

## Summary of Iowa Division of Credit Unions Legislation 2016

### [SF 2279](#)

#### **TECHNICAL CHANGES**

Several items in the Division's legislation this year included technical changes:

- Filing dates and content of the annual report of the Credit Union Division filed with the state were changed to align with state fiscal year data, and with year-end call report data.
- The duty of a credit union to notify the Division in case of a data breach is cross-referenced from federal rule and other Iowa code sections.
- Referencing that the National Credit Union Administration is required to approve all mergers before a membership vote can be scheduled. While this is NCUA regulation and has been Division practice for many years, it had not been stated in our statute.
- Expressly requiring a credit union to notify the Division of a change in their business address.

#### **VENDOR EXAM AUTHORITY**

The Division has had the authority to examine any person having a business transaction or relationship with a credit union after seeking an order from the District Court. Commonly termed vendor exam authority, the new legislation gives the Division the authority to proceed with an examination in a timely manner, without securing a court order. It also broadens the scope of the exam to include transactions which may impact the institution's financial information, accounts, computer systems, or networks. This is prudent, in particular, should there be cyber-security concerns or other matters which may need prompt attention.

#### **BOARD OF DIRECTOR DUTIES**

A penalty section was added to allow for a monetary fine not to exceed one hundred dollars per day, per violation, if not satisfactorily resolved within sixty days of a notice to the credit union. As an example, in the case of an overdraft by a director, officer, or employee of the credit union, the only current remedy would be to pursue removal from office or position. We believe this new intermediate remedy is more suited to that violation.