

**CHAPTER 1011**  
REGULATION OF CREDIT UNIONS  
S.F. 2205

**AN ACT** relating to matters under the purview of the credit union division of the department of commerce, and including effective date provisions.

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

Section 1. **NEW SECTION. 533.209A Prohibited relationships.**

A director shall not be related by consanguinity or affinity within the third degree to any person employed by a state credit union in a senior management position. For purposes of this section, “*senior management position*” includes a state credit union’s chief executive officer, president, or manager; assistant chief executive officer, assistant president, vice president, or assistant manager; or chief financial officer or treasurer.

Sec. 2. Section 533.301, subsection 1, paragraph c, Code 2014, is amended to read as follows:

c. Other ~~state~~ credit unions.

Sec. 3. Section 533.301, subsection 5, paragraph i, Code 2014, is amended to read as follows:

i. Corporate bonds as defined by and subject to terms and conditions imposed by the superintendent, provided that the superintendent shall not approve investment in corporate bonds unless the bonds are ~~rated in the two highest grades of corporate bonds by a nationally accepted rating agency investment grade.~~ For purposes of this paragraph, “investment grade” means the issuer of a security has an adequate capacity to meet the financial commitments under the security for the projected life of the asset or exposure, even under adverse economic conditions. An issuer has adequate capacity to meet the financial commitments of a security if the risk of default by the obligor is low and the full and timely repayment of principal and interest on the security is expected. A state credit union may consider any or all of the following nonexhaustive or nonmutually exclusive factors, to the extent appropriate, with respect to the credit risk of a security:

- (1) Credit spreads.
- (2) Securities-related research.
- (3) Internal or external credit risk assessments.
- (4) Default statistics.
- (5) Inclusion on an index.
- (6) Priorities and enhancements.
- (7) Price, yield, or volume.
- (8) Asset class-specific factors.

Sec. 4. Section 533.301, subsection 28, Code 2014, is amended to read as follows:

28. Sell, to persons in the field of membership, negotiable checks, including traveler’s checks; money orders; and other similar money transfer instruments including international and domestic electronic fund transfers and remittance ~~checks~~ transfers.

Sec. 5. **NEW SECTION. 533.405A Involuntary dissolution.**

1. If the superintendent has taken over management of the property and business of a state credit union pursuant to section 533.502, and determined that the state credit union cannot be reorganized or merged with another credit union, the superintendent may move for the involuntary dissolution of the state credit union and shall apply to the district court for appointment as receiver with the authority to dissolve the state credit union.

2. If a state credit union is in the process of a voluntary dissolution, and pursuant to section 533.405, the superintendent finds that the state credit union is not making reasonable progress toward terminating its affairs, the superintendent may move for the involuntary dissolution of the state credit union and shall apply to the district court for appointment as receiver with the authority to dissolve the state credit union.

3. The provisions of section 533.503 shall apply when the superintendent is acting as receiver, and as receiver the superintendent shall distribute the assets pursuant to the provisions of section 533.404.

Sec. 6. Section 533.503, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. The superintendent as receiver may sue and defend in the superintendent's name with respect to the affairs of a state credit union.

NEW SUBSECTION. 5. The superintendent as receiver shall hold all records of the receivership for a period of two years after the court decree dissolving the state credit union and discharging the receiver, and at the termination of the two-year period, the records may then be destroyed.

Sec. 7. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section of this Act amending section 533.301, subsection 1, paragraph "c".
2. The section of this Act amending section 533.301, subsection 5, paragraph "i".

Approved March 14, 2014