

Sec. 11. This Act takes effect July 1, 1987 and applies to:

1. All causes of action accruing on or after July 1, 1987.
2. All causes of action accruing before July 1, 1987 and filed on or after September 15, 1987.

Approved May 28, 1987

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## CHAPTER 158

### ELECTRONIC FUNDS TRANSFERS

S.F. 461

**AN ACT** relating to electronic funds transfers by providing for limiting liability of financial institutions for unauthorized electronic funds transfers involving the customer's account, altering restrictions on the establishment, location, and use of satellite terminals, adding definitions, and requiring that all satellite terminals in this state or their data processing centers be directly connected to a central routing unit.

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

Section 1. Section 527.2, subsection 2, Code 1987, is amended to read as follows:

2. "Data processing center" means a facility, wherever located, at which electronic impulses or other indicia of a transaction originating at a satellite terminal are received and are processed in order to enable the satellite terminal to perform any function for which it is designed. However, "data processing center" does not include a facility which is directly connected to a satellite terminal and which performs only the functions of direct transmission of all requested transactions from that terminal to a data processing facility without performing any review of the requested transactions for the purpose of categorizing, separating, or routing. "Categorizing" means the process of reviewing and grouping of requested electronic funds transfer transactions according to the source or nature of the requested transaction. "Separating" means the process of interpreting and segregating requested electronic funds transfer transactions, or portions of such transactions, to provide for processing of information relating to such requested transactions or portions of such transactions. "Routing" means the process of interpreting and transmitting requested electronic funds transfer transactions to a destination selected at the time of interpretation and transmission from two or more alternative destinations.

Sec. 2. Section 527.2, Code 1987, is amended by adding the following new subsections:

**NEW SUBSECTION. 8.** "Municipal corporation" means an incorporated city.

**NEW SUBSECTION. 9.** "Unincorporated area" means a location within this state not within the boundaries of a municipal corporation.

**NEW SUBSECTION. 10.** "On-line real time basis" means the immediate and instantaneous delivery or return of an individual message through transmission of electronic impulses.

**NEW SUBSECTION. 11.** "Batch basis" means the periodic delivery of an accumulation of messages representing electronic funds transfer transactions authorized or rejected by the customer's financial institution at a prior time.

Sec. 3. Section 527.3, Code 1987, is amended by adding the following new subsection:

**NEW SUBSECTION. 5.** An administrator may conduct hearings and exercise any other appropriate authority conferred by this chapter regarding the operation or control of a satellite terminal upon the written request of a person, including but not limited to, a retailer, financial institution, or consumer.

Sec. 4. Section 527.4, subsection 3, paragraph a, Code 1987, is amended by striking the paragraph and inserting in lieu thereof the following:

3. a. A financial institution may establish any number of satellite terminals in any of the following locations:

(1) Within the boundaries of a municipal corporation if the principal place of business or an office of the financial institution is also located within the boundaries of the municipal corporation.

(2) Within an urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex if the principal place of business or an office of the financial institution is also located in the urban complex.

(3) Within the unincorporated area of a county in which the financial institution has its principal place of business or an office.

(4) Within a municipal corporation located in the same county as the principal place of business or an office of the financial institution if another financial institution has not located its principal place of business or an office within the municipal corporation.

(5) At any retail sales location in this state if any of the following apply:

(a) The satellite terminal is not designed, configured, or operated to accept deposits or to dispense script or other negotiable instruments.

(b) The satellite terminal is not designed, configured, or operated to dispense cash except when operated by the retailer as part of a retail sales transaction.

(c) The satellite terminal is utilized for the purpose of making payment to the retailer for goods or services purchased at the location of the satellite terminal.

(d) The financial institution controls a satellite terminal described under subparagraph part (c) at a location of the retailer established pursuant to subparagraph (1), (2), (3), or (4).

A financial institution shall not establish a satellite terminal at any other location except pursuant to an agreement with a financial institution which is authorized by this paragraph "a" to establish a satellite terminal at that location and which will utilize the satellite terminal at that location. This paragraph "a" does not amend, modify, or supersede any provision of chapter 524 regulating the number or locations of bank offices of a state or national bank, or authorize the establishment by a financial institution of any offices or other facilities except satellite terminals at locations permitted by this paragraph "a".

Sec. 5. Section 527.5, subsection 1, Code 1987, is amended to read as follows:

1. ~~Each~~ A satellite terminal ~~shall in this state may be established and controlled by a single one or more financial institution institutions. The establishing financial institutions shall designate a single controlling financial institution which shall have the duty of maintaining maintain~~ the location, use, and operation of the satellite terminal, wherever located, in compliance with this chapter. The use and operation of ~~each~~ a satellite terminal shall be governed by a written agreement between the controlling financial institution and the person controlling the physical location at which the satellite terminal is placed. The written agreement shall specify all of the terms and conditions, including any fees and charges, under which a ~~the~~ satellite terminal is placed at that location. ~~In the event a~~ If the satellite terminal is a multiple use terminal, the written agreement shall specify, and ~~may limit,~~ the specific types of transactions incidental to the conduct of the business of a financial institution which may be engaged in through that terminal.

Sec. 6. Section 527.5, subsection 2, Code 1987, is amended to read as follows:

2. The satellite terminal shall be available for use on a nondiscriminatory basis by any other financial institution which has its principal place of business within this state, and by all customers who have been designated by a financial institution using the satellite terminal and who have been provided with a physical object or other method, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal. No financial institution shall be required to join, be a member or shareholder of, or otherwise participate in any corporation, association, partnership, co-operative or other enterprise as a condition

of its utilizing any satellite terminal located within this state. However, for purposes of complying with this subsection, a satellite terminal which is established and controlled by a bank is not required to be available for use by any savings and loan association or credit union or industrial loan company; and one established and controlled by a savings and loan association is not required to be available for use by a bank or credit union or industrial loan company; and one established and controlled by a credit union, is not required to be available for use by a bank or savings and loan association or industrial loan company; and one established by an industrial loan company is not required to be available for use by a bank or savings and loan association or credit union.

Sec. 7. Section 527.5, subsection 3, Code 1987, is amended to read as follows:

3. An informational statement shall be filed and shall be maintained on a current basis with the administrator by the financial institution controlling the a satellite terminal in this state, which sets forth all of the following:

- a. The name and business address of the controlling financial institution;
- b. The location of the satellite terminal;
- c. A schedule of the charges which will be required to be paid by any a financial institution utilizing the satellite terminal; and
- d. An agreement with the administrator that the financial institution controlling the satellite terminal will maintain that satellite terminal in compliance with the provisions of this chapter.

The informational statement shall be accompanied by a copy of the written agreement required by subsection 1. The informational statement also shall be accompanied by a statement or copy of any agreement, whether oral or in writing, between the controlling financial institution and any a data processing center or any a central routing unit, unless operated by or solely on behalf of the controlling financial institution, by which transactions originating at that terminal will be received.

Sec. 8. Section 527.5, subsection 4, Code 1987, is amended to read as follows:

4. The A satellite terminal in this state shall not be attended or operated at any time by an employee of any a financial institution or an affiliate of a financial institution, except for the purpose of instructing customers, on a temporary basis, in the use of the satellite terminal, for the purpose of testing the terminal, or for the purpose of transacting business on the employee's own behalf.

Sec. 9. Section 527.5, subsection 5, Code 1987, is amended to read as follows:

5. The A satellite terminal in this state shall bear a sign or label identifying each type of financial institution utilizing the terminal. A satellite terminal location in this state shall not be used to advertise individual financial institutions or any a group of financial institutions. However, a satellite terminal shall bear a sign or label no larger than three inches by two inches identifying the name, address, and telephone number of the owner of the satellite terminal. The administrator is empowered to may authorize such methods of identification as the administrator deems necessary to enable the general public to determine the accessibility of the a satellite terminal.

Sec. 10. Section 527.5, subsection 8, paragraph a, Code 1987, is amended to read as follows:

8. a. A satellite terminal in this state shall not be operated in any a manner to permit a person to credit any a demand deposit account, savings account, share account, or any other account representing a liability of a financial institution, if that financial institution is located outside of this state.

Sec. 11. Section 527.5, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 9. a. Satellite terminals located in this state shall be directly connected to either of the following:

(1) A central routing unit approved pursuant to this chapter.

(2) A data processing center which is directly connected to a central routing unit approved pursuant to this chapter.

b. If a data processing center which is directly connected to a satellite terminal located in this state does not authorize or reject a transaction originated at that terminal, the transaction shall be immediately transmitted by the data processing center to a central routing unit approved pursuant to this chapter, unless one of the following applies:

(1) The transaction is not authorized because of a mechanical failure of the data processing center or satellite terminal.

(2) The transaction does not affect a deposit account held by a financial institution with its principal office in this state.

c. This subsection does not limit the authority of a data processing center to authorize or reject transactions requested by customers of a financial institution pursuant to an agreement whereby the data processing center authorizes or rejects requested transactions on behalf of the financial institution and provides to the financial institution, on a batch basis and not on an on-line real time basis, information concerning authorized or rejected transactions of customers of the financial institution.

Sec. 12. Section 527.8, subsection 1, Code 1987, is amended to read as follows:

1. As a condition of exercising the privilege of utilizing a satellite terminal, a financial institution shall be is liable to each of its customers for all losses incurred by ~~sueh~~ the customer as a result of the transmission or recording of electronic impulses as a part of a transaction not authorized by ~~sueh~~ the customer or to which the customer was not a party. However, ~~in the event if~~ the financial institution has provided the customer with a physical object or other method of engaging in a transaction at a satellite terminal which is unique to the customer, and losses are incurred by the customer as a result of the theft, loss or other compromise of that physical object or other method of engagement, the liability of the financial institution pursuant to this section shall not include the first fifty dollars of any losses incurred prior to the time the customer notifies the financial institution of ~~sueh~~ the theft, loss or compromise except that the financial institution shall have no liability if the losses are a result of the customer's fraudulent acts or omissions.

Sec. 13. Section 527.9, subsection 2, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. f. A representation and undertaking that the proposed central routing unit is directly connected to every data processing center that is directly connected to a satellite terminal located in this state, and that the proposed central routing unit will provide for direct connection in the future with any data processing center that becomes directly connected to a satellite terminal located in this state.

Sec. 14. Section 527.9, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 5. a. Effective July 1, 1987, a person owning or operating a central routing unit authorized under this section shall include public representation on any board setting policy for the central routing unit. Four or five public members shall be appointed to the board in the following manner:

(1) Two members shall be appointed by the superintendent of banking.

(2) One member shall be appointed by the administrator of the credit union department.

(3) One member shall be appointed by the supervisor of savings and loan associations.

(4) If an industrial loan company is connected to the central routing unit, one member shall be appointed by the superintendent of banking.

b. The superintendent of banking, administrator of the credit union department, and the supervisor of savings and loan associations shall form a committee to set, in conjunction with

the entity owning or operating the central routing unit, the term of office, the rate of compensation, and the rate of reimbursement for each public member. However, the public members shall be entitled to reasonable compensation and reimbursement from the board.

c. Each public member is entitled to all the rights of participation and voting as any other member of the board. The public members are to represent the interest of consumers and the business and agricultural communities in establishing policies for the central routing unit.

d. It is the intention of the general assembly that the ratio of public members to the overall membership of the board shall not be less than one public member for each seven members of the board. If the number of members on the board is increased, then the number of members appointed pursuant to paragraph "a" shall be increased to maintain the minimum ratio. In this event, a committee composed of the superintendent of banking, the administrator of the credit union department, and the supervisor of savings and loan associations shall appoint additional public members in order to maintain the minimum ratio.

e. An individual shall not be appointed as a public member pursuant to this subsection if the individual is a director of a financial institution or is directly employed by a financial institution doing business in this state.

Sec. 15. Section 527.10, Code 1987, is amended by adding the following new unnumbered paragraph:

**NEW UNNUMBERED PARAGRAPH.** A financial institution, data processing center, central routing unit, or other person shall not disseminate any information relating to the use of a multiple use terminal without the written authorization of the retailer on whose premises the terminal is located, or of the owner or operator of the terminal or the financial institution controlling the terminal. This section shall not, however, prohibit or restrict the use of information received in the processing, authorization, or rejection of a requested electronic funds transfer transaction, where such use is necessary or incidental to the processing, authorization, or rejection, or to reconciling disputes or resolving questions raised by a retailer, financial institution, consumer, or any other person regarding the transaction.

Approved May 28, 1987

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## CHAPTER 159

### PERMANENCY PLANNING FOR CHILDREN

*H.F. 567*

**AN ACT** relating to permanency planning for children by providing for dispositional and placement review hearings for certain children subject to the jurisdiction of the juvenile court, by authorizing permanency placement orders for certain children in need of assistance, by modifying certain grounds and procedures for the termination of parental rights and for the granting of grandparent visitation rights, and by establishing an adoption exchange.

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

Section 1. Section 232.50, Code 1987, is amended to read as follows:

**232.50 DISPOSITIONAL HEARING.**

1. As soon as practicable following the entry of an order of adjudication pursuant to section 232.47, the court shall hold a dispositional hearing in order to determine what disposition should be made of the matter.

2. The court shall hold a periodic dispositional review hearing for each child in placement pursuant to section 232.52, subsection 2, paragraph "d" or "e", to determine the future disposition status of the child. The hearings shall not be waived or continued beyond eighteen months after the last dispositional hearing or dispositional review hearing.