

## **534.509 Conversions.**

1. *Types authorized.* The following types of conversions are authorized:

- a. Mutual association to stock association.
- b. Stock association to mutual association.
- c. Mutual association or stock association to federal mutual association or federal stock association.
- d. Federal mutual association or federal stock association to mutual association or stock association.
- e. Stock association to a bank chartered under chapter 524.

2. *Insurance.* The organization must be either an insured association, a federal association, or an insured bank after any conversion.

3. *Plan of conversion.* The board of directors shall approve a plan of conversion by a majority vote of all directors then serving. The plan shall include the following:

- a. The proposed restated articles of incorporation.
- b. The proposed restated bylaws.
- c. The effect of the conversion on each type of member or each class of stockholders.
- d. Other information the superintendent of savings and loan associations requires.
- e. If the conversion is to a bank, information required by the superintendent of banking.

4. *Superintendent of savings and loan associations' approval.* The plan of conversion shall be submitted to the superintendent for approval. The superintendent shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The plan is inequitable to a class of members or shareholders.

The superintendent shall notify the organization which submitted the plan of the superintendent's decision, and the reasons for rejection if the plan is rejected.

5. *Superintendent of banking's approval.* The plan of conversion shall be submitted to the superintendent of banking for approval if the conversion is to a bank. The superintendent of banking shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The character and fitness of the members of the initial board of directors is not such as to command the confidence of the community and to warrant the belief that the organization's business will be honestly and

efficiently conducted.

*d.* The capital structure of the organization is not adequate in relation to its anticipated business.

*e.* The organization will not have sufficient personnel with adequate knowledge and experience to conduct its business and administer any fiduciary accounts which it proposes to handle.

*f.* The plan does not provide for the closing or sale of all of the offices which must be discontinued in order for the organization to have only those home and branch offices which a bank is allowed to have under chapter 524.

The superintendent of banking shall notify the organization which submitted the plan of the superintendent's decision, and the reasons for rejection if the plan is rejected. The organization may amend and resubmit the plan in response to a notification of rejection.

*6. Member or stockholder approval.* The plan of conversion must be approved at an annual meeting of members or stockholders, or at a special meeting called to consider the plan, by a majority vote of the members represented in person or by proxy if a mutual association or federal mutual association, or a majority vote of each class of voting stock represented in person or by proxy if a stock association or federal stock association.

If the proposed conversion is the conversion of a mutual association to a stock association, the board of directors shall cause written notice of the date, time and purpose of the meeting at which the members will be asked to vote on the proposal to be mailed by first class mail, postage prepaid, to each member of the association not less than thirty days prior to the date of the meeting, and the board shall cause a copy of this notice to be posted in a conspicuous location in each of the association's offices from the date of mailing until the date of the meeting. The notice to be mailed to members and posted also shall give notice, in a form and manner to be prescribed by rule of the superintendent, the rights of a member to have access to and communicate with other members as provided in section 534.404, subsection 2 and the procedures that are to be followed under that provision. The mailed notice may be included in an envelope containing a periodic statement of account to the member. The superintendent may require that the date for the meeting of members be postponed to a date certain, not more than thirty days after the date originally prescribed, if the superintendent determines that such additional time is necessary to enable members who have requested to communicate with other members under section 534.404, subsection 2, to properly exercise that right.

If the proposed conversion is the conversion of a stock association to any other type of entity, the board of directors shall cause written notice of the proposed conversion and the earliest date when the proposed conversion might become effective to be posted in a conspicuous location in each of the association's offices commencing thirty days prior to the date of the shareholder's meeting at which the proposal will be voted upon and until thirty days after that date.

If the plan of conversion is approved, a copy of the minutes of the meeting, certified and acknowledged by the secretary or assistant secretary, shall be filed with the superintendent.

*7. Conversion to association.* If a state association results from the plan of conversion, the superintendent shall issue a certificate of incorporation when all of the following have occurred:

*a.* The superintendent has received adequate assurance that the association will be an insured association upon issuance of the certificate of incorporation.

*b.* The superintendent has approved the plan of conversion.

*c.* The superintendent has received the certified minutes of approval under subsection 6.

The proposed articles of incorporation and bylaws as contained in the plan of conversion shall become effective upon the issuance of the certificate of incorporation.

8. *Conversion to federal association.* If a federal association results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the superintendent when all of the following have occurred:

- a. The superintendent has received a copy of the charter issued to a converting association by the federal home loan bank board or a certificate showing the organization of such association as a federal savings and loan association, certified by the secretary or assistant secretary of the federal home loan bank board.
- b. The superintendent has approved the plan of conversion.
- c. The superintendent has received the certified minutes of approval under subsection 6.

9. *Conversion to a bank.* If a bank results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the superintendent when all of the following have occurred:

- a. The superintendent has received from the superintendent of banking a certificate showing that the organization is chartered as a bank.
- b. The superintendent has approved the plan of conversion.
- c. The superintendent has received the certified minutes of approval under subsection 6.

10. *Certification.* The superintendent shall prepare a certificate of conversion upon the occurrence of all of the events stated in subsection 7, 8, or 9. This certificate shall include the name of the corporation which adopted the plan of conversion, the name of the corporation after the conversion, and the effective date of conversion. The original certificate shall be filed with the secretary of state. The superintendent shall provide a certified copy of the certificate to any person upon payment of a five dollar fee. A certified copy of this certificate shall be sufficient proof of that conversion for purposes of establishing the liability for debts or the ownership of assets as provided in section 534.510, subsections 2 and 3.

11. *Competition preserved.* A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another bank in the same community, and the superintendent of banking shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, subsection 1, paragraph "b" or "c". A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another association in the same community, and the superintendent of savings and loan associations shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another association in the same community under this chapter.

[C35, § 9402-f19402-f8; C39, § **9315.1, 9402.19402.8**; C46, 50, 54, 58, § 534.10, 534.102534.109; C62, 66, 71, 73, 75, 77, 79, 81, § 534.24534.30; 82 Acts, ch 1253, § 30]

C83, § 534.92

84 Acts, ch 1067, § 45

C85, § 534.509