet losses,
21 except those resulting from an excess of expenses over income.

22 (2) *Special reserve.* However, the superintendent of banking may
23 require a credit union to set aside additional amounts as a special
24 reserve if an examination of its assets should disclose that its legal
25 reserve is inadequate."

1 SEC. 19. Section five hundred thirty-three point eighteen (533.18),
2 Code 1946, is hereby amended by striking from lines one (1) and

3 two (2) the words "On recommendation of the directors, a credit
4 union" and inserting in lieu thereof "The board of directors" and
5 is further amended by adding at the end of said section the following
6 sentence: "At any meeting the members may establish a maximum
7 dividend rate which shall be binding on the directors until changed
8 at a subsequent meeting."

1 SEC. 20. Section five hundred thirty-three point twenty (533.20),
2 Code 1946, is hereby amended by inserting at the end of subsection
3 one (1) the following sentence: "Any member not present at such
4 meeting may, within the next twenty (20) days, vote in favor of
5 dissolution by signing a statement in form approved by the super-
6 intendent of banking and such vote shall have as full force and effect
7 as if cast at such meeting."

1 SEC. 21. All existing credit unions shall amend their bylaws to
2 conform to these amendments not later than December first, 1947,
3 and Sections ten (10) and eleven (11) hereof shall be put into
4 effect at the first annual meeting thereafter.

1 SEC. 22. If any section, sentence, clause or part of this act is for
2 any reason held to be unconstitutional or invalid, such decision shall
3 not affect the remaining portion of this act or the chapter it amends.

Approved April 28, 1947.

CHAPTER 270

FEDERAL INSURED LOANS

H. F. 364

AN ACT to amend certain sections in chapter five hundred thirty-four (534) and section six hundred eighty-two point forty-five (682.45), code 1946, relating to building and loan and incorporated associations and federal insured loans.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Amend section five hundred thirty-four point thirty-two
2 (534.32), Code, 1946, by striking the period (.) after the word
3 "thereof" in line thirty-six (36) and inserting in lieu thereof a comma
4 (,) and by adding the following: "as originally enacted and now, or
5 hereafter amended, and any loans made under the original statute
6 or the statute as amended are hereby authorized, ratified and con-
7 firmed. Also without regard to any other provision of law, savings
8 and loan associations of this state are authorized to buy and sell
9 any secured loan which is insured or guaranteed in any manner in
10 part or in full by the United States or any instrumentality thereof,
11 or by this state or instrumentality thereof, or for which there is
12 a commitment to so insure or guarantee or for which a conditional
13 guarantee has been issued."

1 SEC. 2. Amend section five hundred thirty-four point thirty-eight
2 (534.38), Code, 1946, by striking the period (.) after the word
3 "form" in line three (3) and inserting in lieu thereof a comma (,) and the following: "except that notes made for loans which are