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MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 232

MERGER OF BANKS AND TRUSTS

S. F. 230

AN ACT relating to merger, consolidation, and conversion of national and state banks and trust companies.

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

1 SECTION 1. Definitions. As used in this title:

- 2 1. "Bank" means a state or a national bank. The singular "bank"
3 includes the plural "banks" if the context warrants.
4 2. "Continuing bank" means a merging bank the charter of which
5 becomes the charter of the resulting bank.
6 3. "Converting bank" means a bank converting from a state to a na-
7 tional bank, or the reverse.
8 4. "Merger" includes consolidation.
9 5. "Merging bank" means a party to a merger.
10 6. "National bank" means a national banking association located
11 in this state.
12 7. "Resulting bank" means the bank resulting from a merger or
13 conversion.
14 8. "State bank" means a bank or trust company chartered under
15 the laws of this state.

1 SEC. 2. Resulting national bank.

- 2 1. Nothing in the law of this state shall restrict the right of a state
3 bank to merge with or convert into a resulting national bank. The
4 action to be taken by such merging or converting state bank and its
5 rights and liabilities and those of its stockholders shall be the same
6 as those prescribed for national banks at the time of the action by the
7 law of the United States and not by the law of this state, except that
8 a vote of the holders of two-thirds of each class of voting stock of a
9 state bank shall be required for the merger or conversion, and that on
10 conversion by a state into a national bank the rights of dissenting
11 stockholders shall be those specified in section nine (9) hereof.

- 12 2. Upon the completion of the merger or conversion, the certificate
13 and charter of any merging or converting state bank shall automatic-
14 ally terminate.

- 1 SEC. 3. Resulting state bank. Upon written approval by the su-
2 perintendent of banking, banks may be merged to result in a state
3 bank or a national bank may convert into a state bank as hereafter
4 prescribed, except that the action by a national bank shall be taken

5 in the manner prescribed by and shall be subject to limitations and
6 requirements imposed by the law of the United States which shall
7 also govern the rights of its dissenting stockholders.

1 SEC. 4. Merger procedure: resulting state bank.

2 1. The board of directors of each merging state bank shall, by a
3 majority of the entire board, approve a merger agreement which
4 shall contain:

5 a. the name of each merging bank and location of each office.

6 b. with respect to the resulting bank: (1) Its name and the loca-
7 tion of the principal and of each additional office which shall not be
8 at places other than pre-existing offices of any merging bank; (2)
9 The name and residence of each director to serve until the next annual
10 meeting of the stockholders; (3) The name and residence of each offi-
11 cer; (4) The amount of capital, the number of shares and the par
12 value of each share; (5) Whether preferred stock is to be issued and
13 the amount, terms, and preferences; (6) The designation of the con-
14 tinuing bank, the charter of which is to be the charter of the result-
15 ing bank, together with the amendments to the continuing charter and
16 to the continuing by-laws.

17 c. Provisions governing the manner of converting the shares of
18 the merging banks into shares of the resulting state bank.

19 d. A statement that the agreement is subject to approval by the
20 superintendent of banking and by the stockholders of each merging
21 bank.

22 e. Provisions governing the manner of disposing of the shares of
23 the resulting state bank not taken by dissenting stockholders of merg-
24 ing banks.

25 f. Such other provisions as the superintendent of banking may re-
26 quire to enable him to discharge his duties with respect to the merger.

27 2. After approval by the board of directors of each merging state
28 bank, the merger agreement shall be submitted to the superintendent
29 of banking for approval, together with certified copies of the author-
30 izing resolutions of each board of directors showing approval by a
31 majority of the entire board and evidence of proper action by the
32 board of directors of any merging national bank.

33 3. Within thirty (30) days after receipt by the superintendent of
34 banking of the papers specified in subsection one (1), the superin-
35 tendent of banking shall approve or disapprove the merger agreement,
36 and if no action is taken, the agreement shall be deemed approved.
37 The superintendent of banking shall approve the agreement if it
38 appears that:

39 a. The resulting state bank meets the requirements of state law
40 as to the formation of a new state bank.

41 b. The agreement provides an adequate capital structure, includ-
42 ing surplus, in relation to the deposit liabilities of the resulting state
43 bank and its other activities which are to continue or are to be under-
44 taken.

45 c. The agreement is fair.

46 d. The merger is not contrary to the public interest.

47 4. If the superintendent of banking disapproves an agreement, he
48 shall state his objections and give an opportunity to the merging banks
49 to amend the merger agreement to obviate such objections.

1 **SEC. 5. Merger; approval by stockholders of state banks.**

2 1. To be effective, a merger which is to result in a state bank must
3 be approved by the stockholders of each merging state bank by a vote
4 of two-thirds of the outstanding voting stock of each class at a meet-
5 ing called to consider such action which vote shall constitute the adop-
6 tion of the charter and by-laws of the continuing state bank, includ-
7 ing the amendments in the merger agreement, as the charter and by-
8 laws of the resulting bank.

9 2. Notice of the meeting of the stockholders shall be given by pub-
10 lication in a newspaper of general circulation in the place where the
11 principal office of each merging bank is located, at least once a week
12 for four (4) successive weeks, and by mail, at least fifteen (15) days
13 before the date of the meeting, to each stockholder of record of each
14 merging bank at his address on the books of his bank, who has not
15 waived such notice in writing; no notice by publication need be given
16 if written waivers are received from the holders of two-thirds of the
17 outstanding shares of each class of voting stock. The notice shall
18 state that dissenting stockholders (other than those of the continu-
19 ing bank) will be entitled to payment of the value of only those shares
20 which are voted against approval of the plan.

1 **SEC. 6. Effective date of merger: filing of approved agreement**
2 **certificate of merger as evidence.**

3 1. A merger which is to result in a state bank shall, unless a later
4 date is specified in the agreement, become effective upon the filing with
5 the superintendent of banking of the executed agreement together
6 with copies of the resolutions of the stockholders of each merging
7 bank approving it, certified by the bank's president or a vice-president
8 and a secretary. The charters of the merging banks, other than
9 the continuing bank shall thereupon automatically terminate.

10 2. The superintendent of banking shall thereupon issue to the re-
11 sulting bank a certificate of merger, which shall constitute a continu-
12 ing charter, specifying the name of each merging bank and the name
13 of the resulting state bank. Such certificate shall be conclusive evi-
14 dence of the merger and of the correctness of all proceedings there-
15 for in all courts and places, and may be recorded in any office for the
16 recording of deeds to evidence the new name in which the property
17 of the merging banks is held.

1 **SEC. 7. Conversion of national into state banks.**

2 1. Except as provided in section ten (10), a national bank located
3 in this state which follows the procedure prescribed by the laws of
4 the United States to convert into a state bank may be granted a state
5 charter if the superintendent of banking finds that the office of the
6 national bank is legally in operation, that the resulting state bank
7 will have an adequate capital structure, including surplus, in relation
8 to its deposit liabilities and its other activities, not less than the capi-
9 tal structure required for a new state bank and that the officers and
10 directors of the resulting bank are persons of sound judgment and
11 discretion.

12 2. The national bank may apply for such charter by filing with the
13 superintendent of banking a certificate signed by its president and
14 cashier and by a majority of the entire board of directors, setting forth
15 the corporate action taken in compliance with the provisions of the

16 laws of the United States governing the conversion of a national to
17 a state bank; and the plan of conversion and the proposed articles of
18 incorporation, approved by the stockholders, for the operation of the
19 bank as a state bank.

1 SEC. 8. Continuation of corporate entity: use of old name.

2 1. A resulting state or national bank shall be considered the same
3 business and corporate entity as each merging bank or as the con-
4 verting bank with all the property, rights, powers, duties, and obli-
5 gations of each merging bank or the converting bank, except as
6 affected by the state law in the case of a resulting state bank or the
7 federal law in the case of a resulting national bank, and by the
8 charter and by-laws of the resulting bank.

9 2. A resulting bank shall have the right to use the name of any
10 merging bank or of the converting bank whenever it deems it more
11 convenient to do so.

12 3. Any reference to a merging or converting bank in any writing,
13 whether executed or taking effect before or after the merger or con-
14 version, shall be deemed a reference to the resulting bank if not in-
15 consistent with the other provisions of such writing.

1 SEC. 9. Dissenting stockholders.

2 1. The owner of shares of a state bank, (other than the continuing
3 bank) which were voted against a merger to result in a state bank,
4 or against the conversion of a state bank into a national bank, shall
5 be entitled to receive their value in cash, if and when the merger or
6 conversion becomes effective, upon written demand, made to the re-
7 sulting state or national bank at any time within thirty (30) days
8 after the effective date of the merger or conversion accompanied by
9 the surrender of the stock certificates. The value of such shares shall
10 be determined, as of the date of the stockholders' meeting approving
11 the merger or conversion, by three appraisers, one to be selected by
12 the owners of two-thirds of the shares involved, one by the board of
13 directors of the resulting state or national bank, and the third by the
14 two so chosen. The valuation agreed upon by any two appraisers
15 shall govern. If the appraisal is not completed within ninety (90)
16 days after the merger or conversion becomes effective the superin-
17 tendent of banking shall cause an appraisal to be made.

18 2. The expenses of appraisal shall be paid by the resulting state
19 bank.

20 3. The resulting state or national bank may fix an amount which
21 it considers to be not more than the value of the shares of a merging
22 or the converting bank at the time of the stockholders' meeting ap-
23 proving the merger or conversion, which it will pay dissenting share-
24 holders of that bank entitled to payment in cash. The amount due
25 under such accepted offer or under the appraisal shall constitute a
26 debt of the resulting state or national bank.

1 SEC. 10. Trust powers. Where a resulting state bank is not to
2 exercise trust powers, the superintendent of banking shall not ap-
3 prove a merger or conversion until satisfied that adequate provision
4 has been made for successors to fiduciary positions held by the merg-
5 ing banks or the converting bank.

1 SEC. 11. Non-conforming assets or business. If a merging or
2 converting bank has assets which do not conform to the requirements
3 of state law for the resulting state bank or carries on business activi-
4 ties which are not permitted for the resulting state bank, the super-
5 intendent of banking may permit a reasonable time to conform with
6 state law.

1 SEC. 12. Book value of assets. Without approval by the super-
2 intendent of banking no asset shall be carried on the books of the
3 resulting bank at a valuation higher than that on the books of a merg-
4 ing or converting bank at the time of its last examination by a state
5 or national bank examiner before the effective date of the merger or
6 conversion.

1 SEC. 13. Severability. If any provision of this Act or the appli-
2 cation thereof to any person or circumstance is held invalid, such
3 invalidity shall not affect other provisions or applications of the Act
4 which can be given effect without the invalid provision or applica-
5 tion, and to this end the provisions of the Act are declared to be sev-
6 erable. The invalidity of any provision as to a national bank or as
7 to the stockholders of a national bank shall not affect its validity as
8 to a state bank or as to the stockholders of a state bank.

1 SEC. 14. Publication clause. This Act being deemed of immediate
2 importance shall be in full force and effect from and after its passage
3 and publication in the Clarinda Herald-Journal, a newspaper pub-
4 lished at Clarinda, Iowa, and The Sidney Argus-Herald, a newspaper
5 published at Sidney, Iowa.

Approved April 2, 1953.

I hereby certify that the foregoing Act, Senate File 230, was published in the Clarinda Herald-Journal, Clarinda, Iowa, April 6, 1953, and in The Sidney Argus-Herald, Sidney, Iowa, April 16, 1953.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 233

BUILDING AND LOAN ASSOCIATIONS

S. F. 231

AN ACT to amend section five hundred thirty-four point twenty-one (534.21), Code 1950, relating to shares of building and loan associations.

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

1 SECTION 1. Section five hundred thirty-four point twenty-one
2 (534.21), Code 1950, is amended by adding thereto the following:
3 "Any such building and loan association and any federal savings and
4 loan association may issue shares in the name of one or more persons
5 with the provision that upon the death of the owner or owners there-
6 of the said shares or the proceeds thereof shall be the property of
7 the person or persons designated by the owner or owners and shown
8 by the records of such association, but such shares or proceeds shall
9 be subject to the debts of the decedent and the payment of Iowa