

197—8.3(534) General provisions.

8.3(1) An association may extend secured or unsecured credit in the form of overdraft privileges specifically related to NOW accounts. This rule also applies to officers, directors and employees of an association, when such loans are secured by savings accounts maintained by these affiliated persons at the association and the initial extension of overdraft credit plus future increases or decreases is approved by the association. In addition, an association may extend similar overdraft privileges specifically related to commercial NOW accounts and demand deposits, but these overdraft loans must be aggregated with other commercial loans for purposes of the maximum investment limitation in commercial loans. Overdraft loans must be made pursuant to proper underwriting and with due regard for safety and soundness.

8.3(2) Associations are not required to issue account books or certificates evidencing ownership of NOW accounts, commercial NOW accounts or demand accounts.

8.3(3) An association may distribute dividends on NOW accounts as provided by its articles of incorporation or by resolution of its board of directors, all subject to Iowa Code section 534.307(1). A “mutual deposit” association shall pay interest in lieu of dividends pursuant to 197—Chapter 4.

8.3(4) An association, by resolution of its board of directors, and not in conflict with its articles of incorporation or Iowa Code section 534.308 may determine not to distribute dividends (interest) on any NOW account with less than a specified minimum amount.

8.3(5) An association may charge a service fee for making any payment or transfer or for maintaining a NOW account, commercial NOW account or demand account under these rules.

8.3(6) A NOW account, commercial NOW account or demand account issued by an association shall be afforded all of the various rights and privileges for share accounts pursuant to Iowa Code chapter 534, including the same priority as other savings accounts upon liquidation and voting membership rights.