



REPUBLICAN CAUCUS STAFF  
HOUSE OF REPRESENTATIVES  
STATE CAPITOL  
DES MOINES, IOWA 50319  
515.281.3440  
IOWAHOUSEREPUBLICANS.COM

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## HOUSE REPUBLICAN STAFF ANALYSIS

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Bill: House File 405  
Committee: Commerce  
Floor Manager: Representative Jeff Smith  
Date: July 14, 2011  
Staff: Brad Trow (1-3471)

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### **Reducing the Required Time for Financial Institutions to Retain Certain Records**

House File 405 reduces the amount of time state-chartered banks and credit unions are required to retain records. Current law requires these financial institutions to hold on to records for 11 years, while federally-chartered institutions are to hold onto records for seven years. The bill would have the state and federal standard be the same.

House File 405 also changes the statute of limitation for causes of actions against banks and credit unions to six years, instead of ten. The bill specifies that these claims must be founded on a written contract, and the claim involve a breach or failure of performance of the contract.

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### **Summary of Action**

**Committee Action** – The Commerce Committee **PASSED** House File 405 on a vote of 21-0 on February 21, 2011.

**House Action** – The House **ADOPTED** House File 405 on a vote of 98-0 on March 9, 2011.

**Senate Action** – The Senate **ADOPTED** House File 405 on a vote of 49-0 on April 19, 2011.

**Final Action** – The Governor **SIGNED** House File 405 on April 26, 2011.

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### **Section by Section Analysis**

**Section 1** – The section amends Iowa Code section 524.221 (1) by changing the length of time state chartered banks are required to retain certain records from 11 years to 7 years.

**Section 2** – The section amends Iowa Code section 524.221 (2-3) by adding that a claim founded on a written contract is subject to the statute of limitations in the section, and lowers that to 6 years to conform with the action in Section 1 of the bill. The section also applies this standard to federally chartered savings banks.

**Section 3** - The section amends Iowa Code section 524.322 by changing the length of time state chartered credit unions are required to retain certain records from 11 years to 7 years.

**Section 4** – The section amends Iowa Code section 533.324 by adding that a claim founded on a written contract is subject to the statute of limitations in the section, and lowers that to 6 years to conform with the action in Section 3 of the bill.

**Section 5** – The section amends Iowa Code section 554.4406 to amend provisions of the Uniform Commercial Code to change the time in which a bank must retain records of transactions to seven years.