

CHAPTER 273

BANKING DEPARTMENT

S. F. 18

AN ACT relating to establishment, management, operation, and regulation of state banks in Iowa, and to the state superintendent of banking, state banking board, and state banking department.

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

Division I

GENERAL PROVISIONS

1 SECTION 101. **Short title.** This Act shall be known and may be cited
2 as the Iowa Banking Act of 1969.

1 SEC. 102. **Statement of intent.** The general assembly declares as
2 its purpose in adopting this Act to provide for:

3 1. The safe and sound conduct of the business of banking.

4 2. The conservation of the assets of state banks.

5 3. The maintenance of public confidence in state banks.

6 4. The protection of the interests of depositors, creditors, shareholders
7 and of the interest of the public in a sound and strong banking system.

8 5. The opportunity for state banks to be competitive with each other
9 and with banks existing under the laws of other states and the United
10 States.

11 6. The opportunity for state banks to effectively serve the convenience
12 and banking needs of their depositors, borrowers and other customers and
13 to participate in and promote the economic progress of Iowa and of the
14 United States.

15 7. The opportunity for the management of a state bank to exercise its
16 business judgment, in conducting the affairs of the state bank, to the ex-
17 tent compatible with, and subject to the purposes of this Act.

18 8. The delegation to the superintendent of adequate rule-making power
19 and administrative discretion, in order that the supervision and regulation
20 of state banks may be flexible and readily responsive to changes in eco-
21 nomic conditions and changes in banking and fiduciary practices.

22 9. The simplification and modernization of the law governing the busi-
23 ness of banking and the exercise of certain fiduciary powers.

1 SEC. 103. **Definitions.** As used in this Act, unless the context other-
2 wise requires, the term:

3 1. "Account" means any account with a state bank and includes a de-
4 mand, time or savings deposit account or any account for the payment of
5 money to a state bank.

6 2. "Agreement for the payment of money" means a monetary obligation,
7 other than an obligation in the form of an evidence of indebtedness or an
8 investment security; including, but not limited to, amounts payable on open
9 book accounts receivable and executory contracts and rentals payable un-
10 der leases of personal property.

11 3. "Articles of incorporation" means the original or restated articles of
12 incorporation and all amendments thereto and includes articles of merger.

13 4. "Assets" means all the property and rights of every kind of a state
14 bank.

15 5. "Bank" means any person engaged in the business of banking, author-
16 ized by law to receive deposits and subject to supervision by banking au-
17 thorities of the United States or of any state.

18 6. "Business of banking" means the business generally done by banks.

19 7. "Capital" means the sum of the par value of the preferred and com-
20 mon shares of a state bank issued and outstanding.

21 8. "Capital structure" means the capital, surplus, and undivided profits
22 of a state bank and shall include an amount equal to the sum of any capi-
23 tal notes and debentures issued and outstanding pursuant to section four
24 hundred four (404) of this Act.

25 9. "Customer" means any person having an account with a state bank.
26 For the purpose of this Act, a government or governmental body or entity
27 may be a customer.

28 10. "Evidence of indebtedness" means a note, draft or similar negotiable
29 or nonnegotiable instrument.

30 11. "Fiduciary" means an executor, administrator, guardian, conservator,
31 receiver, trustee or one acting in a similar capacity.

32 12. "Insolvent" means the inability of a state bank to pay its debts and
33 obligations as they become due in the ordinary course of its business.

34 13. "Insured bank" means a state bank the deposits of which are insured
35 in accordance with the provisions of the federal deposit insurance act.

36 14. "Municipal corporation" means an incorporated city or town.

37 15. "Person" means an individual, a corporation (domestic or foreign),
38 a partnership, an association, a trust or a fiduciary.

39 16. "Private bank" means an individual, partnership or other unincor-
40 porated association engaged in the business of banking to the extent pro-
41 vided for and limited by sections seventeen hundred one (1701) and seven-
42 teen hundred two (1702) of this Act and which was lawfully engaged in
43 the business of banking in this state prior to April 19, 1919.

44 17. "Shareholder" means one who is a holder of record of shares in a
45 state bank.

46 18. "Shares" means the units into which the proprietary interests in a
47 state bank are divided.

48 19. "State bank" means any bank incorporated pursuant to the provi-
49 sions of this Act after the effective date thereof and any "state bank" or
50 "savings bank" incorporated pursuant to the laws of this state and doing
51 business as such upon the effective date of this Act.

52 20. "Surplus" means the aggregate of the amount originally paid in as
53 required by subsection one (1) of section four hundred two (402) of this
54 Act, any amounts transferred to surplus pursuant to subsection two (2)
55 of section four hundred two (402) and any amounts subsequently designat-
56 ed as such by action of the board of directors of the state bank.

57 21. "Superintendent" means the superintendent of banking of this state.

58 22. "Undivided profits" means the accumulated undistributed net profits
59 of a state bank, including any residue from the fund established pursuant
60 to section four hundred three (403) of this Act, after:

61 a. Payment or provision for payment of taxes and expenses of operations.

62 b. Transfers to reserves allocated to a particular asset or class of assets.

63 c. Losses estimated or sustained on a particular asset or class of assets
64 in excess of the amount of reserves allocated therefor.

65 d. Transfers to surplus and capital.

66 e. Amounts declared as dividends to shareholders.

67 23. "Unincorporated area" means a village within which a state bank
68 or national bank has its principal place of business.

1 **SEC. 104. Rules of construction.** In the interpretation and con-
2 struction of this Act:

3 1. Transactions or acts validly entered into or performed before the
4 effective date of this Act and the rights, duties and interests flowing from
5 them remain valid thereafter and may be completed or terminated accord-
6 ing to their terms and as permitted by any statute repealed or amended by
7 this Act, as though such repeal or amendment had not occurred.

8 2. All individuals who, upon the effective date of this Act, hold any
9 office under a provision of law repealed by this Act, and which offices are
10 continued by this Act shall continue to hold such offices according to their
11 former tenure.

1 **SEC. 105. Effect on existing banks.**

2 1. The corporate existence of a state bank existing and operating on the
3 effective date of this Act shall not be affected by the enactment of this
4 Act.

5 2. All state banks shall be subject to the provisions and requirements
6 of this Act in every particular, and all national banks, now or hereafter
7 doing business in this state, shall be subject to the provisions of this Act,
8 to the extent applicable, from the effective date hereof.

1 **SEC. 106. Renewal of the corporate existence of an existing state
2 bank.**

3 1. The corporate existence of a state bank existing and operating on
4 the effective date of this Act, which expires subsequent to the effective
5 date of this Act, may be renewed prior to the expiration thereof, following
6 the affirmative vote of the holders of at least two-thirds of the shares en-
7 titled to vote thereon, at a meeting held for that purpose and called in
8 the manner required by section five hundred nine (509) of this Act and by
9 delivery to the superintendent of articles of incorporation in conformance
10 with the provisions of section three hundred two (302) of this Act together
11 with the applicable fees for the filing and recording of the articles of incor-
12 poration. If the superintendent finds that the articles of incorporation
13 satisfy the requirements of this section, he shall deliver them to the secre-
14 tary of state for filing and recording in his office. Following the receipt of
15 the articles of incorporation, the secretary of state shall proceed in accord-
16 ance with the provisions of section three hundred six (306) of this Act.

17 2. Sections three hundred three (303), three hundred four (304), three
18 hundred five (305), three hundred seven (307), three hundred eight (308),
19 and three hundred nine (309) of this Act shall not be applicable to a state
20 bank existing and operating on the effective date of this Act which renews
21 its corporate existence in accordance with subsection one (1) of this section.

22 3. The renewal of the corporate existence of a state bank pursuant to
23 this section shall not affect any right accrued or established, or any liability
24 or penalty incurred, under the laws of this state or of the United States,
25 prior to the issuance of a certificate of incorporation by the secretary of
26 state.

1 **SEC. 107. Persons authorized to engage in banking business.**

2 1. No person may lawfully engage in this state in the business of receiv-
3 ing money for deposit, transact the business of banking, or may lawfully
4 establish in this state a place of business for such purpose, except a state
5 bank which is subject to the provisions of this Act, a private bank to the

LAW OF THE SIXTY-THIRD G.A., FIRST SESSION

6 extent provided for and limited by section seventeen hundred one (1701)
 7 and seventeen hundred two (1702) of this Act, and a national bank author-
 8 ized by the laws of the United States to engage in the business of receiving
 9 money for deposit.

10 2. No person doing business in this state shall use the words "bank"
 11 or "trust" or use any derivative, plural or compound of the words "bank",
 12 "banking", "banker" or "trust" in any manner which would tend to create
 13 the impression that such person is authorized to engage in the business of
 14 banking or to act in a fiduciary capacity, except a state bank authorized
 15 to do so by the provisions of this Act, or a national bank to the extent per-
 16 mitted by the laws of the United States, or, insofar as the word "bank" is
 17 concerned, a private bank to the extent provided for and limited by sec-
 18 tions seventeen hundred one (1701) and seventeen hundred two (1702) of
 19 this Act, or, insofar as the word "trust" is concerned, an individual per-
 20 missibly serving as a fiduciary in this state, pursuant to section six hun-
 21 dred thirty-three point sixty-three (633.63) of the Code, or, insofar as the
 22 words "trust" and "bank" are concerned, a nonresident corporate fiduciary
 23 permissibly serving as a fiduciary in this state pursuant to section six hun-
 24 dred thirty-three point sixty-four (633.64) of the Code.

1 SEC. 108. **Applicability of safe deposit provisions.** The provisions
 2 of sections eight hundred nine (809) through eight hundred twelve (812),
 3 inclusive, of this Act, shall apply, to the extent applicable, to any person
 4 engaged in this state in the business of leasing safe deposit boxes for the
 5 storage of property.

Division II

DEPARTMENT OF BANKING

1 SEC. 201. **Superintendent of banking.**

2 1. The governor shall, within sixty days following the convening of the
 3 regular session of the general assembly in 1973, and each four years there-
 4 after, appoint, with the approval of two-thirds of the members of the sen-
 5 ate, a superintendent of banking. Such appointee shall be selected solely
 6 with regard to his qualification and fitness to discharge the duties of his
 7 office, and no person shall be appointed who has not had at least five years
 8 executive experience in a state bank in this state.

9 2. The superintendent shall have his office at the seat of government.
 10 His regular term of office shall be four years from the first day of July of the
 11 year of his appointment.

1 SEC. 202. **Superintendent—salary.** The superintendent shall re-
 2 ceive a salary to be fixed by the state banking board. The superintendent
 3 shall be entitled to receive reimbursement for expenses incurred in the
 4 performance of his duties, subject to the provisions of section two hundred
 5 nine (209) of this Act.

1 SEC. 203. **Superintendent—vacancy.** A vacancy in the office of
 2 superintendent that may occur while the general assembly is not in session
 3 shall be filled by appointment by the governor, which appointment shall
 4 expire at the end of thirty days from the time the general assembly next
 5 convenes. Prior to the expiration of said thirty days the governor shall
 6 transmit to the senate for its confirmation an appointment for the unex-
 7 pired portion of the regular term. Vacancies occurring during a session of

8 the general assembly shall be filled as regular appointments are made and
9 before the end of said session, and for the unexpired portion of the regular
10 term.

1 **SEC. 204. Deputy superintendent of banking.**

2 1. The superintendent shall appoint a deputy superintendent of banking,
3 who shall assist the superintendent in the performance of his office and
4 who shall perform the duties of the superintendent during the absence or
5 the inability of the superintendent, and as directed by him.

6 2. The deputy superintendent shall be removable at the pleasure of the
7 superintendent. If the office of the superintendent becomes vacant, the
8 deputy superintendent shall have all the powers and duties of the super-
9 intendent until a new superintendent is appointed by the governor in ac-
10 cordance with the provisions of this Act.

11 3. The deputy superintendent shall receive a salary to be fixed by the
12 state banking board. The deputy superintendent shall be entitled to receive
13 reimbursement for expenses incurred in the performance of his duties, sub-
14 ject to the provisions of section two hundred nine (209) of this Act.

1 **SEC. 205. State banking board.**

2 1. The state banking board shall be composed of the superintendent,
3 who shall be ex officio a member and chairman and who shall have the
4 right to vote, and six other members, appointed by the governor, who shall
5 be chosen from various sections of the state. Provided, however, that in
6 no event shall more than five members of such board be engaged in the
7 business of banking in any executive capacity. In case of a vacancy in the
8 state banking board, other than one resulting from a vacancy in the office
9 of the superintendent, the governor shall appoint a new member to fill
10 such vacancy for the unexpired term.

11 2. The regular term of office of each member, other than the superin-
12 tentent, shall be contemporaneous with the regular term of office of the
13 superintendent as defined in subsection two (2) of section two hundred one
14 (201) of this Act, and each such member shall hold his office for such term
15 and until his successor shall have been appointed.

16 3. A member of the state banking board, other than the superintendent,
17 shall receive no salary but shall be allowed and paid the sum of forty dol-
18 lars per day for each day or any part thereof in which he is engaged in
19 the performance of his duties together with reimbursement for actual and
20 necessary expenses incurred by him in connection with such duties.

21 4. The state banking board shall act with the superintendent in an ad-
22 visory capacity concerning all matters pertaining to the conduct of the
23 administration of the provisions of this Act and shall perform such other
24 duties as are specifically provided for by the laws of this state.

25 5. The state banking board shall meet each month on such date and at
26 such place as the state banking board may designate, and shall meet at
27 such other times as the board may deem necessary, or when called by the
28 chairman of the board, or any two members thereof.

1 **SEC. 206. Department of banking.** The department of banking shall
2 be the office of the superintendent and shall consist of such employees
3 as are necessary for the discharge of such duties and responsibilities as are
4 imposed upon the superintendent by the laws of the state.

1 **SEC. 207. Expenses of the department of banking.** All expenses
2 required in the discharge of the duties and responsibilities imposed upon
3 the superintendent and the state banking board by the laws of this state
4 shall be paid from fees provided by such laws. All such fees shall be payable
5 to the superintendent. The superintendent shall pay all such fees and
6 other money received by him to the treasurer of state within the time
7 required by section twelve point ten (12.10) of the Code. The treasurer of
8 state shall hold such funds in an account in the name of the superintendent
9 for the payment of the expenses of the department of banking. Said fund
10 shall be subject at all times to the warrant of the state comptroller, drawn
11 upon written requisition of the superintendent or his designated representa-
12 tive, for the payment of all salaries and other expenses necessary to carry
13 out the duties of the department of banking. The superintendent may keep
14 on hand with the treasurer of state funds in excess of the current needs
15 of his office to the extent approved by the state banking board. No trans-
16 fers shall be made from the general fund of the state or any other fund
17 for the payment of the expenses of the department of banking and no
18 part of the funds held by the treasurer of state for the account of the
19 superintendent shall be transferred to the general fund of the state or any
20 other fund, except that such funds may be invested by the treasurer of state
21 and the income derived from such investments may be credited to the gen-
22 eral fund of the state.

23 The superintendent shall account for receipts and disbursements ac-
24 cording to the separate duties imposed upon him by any provisions of the
25 laws of this state and each separate duty shall be fiscally self-sustaining.

1 **SEC. 208. Assistants, examiners and other employees.** The super-
2 intendent may appoint such assistants, examiners and other employees
3 as he may deem necessary to the proper discharge of the duties imposed
4 upon him by the laws of this state. The merit system as established by
5 chapter ninety-five (95), Acts of the Sixty-second General Assembly, shall
6 apply to all employees of the department of banking, except the super-
7 intendent, deputy superintendent and one stenographer or secretary. The
8 salary of such stenographer or secretary shall be fixed by the state banking
9 board. Pay plans shall be established for employees subject to the merit
10 system, other than clerical, who examine the accounts and affairs of state
11 banks and who examine the accounts and affairs of other persons, subject to
12 supervision and regulation by the superintendent which are substantially
13 equivalent to those paid by the Federal Deposit Insurance Corporation
14 and other federal supervisory agencies in this area of the United States.

1 **SEC. 209. Expenses.** The superintendent, deputy superintendent,
2 assistants, examiners and other employees of the department of banking
3 shall be entitled to receive reimbursement for expenses incurred in the
4 performance of their duties. The superintendent, and when specifically
5 authorized by the superintendent, the deputy superintendent, assistants,
6 examiners and other employees of the department of banking, shall be
7 entitled to receive reimbursement for expenses incurred while attending
8 conventions, meetings, conferences, schools, or seminars relating to the per-
9 formance of their duties, and such expenses shall be paid by the treasurer
10 of state on warrants drawn by the state comptroller.

1 **SEC. 210. Insurance and surety bonds.** The superintendent shall
2 acquire good and sufficient bond in a company authorized to do business
3 in this state insuring the faithful performance of the deputy superintend-
4 ent, assistants, examiners, and all other employees of the department of
5 banking and insuring against any liability which may accrue in the case
6 of the loss of any property of a state bank, of a customer of a state bank
7 or of any other person, in the course of any examination, investigation,
8 or other function required or allowed by the laws of this state. The super-
9 intendent shall be bonded in accordance with the provisions of chapter
10 sixty-four (64) of the Code.

1 **SEC. 211. Prohibitions relating to superintendent, deputy super-**
2 **intendent, assistants and examiners.**

3 1. No sum of money or property, as a gift or loan, or otherwise, shall be
4 given or granted, directly or indirectly by a state bank, or by persons sub-
5 ject to chapters five hundred thirty-three (533), five hundred thirty-three B
6 (533B), five hundred thirty-six (536), five hundred thirty-six A (536A) of
7 the Code and chapter three hundred eighty (380), Acts of the Sixty-second
8 General Assembly, or any affiliate of a state bank or of such persons, or
9 any director, officer, employee, member, owner, or partner of a state bank
10 or of such persons, to the superintendent, deputy superintendent, an assist-
11 ant or examiner, nor shall the superintendent, deputy superintendent, and
12 assistant or examiner receive from a state bank or from persons subject to
13 chapters five hundred thirty-three (533), five hundred thirty-three B
14 (533B), five hundred thirty-six (536), five hundred thirty-six A (536A) of
15 the Code and chapter three hundred eighty (380), Acts of the Sixty-second
16 General Assembly, or any affiliate of a state bank or of such persons, or
17 any director, officer, employee, member, owner, or partner of a state bank or
18 of such persons, any sum of money or any property as a gift or loan, or
19 otherwise, either directly or indirectly.

20 2. The deputy superintendent, any assistant or examiner, shall not perform
21 any services for, nor be a shareholder, member, partner, owner, director,
22 officer or employee of any bank or private bank, or of persons subject to
23 chapters five hundred thirty-three (533), five hundred thirty-three B (533B),
24 five hundred thirty-six (536), five hundred thirty-six A (536A) of the Code
25 or chapter three hundred eighty (380), Acts of the Sixty-second General
26 Assembly, or of any affiliate of any bank, private bank or of any such per-
27 sons. A violation of this subsection shall constitute grounds for discharge
28 or suspension from employment or for reduction in rank or grade.

29 3. For the purposes of this section and section two hundred twelve
30 (212) of this Act, an affiliate of a person other than a state bank shall in-
31 clude any corporation, trust, estate, association or other similar organiza-
32 tion:

33 *a.* Of which such person, directly or indirectly, owns or controls either
34 a majority of the voting shares or more than fifty percent of the number of
35 shares voted for the election of its directors, trustees, or other individuals
36 exercising similar functions at the preceding election, or controls in any
37 manner the election of a majority of its directors, trustees or other indi-
38 viduals exercising similar functions.

39 *b.* Of which control is held, directly or indirectly, through share owner-
40 ship or in any other manner, by the shareholders of such person who own
41 or control either a majority of the shares of such person or more than fifty
42 percent of the number of shares voted for the election of directors of such

43 person at the preceding election or by trustees for the benefit of the share-
44 holders of any such person.

45 c. Of which a majority of its directors, trustees, or other individuals
46 exercising similar functions are directors of any one such person.

47 d. Which owns or controls, directly or indirectly, either a majority of
48 the voting shares of such person or more than fifty percent of the total
49 number of shares voted for the election of directors of such person at the
50 preceding election, or controls in any manner the election of a majority of
51 the directors of such person, or for the benefit of whose shareholders or
52 members all or substantially all of the outstanding voting shares of such
53 person is held by trustees.

54 4. The deputy superintendent or any assistant or examiner who is con-
55 victed of theft, burglary, robbery, larceny or embezzlement as a result of
56 a violation of the laws of this state or of the United States while holding
57 such position shall be immediately discharged from employment and shall
58 be forever disqualified from holding any position in the department of
59 banking.

1 **SEC. 212. Prohibition against disclosure.** An examiner shall not
2 disclose to any person, other than the superintendent, deputy superintend-
3 ent, and the person examined, the name of any shareholder, member, part-
4 ner, owner of, or borrower from, or disclose the nature of the collateral for
5 any loan by any state bank or persons subject to chapters five hundred
6 thirty-three (533), five hundred thirty-three B (533B), five hundred thirty-
7 six (536), five hundred thirty-six A (536A) of the Code and chapter three
8 hundred eighty (380), Acts of the Sixty-second General Assembly, or any
9 affiliate of any state bank or of any such persons, or any other informa-
10 tion relating to the business of any state bank or of any such persons,
11 or any affiliate of any state bank or of any such persons, except when or-
12 dered to do so by a court of competent jurisdiction and then only in those
13 instances referred to in subsections one (1), two (2), and three (3) of section
14 two hundred fifteen (215) of this Act.

1 **SEC. 213. Duties and powers of superintendent.** The superintend-
2 ent shall have general control, supervision and regulation of all state
3 banks and shall be charged with the administration and execution of the
4 laws of this state relating to banks and banking and with such other duties
5 and responsibilities as are imposed upon him by the laws of this state. The
6 superintendent shall have power to adopt and promulgate such rules and
7 regulations as in his opinion will be necessary to properly and effectively
8 carry out and enforce the provisions of this Act.

1 **SEC. 214. Subpoena—contempt.**
2 1. The superintendent, the deputy superintendent, and upon the
3 approval of the superintendent, any assistant or examiner shall have the
4 power to subpoena witnesses, to compel their attendance, to administer
5 an oath, to examine any person under oath and to require the production
6 of any relevant books or papers. Such examination may be conducted on
7 any subject relating to the duties imposed upon, or powers vested in, the
8 superintendent under the provisions of this Act.
9 2. Whenever any person subpoenaed pursuant to subsection one (1) of
10 this section neglects or refuses to obey the terms of such subpoena, to
11 produce books or papers or to give testimony, as required, the superintend-
12 ent may apply to the district court of Polk county for the enforcement of

13 such subpoena or the issuance of an order compelling such compliance as
14 the court may direct.

15 3. The refusal of any person to obey an order of the district court, issued
16 pursuant to subsection two (2) of this section, without reasonable cause,
17 shall be considered a contempt of that court.

1 SEC. 215. **Records of department of banking.** All records of the
2 department of banking shall be public records subject to the provisions
3 of chapter one hundred six (106), Acts of the Sixty-second General As-
4 sembly, except that all papers, documents, reports, reports of examinations
5 and other writings relating specifically to the supervision and regulation
6 of any state bank or other person by the superintendent pursuant to the
7 laws of this state shall not be public records and shall not be open for
8 examination or copying by the public or for examination or publication by
9 the news media.

10 The superintendent, deputy superintendent, assistants or examiners shall
11 not be subpoenaed in any cause or proceeding to give testimony concern-
12 ing information relating specifically to the supervision and regulation of
13 any state bank or other person by the superintendent pursuant to the laws
14 of this state, nor shall the records of the department of banking which re-
15 late specifically to the supervision and regulation of any such state bank
16 or other such person be offered in evidence in any court or subject to sub-
17 poena by any party except, where relevant:

18 1. In such actions or proceedings as are brought by the superintendent.

19 2. In any matter in which an interested and proper party seeks review
20 of a decision of the superintendent.

21 3. In any action or proceeding which arises out of the criminal provi-
22 sions of the laws of this state or the United States.

23 4. In any action brought as a shareholders derivative suit against a state
24 bank.

25 5. In any action brought to recover monies or to recover upon an in-
26 demnity bond for embezzlement, misappropriation or misuse of state bank
27 funds.

1 SEC. 216. **Annual report of superintendent.** The superintendent
2 shall make a report in writing annually to the governor in the manner and
3 within the time required by chapter seventeen (17) of the Code. A copy of
4 the report shall be furnished by the superintendent to each state bank.

5 In addition to the matters required by chapter seventeen (17) of the
6 Code, the annual report of the superintendent shall contain:

7 1. A summary of applications approved or denied by the superintendent
8 pursuant to this Act since his last previous report.

9 2. A summary of the assets, liabilities and capital structure of all state
10 banks as of June thirtieth of the year for which the report is made.

11 3. A statement of the receipts and disbursements of funds of the super-
12 intendent during the calendar year ending on the preceding December
13 thirty-first and of the funds on hand on such December thirty-first.

14 4. Such other information as the superintendent may deem appropriate
15 and advisable to fairly disclose the discharge of the duties imposed upon him
16 by this Act.

1 SEC. 217. **Examinations.**

2 1. The superintendent shall have power to make or cause to be made an
3 examination of every state bank whenever in his judgment such examina-

4 tion is necessary or advisable, but in no event less frequently than once
5 during each eighteen-month period. During the course of each examination
6 of a state bank, inquiry shall be made as to its financial condition, the
7 security afforded to those to whom it is obligated, the policies of its man-
8 agement, whether the requirements of law have been complied with in the
9 administration of its affairs, and such other matters as the superintendent
10 may prescribe. The superintendent shall also have power to make or cause
11 to be made such limited examinations at such times and with such fre-
12 quency as he may deem necessary and advisable to determine the condi-
13 tion of any state bank and whether any person has violated any of the
14 provisions of this Act.

15 2. The superintendent shall have power to make or cause to be made
16 an examination of any corporation in which the state bank owns shares
17 except corporations described in paragraphs *a* and *b* of subsection three
18 (3) of section nine hundred one (901) of this Act. The superintendent shall
19 also have power, upon application to and order of the district court of Polk
20 county, to make or cause to be made an examination of any person having
21 business transactions or a relationship with any state bank when such an
22 examination is deemed necessary and advisable in order to determine
23 whether the capital of the state bank is impaired or whether the safety
24 of its deposits has been imperilled. The fee for any such examination shall
25 be paid by the state bank.

26 3. To the extent necessary for the purpose of any examination provided
27 for by this section and section eleven hundred five (1105) of this Act, the
28 superintendent shall have the power to examine all relevant books, records,
29 accounts and documents and to compel the production of the same in the
30 manner prescribed by section two hundred fourteen (214) of this Act.

31 4. The superintendent may furnish to the federal deposit insurance cor-
32 poration and the federal reserve system, or to any official or supervising
33 examiner thereof, a copy of the report of any or all examinations made
34 of any state bank and of any affiliate of a state bank when the state bank
35 is a member of the federal reserve system or to the federal deposit insur-
36 ance corporation when the deposits of the state bank are insured by the
37 federal deposit insurance corporation.

38 5. A copy of the report of each examination of a state bank shall be
39 transmitted by the superintendent to the board of directors of the state
40 bank except to the extent that the report of any such examination may
41 be confidential to the superintendent, and each member of the board of
42 directors shall furnish to the superintendent, on forms to be supplied
43 by the superintendent, a statement that he has read the report of exami-
44 nation.

45 6. All reports of examinations, including any copies thereof, in the pos-
46 session of any person other than the superintendent or employee of the
47 department of banking, including any state bank or any agency to which
48 any report of such examination may be furnished under subsection four
49 (4) of this section, shall be confidential communications, shall not be sub-
50 ject to subpoena from such persons and shall not be published or made
51 public by such persons.

52 7. The report of examination of any affiliate or of any person examined
53 as provided for in subsection two (2) of this section shall not be transmit-
54 ted by the superintendent to any such affiliate or person or to any state
55 bank or to the board of directors of any state bank unless authorized or
56 requested by such affiliate or person.

1 **SEC. 218. Regulation and examination of services.**

2 1. A state bank may not cause to be performed, by contract or otherwise
3 any bank services [of a type referred to in section eight hundred four (804)
4 of this Act] for itself, whether on or off its premises, unless assurances
5 satisfactory to the superintendent are furnished to the superintendent by
6 both the state bank and the person performing such services that the per-
7 formance thereof will be subject to supervision, regulation, and examina-
8 tion by the superintendent to the same extent as if such services were be-
9 ing performed by the state bank itself on its own premises.

10 2. Any contract, to which a state bank is a party, for the performance of
11 bank services of a type referred to in section eight hundred four (804) of
12 this Act, shall be approved by the superintendent prior to its execution.

1 **SEC. 219. Fees for examinations.** A state bank, and any private
2 bank subject to examination, supervision, and regulation by the superin-
3 tendent, shall pay to the superintendent a fee, established by the state
4 banking board, based on the assets of the state bank or private bank, the
5 time required for the examination and the expenses incurred in the dis-
6 charge of the duties imposed upon the superintendent by this Act. Such
7 fee shall apply equally to all state banks and private banks subject to
8 examination, and may not be changed more frequently than annually
9 and when changed, shall be effective on January first of the year follow-
10 ing the year in which the change was approved.

11 The fee for examination of any affiliate of a state bank as provided for
12 in section eleven hundred five (1105) of this Act, and the examinations
13 provided for in subsection two (2) of section two hundred seventeen (217)
14 of this Act shall be established by the state banking board, based on the
15 time required for the examination and the expenses incurred in the dis-
16 charge of the duties imposed upon the superintendent by this Act.

17 Upon completion of each examination required or allowed by this Act,
18 the examiner in charge of such examination shall render a bill for such
19 fee, in duplicate, and shall deliver one copy thereof to the state bank or
20 private bank and one copy to the superintendent. Failure to pay the
21 amount of such fee to the superintendent within ten days after the date
22 of the close of each such examination shall subject the state bank or
23 private bank to an additional fee equal to five percent of the amount of
24 such fee for each day the payment is delinquent.

1 **SEC. 220. Reports to superintendent.**

2 1. A state bank shall render a full, clear, and accurate statement of its
3 condition to the superintendent, on forms to be supplied by the superin-
4 tendent, verified by the oath of an officer and attested by the signatures
5 of at least three of the directors, or verified by the oath of two of its officers
6 and attested by two of the directors. The superintendent may, in his dis-
7 cretion, use any form of statement of condition that is used by the federal
8 deposit insurance corporation or the federal reserve system.

9 2. The statement shall be transmitted to the superintendent within ten
10 days after the receipt of a request for the statement from the superin-
11 tendent. A statement shall be called for by the superintendent at least
12 three times each year.

13 3. Within twenty days after the date of the receipt of the request for
14 a statement of condition, the state bank shall cause the statement to be
15 published once in a newspaper of general circulation in the municipal cor-

16 poration or unincorporated area in which the state bank has its principal
 17 place of business, or if there is none, in a newspaper of general circulation
 18 published in the county, or in a county adjoining the county, in which the
 19 state bank has its principal place of business. Proof of such publication,
 20 by affidavit of the publisher of the newspaper in which it was made, shall
 21 be delivered to the superintendent and shall be conclusive evidence of the
 22 fact.

23 4. The superintendent shall also have power to call for special reports
 24 from a state bank whenever in his judgment the same are necessary in
 25 order to obtain a full and complete knowledge of its condition. Such reports
 26 shall be verified and attested in the same manner as required in subsection
 27 one (1) of this section.

1 **SEC. 221. Preservation of bank records — statute of limitations.**

2 1. A state bank shall not be required to preserve its records for a period
 3 longer than eleven years after the first day of January of the year follow-
 4 ing the time of the making or filing of such records, provided, however, that
 5 account records showing unpaid balances due to depositors shall not be
 6 destroyed. Film, photographic, photostatic, or other copies which accurate-
 7 ly reproduce all lines and markings on the original may be kept in lieu of
 8 any such original record.

9 2. All causes of action, other than actions for relief on the grounds of
 10 fraud or mistake, against a state bank based upon a claim or claims
 11 inconsistent with an entry or entries in a state bank record, made in the
 12 regular course of business, shall be deemed to have accrued, and shall
 13 accrue for the purpose of the statute of limitations one year after the date
 14 of such entry or entries. No action founded upon such a cause may be
 15 brought after the expiration of ten years from the date of such accrual.

16 3. The provisions of this section, insofar as applicable, shall apply to the
 17 records of a national bank.

1 **SEC. 222. Meetings of the board of directors called by superin-**
 2 **tendent.**

3 Whenever the superintendent deems it necessary and advisable
 4 he may cause a meeting of the board of directors of a state bank to be
 5 held in such manner and at such time and place as he may direct. Any re-
 6 port of an examination required or allowed by this Act, any conclusions
 7 drawn therefrom by the superintendent, any recommendations made by him
 8 relative thereto and any other matters concerning the operation and con-
 9 dition of the state bank may be presented to the board of directors by
 10 the superintendent. The state bank shall cause the recommendations of
 11 the superintendent to be recorded in the minutes of the board of di-
 12 rectors of the state bank.

13 Each member of the board of directors shall furnish to the superintend-
 14 ent a statement, on forms to be supplied by the superintendent, that he
 has read and is familiar with the recommendations of the superintendent.

1 **SEC. 223. Power of superintendent to issue orders.**

2 Whenever
 3 it shall appear to the superintendent that a state bank is engaging or has
 4 engaged, or the superintendent has reasonable cause to believe that the
 5 state bank is about to engage, in an unsafe or unsound practice in conduct-
 6 ing the business of such state bank, or is violating or has violated, or the
 7 superintendent has reasonable cause to believe that the state bank is about
 to violate, any provision of this Act or of any regulation adopted pursuant

8 to this Act, or any condition imposed in writing by the superintendent in
 9 connection with the approval of any matter required by this Act, or any
 10 written agreement entered into with the superintendent, the superintendent
 11 may issue and serve upon the state bank a notice containing a statement
 12 of the facts constituting the alleged violation or violations, or the unsafe
 13 or unsound practice or practices, and fixing a time and place at which a
 14 hearing will be held to determine whether an order to cease and desist
 15 therefrom should be issued to the state bank.

16 If the state bank fails to appear at the hearing it shall be deemed to
 17 have consented to the issuance of a cease and desist order. In the event of
 18 such consent, or if upon the record made at such hearing, the superintend-
 19 ent shall find that any violation or unsafe or unsound practice specified in
 20 the notice has been established, the superintendent may issue and serve
 21 upon the bank an order to cease and desist from any such violation or
 22 practice. Such order may require the state bank and its directors, officers
 23 and employees to cease and desist from any such violation or practice and,
 24 further, to take affirmative action to correct the conditions resulting from
 25 any such violation or practice.

26 Any order issued pursuant to this section shall become effective upon
 27 service thereof on the state bank and shall remain effective except to such
 28 extent that it is stayed, modified, terminated, or set aside by action of the
 29 superintendent or of the district court of the county in which the state bank
 30 has its principal place of business.

31 The superintendent may apply to the district court of the county in
 32 which the state bank has its principal place of business for the enforcement
 33 of any order pursuant to this section and such court shall have jurisdic-
 34 tion and power to order and require compliance therewith.

1 SEC. 224. **Grounds for management of state bank by superintend-**
 2 **ent.** The superintendent may take over the management of the property
 3 and business of a state bank whenever it appears to him that:

4 1. The state bank has violated its articles of incorporation or any law
 5 of this state.

6 2. The capital of the state bank is impaired.

7 3. The state bank is conducting its business in an unsafe or unsound
 8 manner.

9 4. The state bank is in such condition that it is unsound, unsafe or
 10 inexpedient for it to transact business.

11 5. The state bank has suspended or refused payment of its deposits or
 12 other liabilities contrary to the terms thereof.

13 6. The state bank refuses to make its records available to the superintend-
 14 ent for examination or otherwise refuses to make available, through an
 15 officer or employee having knowledge thereof, information required by the
 16 superintendent for the proper discharge of the duties of his office.

17 7. The state bank neglects or refuses to observe any order of the super-
 18 intendent made pursuant to the provisions of this Act, unless the enforce-
 19 ment of such order is stayed in a proceeding brought by the state bank.

20 8. The state bank has not transacted any business or performed any of
 21 the duties, contemplated by its authorization to do business, for a period
 22 of one year.

23 9. The state bank has failed to renew its corporate existence in the man-
 24 ner provided for in section one hundred six (106) of this Act within one
 25 hundred eighty days prior to the expiration thereof.

26 The superintendent shall thereafter manage the property and business
27 of the state bank until such time as he may relinquish to the state bank
28 the management thereof, upon such conditions as he may prescribe, or
29 until its affairs be finally dissolved as provided in this Act.

1 **SEC. 225. Application to enjoin action of superintendent.**

2 1. Whenever a state bank deems itself aggrieved by an action of the
3 superintendent taken pursuant to sections two hundred twenty-three (223)
4 or two hundred twenty-four (224) of this Act, the state bank may apply
5 to the district court of the county in which the state bank has its principal
6 place of business to enjoin such action. The court, after citing the superin-
7 tendent to show cause why such action should not be enjoined and after
8 a hearing and a determination of the facts upon the merits, may dismiss
9 such application or enjoin the superintendent from further action and
10 direct him to surrender the management of the property and business to
11 such state bank or to withdraw or modify any order issued by him.

12 2. An appeal from the judgment of the district court operates as a stay
13 of the judgment. No bond need be given if the appeal be taken by the super-
14 intendent, but if the appeal be taken by the state bank a bond shall be
15 given as required by rule three hundred thirty-seven (337), rules of civil
16 procedure.

1 **SEC. 226. Management of state bank by superintendent.** Upon

2 taking over the management of the property and business of a state bank,
3 the superintendent shall have the authority to operate and direct the
4 affairs of the state bank in its regular course of business. He shall also have
5 the authority to collect such amounts due to the state bank and to do such
6 other acts as are necessary or expedient to conduct the affairs of the state
7 bank and conserve or protect its assets, property and business.

8 If upon taking over the management of the business and property of
9 the state bank, the superintendent concludes that the state bank is in-
10 solvent or should be dissolved for any other reason enumerated in section
11 two hundred twenty-four (224) of this Act, he may immediately, or at any
12 time within three years, order that the state bank cease to carry on its
13 business and proceed to dissolve the affairs of the state bank in accordance
14 with the provisions of this Act. If the superintendent has not caused the
15 state bank to cease to carry on its business within three years of taking
16 over the management of the property and business of the state bank, he
17 shall relinquish the management thereof to the state bank.

18 The superintendent may appoint one or more special deputies as his
19 agent or agents, with powers specified in the certificate of appointment,
20 to assist him in the duty of management, conservation or dissolution and
21 distribution of the business and property of a state bank.

22 The superintendent, during the period of his management of the proper-
23 ty and business of the state bank, and prior to such time as he may apply
24 to the district court for appointment as receiver, may require that he be
25 reimbursed by the state bank to the extent of the expenses incurred by
26 him in connection with such management.

Division III
INCORPORATION

1 **SEC. 301. Incorporators.** A state bank may be incorporated under
2 this Act by not less than five individuals over the age of twenty-one a
3 majority of whom shall be citizens of this state and all of whom shall be
4 citizens of the United States.

1 **SEC. 302. Articles of incorporation.** The articles of incorporation
2 of a state bank, in the form prescribed by the superintendent, shall set
3 forth the following:

4 1. The name of the state bank, that it is incorporated for the purpose
5 of conducting the business of banking, and that it is incorporated under
6 the provisions of this Act.

7 2. The location of its proposed or existing principal place of business
8 including the name of the county, municipal corporation or unincorporated
9 area.

10 3. The duration of the state bank which shall be perpetual.

11 4. The aggregate number of shares which the state bank shall have
12 authority to issue, and the par value of such shares; if such shares are to
13 be divided into classes, the number of shares of each class and a statement
14 of the par value of the shares of each class.

15 5. If there is to be a preferred class, a statement of the preferences,
16 voting rights, if any, limitations and relative rights in respect of the shares
17 of such class.

18 6. Any provision, permissible under section five hundred six (506) of this
19 Act, limiting or denying the shareholders the pre-emptive right to acquire
20 additional shares of the state bank.

21 7. Any provision, not inconsistent with law, which the incorporators
22 elect to set forth in the articles of incorporation for the regulation of the
23 internal affairs of the corporation, including any provision restricting the
24 transfer of shares and any provision which under this Act is required or
25 permitted to be set forth in the bylaws.

26 8. The number of directors constituting the initial board of directors and
27 the names and addresses of the persons who are to serve as directors until
28 the first annual meeting of shareholders or until their successors be elected
29 and qualify.

30 9. The name and address of each incorporator.

31 10. The specific and named day on which the annual meeting of share-
32 holders shall be held.

33 11. Any provision not inconsistent with law or the purposes for which
34 the state bank is organized, which the incorporators elect to set forth; or
35 any provision limiting any of the powers enumerated in this Act.

36 It shall not be necessary to set forth in the articles of incorporation
37 any of the corporate powers enumerated in this Act. The articles of incor-
38 poration shall be signed by all of the incorporators and acknowledged before
39 an officer authorized to take acknowledgements of deeds.

1 **SEC. 303. Application for approval.** The incorporators shall make
2 an application to the superintendent for approval of a proposed state bank
3 in the manner prescribed by the superintendent and shall deliver to the
4 superintendent, together with such application:

5 1. The articles of incorporation.

6 2. Applicable fees, payable to the secretary of state as specified in sec-
7 tion four hundred ninety-six A point one hundred twenty-four (496A.124)
8 of the Code, for the filing and recording of the articles of incorporation.
9 Within thirty (30) days after delivery of the foregoing items, the incor-
10 porators shall also deliver to the superintendent proof of publication of the
11 notice required by section three hundred four (304) of this Act by affidavit
12 of the publisher of the newspaper in which it was made.

1 SEC. 304. **Publication of notice.** The incorporators of a state bank
2 shall publish notice of their intention to deliver, or the delivery of, the
3 articles of incorporation to the superintendent, once each week for two
4 successive weeks in a newspaper of general circulation published in the
5 municipal corporation which is proposed as the principal place of business
6 of the state bank, or if there is none, a newspaper of general circulation
7 published in the county, or in a county adjoining the county, in which the
8 proposed state bank is to have its principal place of business. The first
9 publication of the notice shall appear prior to, or within seven days after,
10 the date of delivery of the articles of incorporation to the superintendent
11 and shall set forth:

- 12 1. The name of the proposed state bank.
- 13 2. A statement that it is to be incorporated under this Act.
- 14 3. The purpose or purposes of the state bank.
- 15 4. The names and addresses of the incorporators and of the members
16 of the initial board of directors as they appear, or will appear, in the arti-
17 cles of incorporation.
- 18 5. The date of the delivery of the articles of incorporation to the super-
19 intendent.

1 SEC. 305. **Approval by superintendent.** Upon receipt of an appli-
2 cation for approval of a state bank the superintendent shall conduct such
3 investigation as he deems necessary to ascertain whether:

- 4 1. The articles of incorporation and supporting items satisfy the re-
5 quirements of this Act.
- 6 2. The convenience and needs of the public will be served by the pro-
7 posed state bank.
- 8 3. The population density or other economic characteristics of the area
9 primarily to be served by the proposed state bank afford reasonable prom-
10 ise of adequate support for the state bank.
- 11 4. The character and fitness of the incorporators and of the members of
12 the initial board of directors are such as to command the confidence of the
13 community and to warrant the belief that the business of the proposed
14 state bank will be honestly and efficiently conducted.
- 15 5. The capital structure of the proposed state bank is adequate in rela-
16 tion to the amount of the anticipated business of the state bank and the
17 safety of prospective depositors.
- 18 6. The proposed state bank will have sufficient personnel with adequate
19 knowledge and experience to conduct the business of the state bank, and
20 to administer fiduciary accounts, if the state bank is to be authorized to
21 act in a fiduciary capacity.

22 Within one hundred eighty days after receipt of the application for ap-
23 proval together with the items referred to in subsections one (1) and two
24 (2) of section three hundred three (303) of this Act, the superintendent
25 shall make a determination whether to approve or disapprove the pending
26 application on the basis of his investigation. Within ninety days after the

27 second publication of the notice referred to in section three hundred four
28 (304) of this Act any person opposing the pending application shall file
29 written objections thereto with the superintendent. Following the expira-
30 tion of the period referred to in the previous sentence and prior to making
31 a determination on the pending application the superintendent shall, upon
32 adequate notice, afford all interested persons, including the incorporators,
33 an opportunity for a stenographically reported hearing during which such
34 persons shall be allowed to present evidence in support of, or in opposition
35 to, the pending application. If the superintendent approves the pending
36 application, he shall deliver the articles of incorporation, with his approval
37 indicated thereon, to the secretary of state and notify the incorporators, and
38 such other persons who requested in writing that they be notified, of such
39 approval. If the superintendent disapproves the pending application he shall
40 notify the incorporators of his action and the reason for his decision.

41 The decision of the superintendent shall be subject to review by the
42 district court of Polk county upon petition by any interested person within
43 thirty days after the superintendent notifies the incorporators of his de-
44 cision. The decision of the superintendent shall be upheld unless unsup-
45 ported by substantial evidence. In making this determination the court
46 shall review the whole record or such portions thereof as may be placed
47 in issue by any person. The court may award damages to the incorporators
48 if it finds that review is sought frivolously and in bad faith.

49 Before receiving the decision of the superintendent with respect to the
50 pending application the incorporators shall, upon notice, reimburse the
51 superintendent to the extent of the expenses incurred by him in connec-
52 tion with the application.

1 **SEC. 306. Issuance of certificate of incorporation.** The receipt
2 of the approved articles of incorporation of a state bank by the secretary
3 of state shall constitute filing thereof with that office. The secretary of
4 state shall record the articles of incorporation and forward a copy thereof
5 to the county recorder of the county in which the state bank is to have its
6 principal place of business who shall record same, all as required by section
7 four hundred ninety-six A point fifty-three (496A.53) of the Code. The sec-
8 retary of state upon the filing of such articles of incorporation shall issue a
9 certificate of incorporation and send the same to the incorporators.

1 **SEC. 307. Organizational meeting.** After the issuance of the cer-
2 tificate of incorporation of a state bank, an organizational meeting of the
3 board of directors named in the articles of incorporation shall be held at
4 the call of a majority of the incorporators for the purpose of adopting by-
5 laws, if any are to be adopted, electing officers and the transaction of such
6 other business as may properly come before the meeting. The incorporators
7 calling the meeting shall give at least three days' notice thereof by mail to
8 each director so named, which notice shall state the time and place of the
9 meeting.

1 **SEC. 308. Effect of certificate of incorporation; issuance of au-**
2 **thorization to do business.**

3 1. Upon the issuance of the certificate of incorporation of a state bank,
4 the corporate existence shall begin, unless the certificate in conformity
5 with a provision of the articles of incorporation provides that it shall begin
6 on a stated day in the future, in which event the corporate existence shall
7 without further action by either the incorporators or the secretary of state

8 begin on the day so stated. Such certificate of incorporation shall be con-
 9 clusive evidence of the fact that the state bank has been incorporated
 10 except as against the superintendent in a proceeding instituted by him to
 11 dissolve a state bank pursuant to section thirteen hundred two (1302) of
 12 this Act.

13 2. The state bank shall not accept deposits or transact any business
 14 except such business as is incident to commencement of business, or to the
 15 obtaining of subscriptions and payment for its shares until receipt
 16 of an authorization to do business from the superintendent. The superin-
 17 tendent shall issue an authorization to do business upon finding that the
 18 proposed state bank has complied with all the requirements of this Act
 19 precedent to commencing business and has submitted to the superintendent
 20 a statement under oath, in the manner designated by the superintendent,
 21 showing that the capital, surplus and undivided profits required by the
 22 superintendent in accordance with this Act have been fully paid in.

23 3. If a state bank transacts any business before receipt of an authoriza-
 24 tion to do business in violation of subsection two (2) of this section, the
 25 directors and officers who willfully authorized or participated in such ac-
 26 tion shall be severally liable for the debts and liabilities of the state bank
 27 incurred prior to the receipt of the authorization to do business.

1 **SEC. 309. Publication of authorization to do business.** A state
 2 bank shall cause to be published once within two weeks after the issuance
 3 by the superintendent of the authorization to do business, in a newspaper of
 4 general circulation published in the municipal corporation which is the
 5 principal place of business of the state bank, or if there is none, a news-
 6 paper of general circulation published in the county, or in a county adjoining
 7 the county, in which the state bank has its principal place of business,
 8 a notice which shall state:

9 1. The name of the state bank, the address of its principal place of busi-
 10 ness and the date of the issuance of the authorization to do business.

11 2. The names and addresses of the members of the initial board of di-
 12 rectors as designated in the articles of incorporation.

13 3. That the shareholders shall not be personally liable for the debts and
 14 obligations of the state bank.

15 Proof of such publication, by affidavit of the publisher of the newspaper
 16 in which it was made, shall be filed with the secretary of state and with the
 17 superintendent, and shall be conclusive evidence of the fact.

1 **SEC. 310. Name of state bank.**

2 1. The name of a state bank originally incorporated after the effective
 3 date of this Act shall include the word "bank" and the word "state" or
 4 "trust" in its name. If a state bank uses the word "trust" in its name, it
 5 must be authorized under this Act to act in a fiduciary capacity.

6 2. The provisions of this section shall not require any state bank, exist-
 7 ing and operating on the effective date of this Act, to add to, modify or
 8 otherwise change its corporate name, either on the effective date of this
 9 Act or upon renewal of its corporate existence pursuant to section one
 10 hundred six (106) of this Act.

11 3. If a state bank existing and operating on the effective date of this
 12 Act causes its corporate name to be changed, the name as changed shall
 13 comply with subsection one (1) of this section.

1 **SEC. 311. Commission for organizing state banks.** No person
2 shall, directly or indirectly, receive or contract to receive any commission
3 or bonus of any kind for organizing any state bank or for securing a sub-
4 scription to the original capital of any state bank or to any increase thereof;
5 provided that this section shall not be construed as prohibiting the pay-
6 ment of reasonable compensation for legal or accounting services in connec-
7 tion with organization.

1 **SEC. 312. Location of state bank.**

2 1. Every state bank originally incorporated pursuant to the provisions of
3 this Act shall have its principal place of business within the confines of
4 a municipal corporation. The existence of a state bank shall not, however,
5 be affected by the subsequent discontinuance of the municipal corporation
6 pursuant to the provisions of sections three hundred sixty-two point eleven
7 (362.11) to three hundred sixty-two point eighteen (362.18) of the Code,
8 inclusive. A state bank existing and operating on the effective date of this
9 Act, which does not have its principal place of business within the confines
10 of a municipal corporation, shall be allowed to renew its corporate exist-
11 ence pursuant to the provisions of section one hundred six (106) of this Act
12 without regard to this section.

13 2. A state bank may, with the prior written approval of the superintend-
14 ent, change the location of its principal place of business to a new loca-
15 tion. A change of location shall be limited to another location in the same
16 municipal corporation, to a location in a municipal corporation in the same
17 county or to a municipal corporation in counties surrounding and contig-
18 uous to or touching or cornering on the county in which the state bank
19 is located. If a state bank has its principal place of business in an unincor-
20 porated area, the superintendent may authorize a change of location of
21 its principal place of business to a new location within the same unincor-
22 porated area as well as to any location referred to in the preceding sentence.

1 **SEC. 313. Bylaws.** The initial bylaws, if any, of a state bank shall
2 be adopted by its board of directors. The power to alter, amend or repeal
3 bylaws or adopt new bylaws shall be vested in the board of directors unless
4 reserved to the shareholders by the articles of incorporation. The bylaws
5 may contain any provisions for the regulation and management of the affairs
6 of the state bank not inconsistent with law or the articles of incorporation.

Division IV

CAPITAL STRUCTURE

1 **SEC. 401. Minimum capital.**

2 1. The minimum capital of a state bank existing and operating on the
3 effective date of this Act shall be:

4 a. The amount required by subsection two (2) of this section; or

5 b. Such lesser amount as the state bank had on the effective date of
6 this Act but not less than the minimum amount required by law prior to
7 such effective date.

8 2. The minimum capital of a state bank originally incorporated pursuant
9 to the provisions of this Act shall not be less than one hundred thousand
10 dollars or such higher amount which the superintendent may deem neces-
11 sary in view of the deposit potential of the state bank and current banking
12 standards relating to total capital requirements.

1 **SEC. 402. Surplus.**

2 1. A state bank originally incorporated pursuant to the provisions of this
3 Act shall establish, prior to receiving an authorization to do business from
4 the superintendent, a paid in surplus as required by the superintendent,
5 in an amount not less than fifty percent of its capital.

6 2. If the surplus of a state bank is at any time less than the amount of
7 its capital, the state bank shall, until surplus is equal to such amount,
8 transfer to surplus an amount which is at least ten percent of the net
9 profits of the state bank for the period since the end of the last fiscal year
10 or for any shorter period since the last declaration of a dividend:

11 *a.* Prior to the declaration of any dividend, and

12 *b.* In any event, at the end of each fiscal year.

1 **SEC. 403. Undivided profits.** A state bank originally incorporated
2 pursuant to the provisions of this Act shall establish, prior to receiving an
3 authorization to do business from the superintendent, a fund to be denom-
4 inated undivided profits in an amount to be determined by the superin-
5 tendent, but in no event less than twenty percent of the capital required
6 by subsection two (2) of section four hundred one (401) of this Act. The
7 superintendent shall estimate the amount of initial expenses to be incurred
8 by the state bank in determining the amount of the fund required by this
9 section.

1 **SEC. 404. Capital notes and debentures.**

2 1. A state bank may, with the prior approval of the superintendent and
3 the affirmative vote of the holders of at least three-fourths of the shares
4 entitled to vote thereon, issue capital notes or debentures. The amounts,
5 maturities, rate of interest, relative rights with other creditors, and other
6 terms and conditions shall be set forth on the face of the capital notes or
7 debentures or in an attendant agreement, and all such terms and conditions
8 shall be subject to the prior approval of the superintendent provided that
9 all such capital notes and debentures shall be subordinated to the rights
10 of other persons to the extent provided for in section thirteen hundred
11 twelve (1312) of this Act. The aggregate amount of all capital notes and
12 debentures issued and outstanding pursuant to this section shall not ex-
13 ceed, at any one time, the capital and surplus of the state bank.

14 2. A state bank shall not make any payment of principal on any capital
15 notes or debentures without the prior approval of the superintendent nor
16 shall any payment of principal and interest be made on any such capital
17 or debentures by a state bank when its capital is impaired or which would
18 cause its capital to become impaired. Subject to the provisions of this sec-
19 tion a state bank may issue capital notes or debentures with provision for
20 installment or serial payment of capital notes or debentures according
21 to an established schedule which shall be approved by the superintendent
22 prior to issuance.

23 3. No state bank may issue capital notes or debentures within five years
24 after it is originally authorized to do business.

1 **SEC. 405. Increase or decrease of capital structure.**

2 1. A state bank may, with the approval of the superintendent, increase
3 its capital structure or effect an allocation of amounts within its capital
4 structure, by the use of any of the following methods:

5 *a.* Sale of authorized but unissued shares.

- 6 *b.* Transfer of surplus or undivided profits to capital for authorized but
7 unissued shares.
- 8 *c.* Transfer of undivided profits to surplus.
- 9 *d.* Authorization and issuance of common shares, preferred shares, or
10 capital notes or debentures as provided in section four hundred four (404)
11 of this Act.
- 12 2. Whenever it shall appear necessary to do so in the interest of the safe-
13 ty of the deposits of a state bank, the superintendent may require that the
14 capital structure of the state bank be increased by either of the methods
15 provided for in paragraphs *a* and *d* of subsection one (1) of this section.
- 16 3. Neither capital nor surplus shall be decreased except with the approval
17 of the superintendent.

Division V

SHARES, SHAREHOLDERS AND DIVIDENDS

- 1 SEC. 501. **Authorized shares.**
- 2 1. A state bank shall have the power to create and issue:
- 3 *a.* Common shares with par value, and
- 4 *b.* One or more classes of preferred shares, all of which shall be shares
5 with par value and any and all of which may be voting or nonvoting and
6 which may have such designations, preferences, limitations, and relative
7 rights as shall be stated in the articles of incorporation.
- 8 2. Without limiting the authority herein contained, a state bank, when
9 so provided in its articles of incorporation, may issue preferred shares:
- 10 *a.* Subject to the right of the state bank to redeem any of such shares
11 at the price fixed by the articles of incorporation for the redemption thereof.
- 12 *b.* Entitling the holders thereof to cumulative, noncumulative or parti-
13 tially cumulative dividends.
- 14 *c.* Having preference over common shares or any other classes of pre-
15 ferred shares as to the payment of dividends.
- 16 *d.* Having preference in the assets of the state bank over common shares
17 or any other class of preferred shares upon the voluntary or involuntary
18 dissolution of the state bank.
- 19 *e.* Convertible into shares of common or into shares of preferred of
20 another class except a class having prior or superior rights and preferences
21 as to dividends or distribution of assets upon dissolution.
- 22 Unless the articles of incorporation or bylaws otherwise provide, the
23 board of directors may, by resolution duly adopted and with the approval
24 of the superintendent as provided in section four hundred five (405) of this
25 Act, issue from time to time, in whole or in part, the shares authorized by
26 the articles of incorporation.
- 1 SEC. 502. **Certificates representing shares.** The shares of a state
2 bank shall be represented by certificates signed by such officers, employees
3 or agents as are authorized by the articles of incorporation or bylaws to
4 sign. If no contrary provisions are made in the articles of incorporation
5 or bylaws, such certificates shall be signed by the president or a vice-
6 president and the cashier or an assistant cashier of the state bank, and
7 may be sealed with the seal of the state bank or a facsimile thereof.
8 The signatures of the president or vice-president and the cashier or an
9 assistant cashier or other persons signing for the state bank upon a
10 certificate may be facsimiles if the certificate is countersigned by a trans-

11 fer agent, or registered by a registrar, other than the state bank itself or
 12 an employee of the state bank. In case any officer or other authorized
 13 person who has signed or whose facsimile signature has been placed upon
 14 such certificate for the state bank shall have ceased to be such officer or
 15 employee or agent before such certificate is issued, it may be issued by the
 16 state bank with the same effect as if he were such officer or employee or
 17 agent at the date of its issue. If a state bank is authorized to issue pre-
 18 ferred shares, every certificate issued by the state bank shall set forth
 19 upon the face or back of the certificate, or shall state that the state bank
 20 will furnish to any shareholder upon request and without charge, a full
 21 statement of the designations, preferences, limitations, and relative rights
 22 of such preferred shares.

23 Each certificate representing shares shall state upon the face thereof:

- 24 1. That the state bank is organized under the laws of this state.
 - 25 2. The name of the person to whom issued.
 - 26 3. The number and class of shares which such certificate represents.
 - 27 4. The par value of each share represented by such certificate.
- 28 No certificate shall be issued for any share until such share is fully paid.

1 **SEC. 503. Consideration for shares.**

2 1. Except in the case of a distribution of shares authorized by section
 3 five hundred seventeen (517) of this Act or shares issued upon exchanges
 4 or conversion, common shares of a state bank may be issued only for cash
 5 in an amount which shall be at least:

6 *a.* In the case of the issuance of additional common shares of an exist-
 7 ing state bank, equal to the sum of the capital represented by the common
 8 shares and the surplus of the state bank divided by the number of common
 9 shares previously issued.

10 *b.* In the case of the issuance of common shares of a proposed state bank,
 11 the amount required to equal the sum of the capital, to be represented by
 12 the common shares, the surplus and the undivided profits, required by the
 13 superintendent as a condition precedent to the issuance of an authorization
 14 to do business, divided by the number of shares to be issued.

15 2. Preferred shares of a state bank may be issued only for cash and for
 16 an amount not less than that determined by the superintendent.

1 **SEC. 504. Subscriptions for shares.** A subscription for shares of
 2 a state bank to be incorporated pursuant to the provisions of this Act shall
 3 be irrevocable for a period of six months, or for such longer period as is
 4 provided for by the terms of the subscription agreement, unless all of the
 5 subscribers consent to the revocation of such subscription.

6 Unless otherwise provided in the subscription agreement, subscriptions
 7 for shares, whether made before or after incorporation of a state bank,
 8 shall be paid in full at such time as shall be determined by the board of
 9 directors.

10 The call for payment by the board of directors on subscriptions shall
 11 be uniform as to all shares of the same class.

1 **SEC. 505. Liability of shareholders and subscribers.**

2 1. A holder of shares of a state bank shall be under no obligation to the
 3 state bank or its creditors with respect to such shares. A subscriber to
 4 shares of a state bank shall be under no obligation to the state bank or its

5 creditors with respect to such shares other than the obligation to pay the
6 full consideration for such shares prior to their issuance.

7 2. An executor, administrator, conservator, guardian, trustee, assignee
8 for the benefit of creditors or receiver shall not be personally liable to
9 to the state bank as a holder of or subscriber to shares of a state bank but
10 the estate and funds in his hands shall be so liable.

11 3. No pledgee or other holder of shares as collateral security shall be
12 personally liable as a shareholder.

1 SEC. 506. **Shareholders pre-emptive rights.** The pre-emptive right
2 of a shareholder of common shares to acquire unissued common shares of
3 a state bank or preferred shares and capital notes or debentures of a state
4 bank which are convertible into common shares, shall not be limited or
5 denied, except as provided in section five hundred twenty (520) of this Act.
6 The pre-emptive right of holders of preferred shares to acquire unissued
7 shares of a state bank may be limited or denied to the extent provided in
8 the articles of incorporation or any amendment thereto. Any shares of a
9 state bank purchased and acquired by such state bank, and held by it dur-
10 ing the period permitted by this Act, shall not be entitled to pre-emptive
11 rights.

1 SEC. 507. **Owning or loaning on its own shares.** No state bank
2 shall make any loan or extension of credit on the security of the shares of
3 its own capital, or, except as provided in sections fourteen hundred six
4 (1406) and fourteen hundred seventeen (1417) of this Act, be the purchaser
5 or holder of any such shares, unless such security or purchase shall be
6 necessary to prevent loss upon a debt previously contracted in good faith,
7 and shares so purchased or acquired shall be sold at public or private sale
8 within one year from the time of their purchase or acquisition, unless the
9 time is extended by the superintendent. Any common shares of a state bank
10 purchased or acquired by the state bank pursuant to this Act, and sold
11 as directed by this Act, shall be subject to the minimum consideration re-
12 quirements of subsection one (1) of section five hundred three (503) of
13 this Act unless a lesser consideration is approved by the superintendent.
14 Any preferred shares of a state bank purchased or acquired by the state
15 bank pursuant to this Act, and sold as directed by this Act, shall be subject
16 to the consideration requirements of subsection two (2) of section five hun-
17 dred three (503) of this Act.

1 SEC. 508. **Meetings of shareholders.** Meetings of shareholders
2 may be held at such place, within this state, as may be provided in the
3 articles of incorporation or the bylaws, or as may be fixed from time to
4 time in accordance with the provisions thereof. In the absence of any such
5 provision, all meetings shall be held at the principal place of business of the
6 state bank. An annual meeting of the shareholders shall be held on the spe-
7 cific and named day as shall be provided in the articles of incorporation.
8 Failure to hold the annual meeting on the designated day shall not work a
9 forfeiture or dissolution of the state bank. Special meetings of the share-
10 holders may be called by the president, the board of directors, the holders
11 of not less than one-tenth of all the shares entitled to vote at the meeting,
12 or such other officers or persons as may be provided in the articles of in-
13 corporation or the bylaws.

1 **SEC. 509. Notice of shareholder meetings — waiver of notice**
2 **generally.**

3 1. Written or printed notice stating the place, day and hour of a meeting
4 of the shareholders and, in case of a special meeting, the purpose or pur-
5 poses for which the meeting is called, shall be delivered not less than ten
6 nor more than fifty days before the date of the meeting, either personally or
7 by mail, by or at the direction of the president, the cashier, or the officer
8 or persons calling the meeting, to each shareholder of record entitled to
9 vote at such meeting. If mailed, such notice shall be deemed to be deliv-
10 ered when deposited in the United States mail addressed to the sharehold-
11 er at his address as it appears on the stock transfer books of the state bank
12 with postage thereon prepaid.

13 2. Whenever any notice is required to be given to any shareholder
14 under the provisions of this Act or under the provisions of the articles of
15 incorporation or bylaws of the state bank, a waiver thereof in writing
16 signed by the person or persons entitled to such notice, whether before
17 or after the time stated therein, shall be equivalent to the giving of such
18 notice.

1 **SEC. 510. Closing of transfer books and fixing record date.** The
2 board of directors of a state bank shall cause adequate stock transfer books
3 to be maintained. For the purpose of determining shareholders entitled
4 to notice of or to vote at any meeting of shareholders or any adjournment
5 thereof, or entitled to receive payment of any dividend, or in order to make
6 a determination of shareholders for any other proper purpose, the board
7 of directors of a state bank may provide that the stock transfer books
8 shall be closed for a stated period but not to exceed, in any case, fifty
9 days. If the stock transfer books shall be closed for the purpose of deter-
10 mining shareholders entitled to notice of or to vote at a meeting of share-
11 holders, such books shall be closed for at least ten days immediately pre-
12 ceding such meeting. In lieu of closing the stock transfer books, the bylaws,
13 or in the absence of an applicable bylaw, the board of directors may fix, in
14 advance, a date as the record date for any such determination of sharehold-
15 ers, such date in any case to be not more than fifty days and, in case of a
16 meeting of shareholders, not less than ten days prior to the date on which
17 the particular action, requiring such determination of shareholders, is to
18 be taken. If the stock transfer books are not closed and no record date is
19 fixed for the determination of shareholders entitled to notice of or to vote
20 at a meeting of shareholders, or shareholders entitled to receive payment of
21 a dividend, the date on which notice of the meeting is mailed or the date
22 on which the resolution of the board of directors declaring such dividend
23 is adopted, as the case may be, shall be the record date for such determina-
24 tion of shareholders. When a determination of shareholders entitled to vote
25 at any meeting of shareholders has been made as provided in this section,
26 such determination shall apply to any adjournment thereof.

1 **SEC. 511. Voting list.** The officer or agent having charge of the
2 stock transfer books for shares of a state bank shall make, at least ten
3 days before each meeting of shareholders, a complete list of the sharehold-
4 ers entitled to vote at such meeting or any adjournment thereof, arranged
5 in alphabetical order, with the address of and the number of shares held
6 by each, which list, for a period of ten days prior to such meeting, shall be
7 kept on file at the principal place of business of the state bank and shall be

8 subject to inspection by any shareholder at any time during usual business
9 hours. Such list shall also be produced and kept open at the time and place
10 of the meeting and shall be subject to the inspection of any shareholder
11 during the whole time of the meeting. The original stock transfer books
12 shall be prima facie evidence as to who are the shareholders entitled to
13 examine such list or transfer books or to vote at any meeting of share-
14 holders. Failure to comply with the requirements of this section shall not
15 affect the validity of action taken at such meeting.

1 **SEC. 512. Quorum of shareholders.** Unless otherwise provided in
2 the articles of incorporation, a majority of the shares entitled to vote, rep-
3 resented in person or by proxy, shall constitute a quorum at a meeting of
4 shareholders. If a quorum is present, the affirmative vote of the majority of
5 the shares represented at the meeting and entitled to vote on the subject
6 matter shall be the act of the shareholders, unless the vote of a greater
7 number or voting by classes is required by the laws of this state or of the
8 United States or by the articles of incorporation or bylaws.

1 **SEC. 513. Voting of shares.** Each outstanding share shall be
2 entitled to one vote on each matter submitted to a vote at a meeting of
3 shareholders, except to the extent that the voting rights of the shares of
4 any preferred class, may be limited or denied by the articles of incorpora-
5 tion.

6 Shares of a state bank purchased or acquired by such state bank pur-
7 suant to this Act shall not be voted at any meeting and shall be excluded
8 in determining whether matters voted upon by the shareholders were
9 adopted by the requisite number of shares.

10 A shareholder may vote either in person or by proxy executed in writ-
11 ing by the shareholder or by his duly authorized attorney-in-fact. No proxy
12 shall be valid after eleven months from the date of its execution.

13 At each election for directors every shareholder entitled to vote at such
14 election shall have the right to vote, in person or by proxy, the number of
15 shares owned by him for as many individuals as there are directors to be
16 elected and for whose election he has a right to vote.

17 Shares standing in the name of another corporation, domestic or for-
18 eign, may be voted by such officer, agent or proxy as the bylaws of such
19 corporation may prescribe, or, in the absence of such provision, as the
20 board of directors of such corporation may determine.

21 Shares held by an administrator, executor, guardian or conservator
22 may be voted by him, either in person or by proxy, without a transfer of
23 such shares into his name. Except as provided in the following sentence,
24 shares standing in the name of a trustee may be voted by him, either in
25 person or by proxy, but no trustee shall be entitled to vote shares held by
26 him without a transfer of such shares into his name.

27 In an election of directors, a state bank may not vote its own shares
28 held by it as sole trustee unless under the terms of the trust the manner
29 in which such shares shall be voted may be determined by a donor or
30 beneficiary of the trust and unless such donor or beneficiary actually di-
31 rects how such shares shall be voted, provided, however, that shares held
32 in trust by a state bank pursuant to an instrument in effect prior to the
33 effective date of this Act, under the terms of which the manner in which
34 such shares shall be voted could not be determined by a donor or benefi-
35 ciary of the trust, may be voted in an election of directors of a state bank

36 upon petition filed by the state bank, to a court of competent jurisdiction,
37 and the appointment by such court of an individual to determine the man-
38 ner in which such shares shall be voted. When the shares of a state bank
39 are held by such state bank and one or more persons as trustees, such
40 shares may be voted by such other person or persons as trustees, in the
41 same manner as if he or they were the sole trustee. Whenever shares can-
42 not be voted by reason of being held by a state bank as sole trustee, such
43 shares shall be excluded in determining whether matters voted upon by
44 the shareholders were adopted by the requisite number of shares.

45 Unless otherwise provided by the governing instrument, shares which
46 are held jointly by any number of fiduciaries shall be voted in the manner
47 determined by the majority of such fiduciaries (excluding a trustee ineli-
48 gible by reason of the preceding paragraph) or if the fiduciaries are equally
49 divided on the manner of voting, any court of competent jurisdiction may,
50 upon petition filed by any of such fiduciaries or any beneficiary, appoint
51 an additional person to act with such fiduciaries in determining the manner
52 in which such shares shall be voted.

53 Unless otherwise provided by agreement, if persons holding shares joint-
54 ly or as tenants in common are unable to agree upon the manner in which
55 such shares shall be voted, the vote of such shares shall be divided among
56 such persons in proportion to their interest.

57 Shares standing in the name of a receiver may be voted by such receiv-
58 er, and shares held by or under the control of a receiver may be voted by
59 such receiver without the transfer thereof into his name if authority so to
60 do be contained in an appropriate order of the court by which such receiv-
61 er was appointed.

62 A shareholder whose shares are pledged shall be entitled to vote such
63 shares until the shares have been transferred into the name of the pledgee,
64 and thereafter the pledgee shall be entitled to vote the shares so trans-
65 ferred.

66 On and after the date on which written notice of redemption of pre-
67 ferred shares has been mailed to the holders thereof and a sum sufficient to
68 redeem such shares has been deposited in escrow with irrevocable instruc-
69 tion and authority to pay the redemption price to the holders thereof upon
70 surrender of certificates therefor, such shares shall not be entitled to vote
71 on any matter and shall not be deemed to be outstanding shares.

1 **SEC. 514. Voting trust.** Any number of shareholders of a state bank
2 may create a voting trust for the purpose of conferring upon a trustee or
3 trustees the right to vote or otherwise represent their shares, for a period
4 of not to exceed twenty years, by entering into a written voting trust
5 agreement specifying the terms and conditions of the voting trust, by depos-
6 iting a counterpart of the agreement with the state bank at its principal
7 place of business, by delivery of a copy thereof to the superintendent and
8 by transferring their shares to such trustee or trustees for the purposes
9 of the agreement. The counterpart of the voting trust agreement so de-
10 posited with the state bank shall be subject to examination for any proper
11 purpose during usual business hours by a shareholder of the state bank,
12 in person or by agent or attorney, or by any holder of a beneficial interest
13 in the voting trust, in person or by agent or attorney.

14 This section shall not affect the validity of any agreement, relative to
15 the voting of shares, in effect on the date of the enactment of this Act.

1 **SEC. 515. Lists — filing with superintendent.** Every state bank
2 shall cause to be kept a full and correct list of the names and addresses of
3 the officers, directors, and shareholders of the state bank, and the number
4 of shares held by each. The list shall be subject to public inspection during
5 usual business hours. If an affiliate, as defined in subsection four (4) of
6 section eleven hundred and one (1101) of this Act is a shareholder in a
7 state bank, such list shall include the names, addresses, and percentage of
8 ownership or interest in the affiliate of the shareholders, members or other
9 individuals possessing a beneficial interest in said affiliate.

10 A copy of the list as of the date of the adjournment of each annual
11 meeting of shareholders, in the form of an affidavit signed by the president
12 or cashier of the state bank, shall be transmitted to the superintendent
13 within ten days after such annual meeting.

1 **SEC. 516. Dividends.**

2 1. The board of directors of a state bank may, from time to time, declare,
3 and the state bank may pay, dividends on its outstanding shares subject
4 to the restrictions of this Act and to the restrictions, if any, in its articles
5 of incorporation. Dividends may be declared and paid only out of undivided
6 profits and may be paid in cash or property.

7 2. A dividend may not be declared or paid unless the transfer of net prof-
8 its to surplus required by section four hundred two (402) of this Act, has
9 been made prior to the declaration of the dividend.

1 **SEC. 517. Distribution of shares of state bank.**

2 1. The board of directors of a state bank may, subject to the provisions
3 of section four hundred five (405) of this Act, distribute pro rata to hold-
4 ers of common shares authorized but unissued common shares of the state
5 bank.

6 2. No distribution may be made in authorized but unissued shares of
7 the state bank unless:

8 *a.* There shall be transferred to capital an amount equal to the total par
9 value of the shares distributed, and

10 *b.* Immediately after the distribution, the surplus of the state bank
11 would be at least equal to fifty percent of its capital.

1 **SEC. 518. Redemption of preferred shares.**

2 1. By resolution of its board of directors and with the prior approval of
3 the superintendent, a state bank may redeem preferred shares. Any preferred
4 shares which are redeemable according to the terms of their issuance shall
5 be redeemed only in accordance with such terms. Preferred shares which
6 are redeemed shall be cancelled and shall not be reissued. Preferred shares
7 which are not redeemable according to the terms of their issuance shall
8 be redeemable only pro rata or by lot or by such other equitable method
9 as may be selected by the board of directors.

10 2. When preferred shares are redeemed by a state bank, the redemption
11 shall effect a cancellation of such shares, and a statement of cancellation
12 shall be filed as provided in this section. The filing of the statement of
13 cancellation shall constitute an amendment to the articles of incorporation
14 and shall reduce the number of preferred shares of the class so cancelled
15 which the state bank is authorized to issue by the number so cancelled.

16 The statement of cancellation shall be executed by the state bank by
17 its president or a vice-president and by its cashier or an assistant cashier,
18 and acknowledged by one of the officers signing such statement, and shall
19 set forth:

20 *a.* The name of the state bank and the effective date of its incorporation.

21 *b.* The number of preferred shares cancelled through redemption, item-
22 ized by classes.

23 *c.* The aggregate number of issued shares, itemized by classes, after giv-
24 ing effect to such cancellation.

25 *d.* The amount, expressed in dollars, of the stated capital of the state
26 bank after giving effect to such cancellation.

27 *e.* The number of shares which the state bank has authority to issue,
28 itemized by classes, after giving effect to such cancellation.

29 Such statement of cancellation, together with the applicable filing and
30 recording fees, shall be delivered to the superintendent who shall, if he
31 finds the statement of cancellation satisfies the requirements of this sec-
32 tion, deliver it to the secretary of state for filing and recording in his office
33 and the same shall be filed and recorded in the office of the county recorder.
34 The capital of the state bank shall be deemed reduced by the par value of
35 the shares so cancelled upon the effective date of such redemption.

1 **SEC. 519. Change of control — shares as security — reports.**

2 1. Whenever a change occurs in the ownership of the outstanding shares
3 of a state bank which will result in control or in a change in control of a
4 state bank, the president or cashier shall promptly report in writing such
5 facts to the superintendent upon obtaining knowledge thereof. As used in
6 this section, the term control means the power, directly or indirectly, to
7 elect the board of directors. If there is any doubt as to whether a change
8 in the ownership of the outstanding shares is sufficient to result in control
9 thereof, or to effect a change in the control thereof, such doubt shall be re-
10 solved in favor of reporting the facts to the superintendent.

11 2. Whenever twenty-five percent or more of the outstanding voting shares
12 of a state bank is used as security for any transaction, the person or persons
13 owning such shares shall promptly report such transaction to the superin-
14 tendent in writing.

15 3. The reports required by subsections one (1) and two (2) of this sec-
16 tion shall contain information (to the extent known by the person making
17 the report) relative to the number of shares involved, the names of the sell-
18 ers and purchasers (or transferors and transferees), the purchase price, the
19 name of the borrower, the amount, source, and terms of the loan, or other
20 transaction, the name of the bank issuing the shares used as security,
21 and the number of shares used as security.

22 4. The superintendent may require, at such times as he deems appropri-
23 ate, the submission of a financial statement from a shareholder or share-
24 holders of a state bank possessing, directly or indirectly, control of such
25 state bank.

1 **SEC. 520. Options for shares.** A state bank may authorize the
2 granting of options to officers and employees to purchase unissued, common
3 shares of the state bank in accordance with a plan approved by the super-
4 intendent provided the following steps are taken:

5 1. The plan is submitted to a vote of the shareholders at an annual meet-
6 ing or special meeting called for the purpose, the notice of the meeting
7 contains a complete description of the plan, and the plan receives the
8 affirmative vote of the holders of at least two-thirds of the shares entitled
9 to vote thereon.

10 2. The consideration per share shall be determined as of the date the
 11 options are granted and shall not be less than the sum of the capital repre-
 12 sented by common shares and the surplus of the state bank divided by
 13 the number of common shares issued and outstanding on such date, but
 14 in no case less than an amount approved by the superintendent.

15 3. Options to purchase shares shall have a termination date and shall not
 16 be transferable by the holder of the option during his lifetime. In the event
 17 that the option is to survive the death of the holder of the option, the op-
 18 tion shall terminate one year after the date of his death but may be exer-
 19 cised by his estate during that one year period.

20 4. Notice of the meeting shall describe the extent to which pre-emptive
 21 rights of shareholders are inapplicable to the issuance of shares under this
 22 section.

23 Upon approval by the shareholders the cashier shall reserve authorized
 24 but unissued shares for purposes of this section until the options are ex-
 25 exercised or expire.

26 Upon approval by the shareholders as provided in subsection one (1)
 27 of this section, the provisions of section five hundred six (506) of this Act
 28 inconsistent with this section shall be inapplicable.

Division VI DIRECTORS

1 SEC. 601. Board of directors.

2 1. The business and affairs of a state bank shall be managed by a board
 3 of five or more directors over the age of twenty-one, a majority of whom
 4 shall be citizens of this state and all of whom shall be citizens of the United
 5 States. No person shall be eligible to serve as a director of any state bank
 6 unless he is the owner, in his own right, free of any lien and encumbrance,
 7 of common shares in the state bank of which he is a director having a par
 8 value of not less than five hundred dollars.

9 2. The number of directors may be increased, or decreased to a number
 10 not less than five, by the shareholders at the annual meeting, or at a spe-
 11 cial meeting called for that purpose, but no decrease shall have the effect
 12 of shortening the term of an incumbent director.

1 SEC. 602. Board of directors — election. At the first annual meet-
 2 ing of shareholders and at each annual meeting thereafter the shareholders
 3 shall elect directors to hold office until the next succeeding annual meeting.
 4 Directors shall hold office for one year and until their successors have been
 5 elected and qualified, unless removed in accordance with provisions of sec-
 6 tion six hundred six (606) of this Act. When the shareholders increase the
 7 number of directors at an annual meeting or at a special meeting, they
 8 shall, at the same meeting or at a subsequent meeting, elect a director to
 9 fill each new directorship created.

1 SEC. 603. Vacancies. Unless otherwise provided in the articles of
 2 incorporation, the bylaws, or by action of the shareholders, any vacancy
 3 occurring in the board of directors may be filled by the affirmative vote of
 4 the majority of the directors then in office, even if less than a quorum of
 5 the board of directors. A director so elected shall be elected for the unex-
 6 pired term of his predecessor in office.

1 **SEC. 604. Duties and responsibilities.** The duties and responsibil-
2 ities of a director or of the board of directors shall include, but are not
3 limited to, the following:

- 4 1. Reasonably regular attendance at meetings of the board.
- 5 2. Employment of officer personnel, and determination of their compen-
6 sation.
- 7 3. Periodic review of the original records of the state bank, or compre-
8 hensive summaries thereof prepared by the officers of the state bank, per-
9 taining to loans, discounts, security interests and investments in bonds
10 and securities.
- 11 4. Utilization of a method to insure the safety of the funds of depositors
12 as provided for in section six hundred eight (608) of this Act.
- 13 5. Periodic review of the utilization of security measures for the protec-
14 tion of the state bank and the maintenance of reasonable insurance cover-
15 age.

16 Directors of a state bank shall discharge the duties of their position in
17 good faith and with that diligence, care and skill which ordinarily prudent
18 men would exercise under similar circumstances in like positions. The di-
19 rectors shall have a continuing responsibility to assure themselves that
20 the bank is being managed according to law and that the practices and pol-
21 icies adopted by the board are being implemented.

1 **SEC. 605. Liability of directors in certain cases.** In addition to
2 any other liabilities imposed by law upon directors of a state bank:

3 1. Directors of a state bank who vote for or assent to the declaration of
4 any dividend or other distribution of the assets of a state bank to its share-
5 holders in willful or negligent violation of the provisions of this Act or of
6 any restrictions contained in the articles of incorporation, shall be jointly
7 and severally liable to the state bank for the amount of such dividend
8 which is paid or the value of such assets which are distributed in excess of
9 the amount of such dividend or distribution which could have been paid
10 or distributed without a violation of the provisions of this Act or of the re-
11 strictions in the articles of incorporation.

12 2. The directors of a state bank who vote for or assent to any distribu-
13 tion of assets of a state bank to its shareholders during the dissolution of
14 the state bank without the payment and discharge of, or making adequate
15 provision for, all known debts, obligations, and liabilities of the state bank
16 shall be jointly and severally liable to the state bank for the value of such
17 assets which are distributed, to the extent that such debts, obligations and
18 liabilities of the state bank are not thereafter paid and discharged.

19 3. The directors of a state bank who, willfully or negligently, vote for
20 or assent to any loan or extension of credit resulting in an obligation, as
21 defined in subsection one (1) of section nine hundred four (904) of this Act,
22 to such state bank in violation of the provisions of this Act, shall be jointly
23 and severally liable to the state bank for the amount of any loss sustained
24 as a result of such obligation.

25 4. The directors of a state bank who, willfully or negligently, vote for
26 or assent to any investment of funds of the state bank in violation of the
27 provisions of this Act shall be jointly and severally liable to the state bank
28 for the amount of any loss sustained on such investment.

29 A director of a state bank who is present at a meeting of its board of
30 directors at which action on any matter is taken shall be presumed to have
31 assented to the action taken unless his dissent shall be entered in the min-

32 utes of the meeting or unless he shall file his written dissent to such action
33 with the individual acting as the secretary of the meeting before the ad-
34 journment thereof or shall forward such dissent by registered or certified
35 mail to the cashier of the state bank promptly after the adjournment of
36 the meeting. Such right to dissent shall not apply to a director who voted
37 in favor of such action.

38 A director shall not be liable under subsections one (1), two (2), three
39 (3), or four (4) of this section if he relied and acted in good faith upon in-
40 formation represented to him to be correct by an officer or officers of such
41 state bank or stated in a written report by a certified public accountant or
42 firm of such accountants. No director shall be deemed to be negligent
43 within the meaning of this section if he in good faith exercised that dili-
44 gence, care and skill which an ordinarily prudent man would exercise as
45 a director under similar circumstances.

46 Any director against whom a claim shall be asserted under or pursuant
47 to this section for the payment of a dividend or other distribution of assets
48 of a state bank and who shall be held liable thereon, shall be entitled to
49 contribution from the shareholders who accepted or received any such divi-
50 dend or assets, knowing such dividend or distribution to have been made
51 in violation of the provisions of this Act, in proportion to the amounts re-
52 ceived by them respectively. Further, any director against whom a claim
53 shall be asserted pursuant to this section for the payment of any liability
54 imposed by this section shall be entitled to contribution from any director
55 found to be similarly liable.

56 Whenever the superintendent deems it necessary he may require, after
57 affording an opportunity for a hearing upon adequate notice, that a direc-
58 tor or directors whom he reasonably believes to be liable to a state bank
59 pursuant to subsections one (1), two (2), three (3), or four (4) of this sec-
60 tion, to place in an escrow account in an insured bank located in this state,
61 as directed by the superintendent, an amount sufficient to discharge any
62 liability which may accrue pursuant to subsections one (1), two (2), three
63 (3), or four (4) of this section. The amount so deposited shall be paid over
64 to the state bank by the superintendent upon final determination of the
65 amount of such liability. Any portion of the escrow account which is not
66 necessary to meet such liability shall be repaid on a pro rata basis to the
67 directors who contributed to the fund.

68 Any action seeking to impose liability under this section, other than
69 liability for contribution, shall be commenced only within five years of
70 the action complained of and not thereafter.

1 **SEC. 606. Removal of directors.**

2 1. At a meeting of shareholders expressly called for that purpose, indi-
3 vidual directors or the entire board of directors may be removed, with or
4 without cause, by the affirmative vote of the holders of at least two-thirds
5 of the shares entitled to vote at an election of directors. The vacancies
6 created may be filled at the same meeting at which the removal proceed-
7 ings take place.

8 2. When, in the opinion of the superintendent any director of a state
9 bank shall have continued to violate any law relating to such state bank or
10 shall have continued unsafe or unsound practices in conducting the busi-
11 ness of such state bank, after having been warned by the superintendent
12 to discontinue or correct such violations of law or such unsafe or unsound
13 practices, the superintendent may cause notice to be served upon such di-

14 rector, to appear before the superintendent to show cause why he should
15 not be removed from office. A copy of such notice shall be sent to each di-
16 rector of the state bank affected, by registered or certified mail. If, after
17 granting the accused director a reasonable opportunity to be heard, the
18 superintendent finds that the director continued to violate any law relating
19 to such state bank or continued unsafe or unsound practices in conducting
20 the business of such state bank after having been warned by the super-
21 intendent to discontinue or correct such violations of law or such unsafe
22 or unsound practices, the superintendent, in his discretion, may order that
23 such director be removed from office. A copy of the order shall be served
24 upon such director and upon the state bank of which he is a director at
25 which time he shall cease to be a director of the state bank.

26 The decision of the superintendent shall be subject to review by the dis-
27 trict court of Polk county upon petition by the removed director within
28 thirty days after the superintendent notifies such director of his decision.
29 The decision of the superintendent shall be upheld unless unsupported
30 by substantial evidence. No action taken by a director prior to his removal
31 shall be subject to attack on the ground of his disqualification.

1 **SEC. 607. Meetings — waiver of notice — quorum.** The board of
2 directors shall hold at least one meeting each calendar month. A special
3 meeting may be called by the president, a vice-president, cashier or a di-
4 rector. Notice of a meeting shall be given to each director, either personally
5 or by mail, at least two days in advance of the meeting. Notice shall
6 not be required if the articles of incorporation, bylaws, or a resolution
7 of the board of directors provide for a regular monthly meeting date.

8 Attendance of a director at a meeting shall constitute a waiver of notice
9 of such meeting except where a director attends a meeting for the express
10 purpose of objecting to the transaction of any business because the meeting
11 is not lawfully called or convened.

12 Whenever any notice is required to be given to any director of a state
13 bank under the provisions of this Act or under the provisions of the articles
14 of incorporation or the bylaws of the state bank, a waiver thereof in writ-
15 ing, signed by the individual or individuals entitled to such notice, whether
16 before or after the time stated therein, shall be equivalent to the giving of
17 such notice.

18 A majority of the board of directors shall constitute a quorum for the
19 transaction of business unless a greater number is required by the articles
20 of incorporation or the bylaws. The act of the majority of the directors
21 present at a meeting at which a quorum is present shall be the act of the
22 board of directors, unless the act of a greater number is required by the
23 laws of this state or of the United States, the articles of incorporation or
24 the bylaws.

1 **SEC. 608. Examining by directors or auditing.** In addition to
2 any examination made by the superintendent or other supervisory agencies,
3 the board of directors shall employ at least one of the methods described in
4 this section.

5 1. An examining committee of not less than two members of the board
6 of directors, who are not officers, shall examine the condition of the state
7 bank at least once each six months, and submit a written report of each
8 examination to the board of directors, who shall record the report in their
9 minutes and deliver a copy of the report to the superintendent. The super-
10 intendent shall establish minimum standards for such examinations.

11 2. The board of directors may employ a certified public accountant or
12 a firm of such accountants to perform certain auditing functions for a
13 state bank during each year, according to generally accepted methods of
14 accounting practice. The superintendent may establish minimum standards
15 for such auditing functions. The report of the accountants shall be sub-
16 mitted to the board of directors, and a copy of the report shall be delivered
17 to the superintendent.

18 3. The board of directors may establish an autonomous internal audit
19 control system which shall be subject to approval of the superintendent.
20 The individual directing the internal audit control system shall submit to the
21 board of directors each quarter an interim report as to the degree of com-
22 pliance with the internal audit control system and shall express an opinion
23 as to the adequacy of the internal controls. A complete report shall be sub-
24 mitted annually to the board of directors, who shall record the report in
25 their minutes and deliver a copy of the report to the superintendent.

1 **SEC. 609. Executive and other committees.** If the articles of
2 incorporation or the bylaws so provide, the board of directors, by resolu-
3 tion adopted by a majority of the full board of directors, may designate from
4 among its members an executive committee and one or more other com-
5 mittees each of which, to the extent provided in such resolution or in the
6 articles of incorporation or the bylaws of the state bank shall have and
7 may exercise all the authority of the board of directors, but no such
8 committee shall have the authority of the board of directors in reference
9 to amending the articles of incorporation, adopting a plan of merger or
10 consolidation, recommending to the shareholders the sale, lease, exchange
11 or other disposition of all or substantially all the property and assets of
12 the state bank, recommending to the shareholders a voluntary dissolution
13 of the state bank or a revocation thereof, or amending the bylaws of the
14 state bank. The designation of any such committee and the delegation
15 thereto of authority shall not operate to relieve the board of directors,
16 or any member thereof, of any responsibility imposed by law.

1 **SEC. 610. Compensation of directors.** Subject to the approval of
2 the superintendent, the shareholders of a state bank shall fix the compen-
3 sation of directors for their services as members of the board of directors.
4 A director who is also a salaried officer or employee of the state bank of
5 which he is a director shall receive no additional compensation as director.
6 Directors may be reimbursed for reasonable expenses incurred in the per-
7 formance of their duties.

1 **SEC. 611. Oath of directors.** Each director of a state bank, before
2 acting as a director, shall take an oath that he will diligently, faithfully
3 and impartially perform the duties imposed upon him by law, that he will
4 not knowingly violate or willingly permit a violation of any of the provi-
5 sions of this Act, and that he meets the eligibility requirements of this Act.
6 The oath shall be signed by the director, acknowledged before an officer
7 authorized to take acknowledgements of deeds, and delivered to the super-
8 intendent.

1 **SEC. 612. Director dealing with state bank.**

2 1. The total obligations, as defined in subsection one (1) of section nine
3 hundred four (904) of this Act, of a director to a state bank of which he is
4 a director shall not exceed twenty percent of the capital and surplus of

5 the state bank except that the total obligations of a director to a state
6 bank of which he is a director shall not exceed forty percent of the capital
7 and surplus of the state bank if the amount by which such obligations
8 exceed twenty percent of the capital and surplus of the state bank
9 shall consist of obligations described in subparagraphs one (1), two (2),
10 and three (3) of paragraph *a* of subsection two (2) of section nine hundred
11 four (904) of this Act. A majority of the board of directors, voting in the
12 absence of the applying director, shall give its prior approval to any
13 obligation, as defined in subsection one (1) of section nine hundred
14 four (904) of this Act, of a director to the state bank of which he is a
15 director. The form of such approval shall be specified by the super-
16 intendent, and a copy recorded in the minutes of the board of direc-
17 tors.

18 2. A director shall not be permitted to receive any loan or extension
19 of credit or use any property of a state bank of which he is a director at a
20 a lower rate of interest or charge than the rate charged to other customers
21 under similar circumstances.

22 3. A director shall not be paid a higher rate of interest on deposits by a
23 state bank of which he is a director than the rate paid to any other custom-
24 er under similar circumstances.

25 4. A director shall not purchase or lease any assets from or sell or lease
26 any assets to a state bank of which he is a director except upon terms not
27 less favorable to the state bank than those offered to or by other persons.
28 All purchases or leases from and sales or leases to a director shall receive
29 the prior approval of a majority of the board of directors voting in the ab-
30 sence of the interested director.

31 5. For the purpose of this section, and section seven hundred six (706)
32 of this Act, any obligation, as defined in subsection one (1) of section nine
33 hundred four (904) of this Act, of the spouse (other than a spouse who is
34 separated from the director or officer under a decree of divorce or separate
35 maintenance) or minor children of a director or officer to the state bank in
36 which he is a director or officer shall be considered an obligation of such
37 director or officer.

1 **SEC. 613. Prohibitions applicable to directors.** No director of a
2 state bank shall:

3 1. Receive anything of value for procuring, or attempting to procure,
4 any loan or extension of credit resulting, or which would result, in an obli-
5 gation, as defined in subsection one (1) of section nine hundred four (904) of
6 this Act, to the state bank or for procuring, or attempting to procure, an
7 investment by the state bank, of which he is a director.

8 2. Overdraw his deposit account in the state bank.

1 **SEC. 614. Honorary and advisory directors.** The board of directors
2 of a state bank may appoint an individual as an honorary director, director
3 emeritus or member of an advisory board. An individual so appointed may
4 not vote at any meeting of the board of directors nor be counted in deter-
5 mining a quorum and shall not be charged with any responsibilities or be
6 subject to any liabilities imposed upon directors by this Act.

Division VII**OFFICERS AND EMPLOYEES**

1 **SEC. 701. Officers and employees.** A state bank shall have, as
2 officers, a president, one vice president and a cashier. As additional officers
3 the state bank may have a chairman, additional vice presidents, assistant
4 vice presidents, assistant cashiers and other officers as may be prescribed
5 by the articles of incorporation or the bylaws. Upon notice by the superin-
6 tendent, an individual who performs active executive or official duties for a
7 state bank may be treated as an officer for the purpose of this Act. A state
8 bank may have a chairman of the board of directors and one vice president
9 who, if they do not perform executive or official duties or receive a salary,
10 need not be treated as officers for the purpose of this Act. All officers shall
11 be elected by the board of directors. No more than two offices may be held
12 by the same individual. All other individuals employed by a state bank,
13 except directors who are not officers, shall be employees for the purpose of
14 this Act. The president of a state bank shall be a member of the board of
15 directors.

1 **SEC. 702. Officers — duties and liability.**

2 1. All officers of a state bank shall have such authority and perform such
3 duties in the management of the state bank as may be provided for in the
4 articles of incorporation or the bylaws, or as may be determined by a reso-
5 lution of the board of directors not inconsistent with the bylaws or the
6 articles of incorporation.

7 2. If an officer willfully or negligently submits any incorrect information
8 to a director or directors, and action by the board of directors contrary
9 to the provisions of this Act, or of any restrictions in the articles of in-
10 corporation, is taken in reliance thereon, the officer shall be liable to the
11 same extent as if he were a director voting for or assenting to such action,
12 as provided in section six hundred five (605) of this Act. An officer shall
13 also be liable to the extent of any loss sustained by the state bank as a
14 result of his willful or negligent violation of any provision of this Act.
15 The superintendent may require an officer or officers whom he reasonably
16 believes to be liable to a state bank pursuant to this section, to place in a
17 trust account an amount sufficient to discharge such liability in the man-
18 ner provided for in section six hundred five (605) of this Act. No officer
19 shall be deemed to be negligent within the meaning of this section if he
20 exercised that diligence, care and skill which an ordinarily prudent man
21 would exercise as an officer under similar circumstances.

1 **SEC. 703. Officers — employment and compensation.** The board
2 of directors may fix the tenure and provide for the reasonable compensa-
3 tion of officers. Upon approval by the board of directors, officers may be
4 reimbursed for reasonable expenses incurred by them in behalf of the
5 state bank.

6 Subject to the approval of the superintendent, and approval by the
7 shareholders at an annual or special meeting called for the purpose, the
8 board of directors of a state bank may adopt a pension or profit sharing
9 plan, or both, or other plan of deferred compensation, for both officers and
10 employees, to which the state bank may contribute.

1 **SEC. 704. Employee — employment and compensation.** Employ-
 2 ees of a state bank may be employed by the president or his representative
 3 who shall determine, subject to the approval of the board of directors,
 4 their compensation and tenure. Employees may be reimbursed for reason-
 5 able expenses incurred by them in behalf of the state bank, upon approval
 6 of a designated officer.

1 **SEC. 705. Bonds of officers and employees.** The officers and em-
 2 ployees of a state bank having the care, custody, or control of any funds or
 3 securities for any state bank shall give a good and sufficient bond in a
 4 company authorized to do business in this state indemnifying the state
 5 bank against losses, which may be incurred by reason of any act or acts
 6 of fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful ab-
 7 straction, misapplication, misappropriation, or other unlawful act commit-
 8 ted by such officer or employee directly or through connivance with oth-
 9 ers, until all of his accounts with the state bank shall have been fully set-
 10 tled and satisfied. The amounts and sureties shall be subject to the approval
 11 of the board of directors. If the agent of a bonding company issuing a bond
 12 under this section is an officer or employee of the state bank upon which
 13 the bond was issued, the bond so issued shall contain a provision that the
 14 bonding company shall not use, either as a grounds for rescission or as a de-
 15 fense to liability under the terms and conditions of the bond, the knowledge
 16 that the agent was so employed, whether or not he received any part of the
 17 premium for such bond as a commission.

1 **SEC. 706. Officer dealing with state bank.**

2 1. An officer of a state bank may receive loans or extensions of credit from
 3 a state bank of which he is an officer, resulting in obligations as defined in
 4 subsection one (1) of section nine hundred four (904) of this Act, not exceed-
 5 ing thirty thousand dollars if, at the time such obligation is incurred, it is
 6 secured by a first lien on a dwelling which is expected, after the obligation
 7 is incurred, to be owned by the officer and used by him as his residence,
 8 and such other loans or extensions of credit which in aggregate do not at
 9 any one time exceed five thousand dollars provided however, a state bank
 10 shall not loan money or extend credit to an officer of such state bank, nor
 11 shall an officer of a state bank receive a loan or extension of credit from
 12 such state bank, exceeding the limitations imposed by this section or for a
 13 purpose other than that authorized by this section, and, provided further,
 14 such loans or extensions of credit shall not exceed an amount totalling
 15 more than twenty percent of the capital and surplus of the state bank and
 16 any such loan on real property shall comply with section nine hundred five
 17 (905) of this Act. A majority of the board of directors, voting in the ab-
 18 sence of the applying officer, whether or not he is also a director, shall give
 19 its prior approval to any obligation of an officer to the state bank of
 20 which he is an officer. The form of approval shall be specified by the super-
 21 intendent, and a copy recorded in the minutes of the board of directors.

22 2. The provisions of subsections two (2), three (3), and four (4) of sec-
 23 tion six hundred twelve (612) of this Act shall apply to officers.

24 3. If an individual is a director and an officer, he shall be subject to the
 25 limitations of subsection one (1) of this section.

26 4. Whenever an officer of a state bank borrows from or otherwise be-
 27 comes obligated to any person or persons other than the state bank of which
 28 he is an officer, in a total amount equal to or exceeding twenty five* thou-

*According to enrolled Act.

29 sand dollars excluding such amounts as may be owing by him secured by a
 30 first lien on a dwelling which is used by him as his residence, the officer
 31 shall report in writing to the superintendent that he is so obligated. Upon
 32 the request of the superintendent, an officer of a state bank shall submit
 33 to the superintendent, a personal financial statement which shall show the
 34 names of all persons to whom the officer is obligated, the dates, terms, and
 35 amounts of each loan or other obligation, the security therefor, and the
 36 purpose for which the proceeds of such loans or other obligations have
 37 been or are to be used.

1 **SEC. 707. Removal of officers.**

2 1. Any officer may be removed by the board of directors whenever in
 3 its judgment the best interests of the state bank shall be served thereby,
 4 but such removal shall be without prejudice to the contract rights, if any,
 5 of the officer so removed. Election of an officer shall not of itself create
 6 contract rights.

7 2. Subsection two (2) of section six hundred six (606) of this Act, provid-
 8 ing for the removal of directors by the superintendent, shall have equal
 9 application to officers.

1 **SEC. 708. Report of change in officer personnel.** A state bank
 2 shall promptly notify the superintendent of any change in the names of
 3 individuals holding the offices of chairman, president, vice-president, and
 4 cashier.

1 **SEC. 709. Duty to make records available to superintendent.**
 2 The officers and employees of a state bank shall make all records of the
 3 state bank available to the superintendent for the purpose of examination
 4 or for any other reasonable purpose.

1 **SEC. 710. Prohibitions applicable to officers and employees.** No
 2 officer or employee of a state bank shall:

3 1. Receive anything of value for procuring, or attempting to procure,
 4 any loan or extension of credit resulting, or which would result, in an
 5 obligation, as defined in subsection one (1) of section nine hundred four
 6 (904) of this Act, to the state bank or for procuring, or attempting to pro-
 7 cure, an investment by the state bank, of which he is an officer or employee.

8 2. Overdraw his deposit account in the state bank.

9 3. Engage, directly or indirectly, in the sale of any kind of insur-
 10 ance, shares of stock, bonds or other securities, or real property, or procure
 11 or attempt to procure for a fee or other compensation, a loan or extension
 12 of credit for any person from a person other than the state bank of which
 13 he is an officer or employee, or act in any fiduciary capacity, unless author-
 14 ized to do so by the board of directors of the state bank which shall also
 15 determine the manner in which the profits, fees, or other compensation de-
 16 rived therefrom shall be distributed.

Division VIII

GENERAL BANKING POWERS

1 **SEC. 801. General powers.** A state bank, unless otherwise stated
 2 in its articles of incorporation, shall have power:

3 1. To have perpetual succession by its corporate name.

4 2. To sue and be sued, complain and defend, in its corporate name.

5 3. To have a corporate seal which may be altered at pleasure, and to
6 use the same by causing it, or a facsimile thereof, to be impressed or
7 affixed or in any other manner reproduced.

8 4. To purchase, take, receive, lease, or otherwise acquire, own, hold,
9 improve and use real or personal property, or an interest therein, in con-
10 nection with the exercise of any power granted in this Act.

11 5. To sell, convey, pledge, mortgage, grant a security interest, lease, ex-
12 change, transfer, and release from trust or mortgage or otherwise dispose of
13 all or any part of real or personal property, or an interest therein, in
14 connection with the exercise of any power granted in this Act.

15 6. To make and alter bylaws, not inconsistent with its articles of incor-
16 poration or with the laws of this state, for the administration and regula-
17 tion of the affairs of the state bank.

18 7. To make donations for the public welfare for religious, charitable, sci-
19 entific or educational or community development purposes.

20 8. To indemnify any director, officer or employee, a former director, officer
21 or employee of the state bank in the manner and in the instances author-
22 ized by subsections one (1), two (2), three (3), and four (4) of section two
23 (2), chapter three hundred sixty-three (363), Acts of the Sixty-second Gen-
24 eral Assembly.

25 9. To elect officers or appoint agents of the state bank and define their
26 duties and fix their compensation.

27 10. To cease its existence as a state bank in the manner provided for in
28 this Act.

29 11. To have and exercise all powers necessary and proper to effect any
30 or all of the purposes for which the state bank is organized.

31 12. To contract indebtedness and incur liabilities to effect any or all of
32 the purposes for which the state bank is organized, subject to the provisions
33 of this Act.

34 The powers granted in this section shall not be construed as limiting or
35 enlarging any grant of authority made elsewhere in this Act, or as a limita-
36 tion on the purposes for which a state bank may be incorporated.

1 **SEC. 802. Additional powers related to conduct of business of a**
2 **state bank.** A state bank shall have in addition to other powers granted
3 by this Act, and subject to the limitations and restrictions contained in this
4 Act:

5 1. The power to become a member of a clearing house association.

6 2. The power to become a member of the federal reserve system, to hold
7 shares of stock in a federal reserve bank, to take all actions incident to
8 maintenance of such membership and to exercise all powers not inconsistent
9 with the provisions of this Act conferred on member banks by the federal
10 reserve system.

11 3. The power to become an insured bank pursuant to the federal deposit
12 insurance act and to take all actions incident to maintenance of an in-
13 sured status thereunder.

14 4. The power to act as agent of the United States or of any instrumentality
15 or agency thereof for the sale or issue of bonds, notes or other obliga-
16 tions of the United States.

17 5. The power to buy and sell coin, currency and bullion.

18 6. All other powers incidental to the conduct of the business of banking.

1 **SEC. 803. Business property of state bank.**

2 1. A state bank shall have power to:

3 *a.* Acquire and hold, or lease as lessee, such personal property as is used,
4 or is to be used, in its operations.

5 *b.* Subject to the prior approval of the superintendent, acquire and hold,
6 or lease as lessee, only such real property as is used, or is to be used, wholly
7 or substantially, in its operations or acquired for future use.

8 *c.* Subject to the prior approval of the superintendent, acquire and hold
9 shares in a corporation engaged solely in holding or operating real property
10 used wholly or substantially by a state bank in its operations or acquired
11 for its future use and in a corporation organized solely for the purpose of
12 providing data processing services, as such services are defined in the first
13 sentence of section eight hundred four (804) of this Act.

14 *d.* Subject to the prior approval of the superintendent, invest in a bank
15 service corporation as defined by, and in accordance with, the laws of the
16 United States.

17 2. The book value of all real and personal property acquired and held
18 pursuant to this section, of all alterations to buildings on real property
19 owned or leased by a state bank, of all shares in corporations acquired pur-
20 suant to paragraphs *c* and *d* of subsection one (1) of this section, and of any
21 and all obligations of such corporations to the state bank, shall not exceed
22 twenty-five percent of the capital and surplus of the state bank or such
23 larger amount as may be approved by the superintendent.

24 3. Any real property which is held by a state bank pursuant to this sec-
25 tion and which it ceases to use for banking purposes, or is acquired for fu-
26 ture use but not used within a reasonable period of time, shall be sold or
27 disposed of by the state bank as directed by the superintendent.

1 **SEC. 804. Data processing services.** A state bank which owns or
2 leases equipment to perform such bank services as check and deposit sort-
3 ing and posting, computation and posting of interest and other credits and
4 charges, preparation and mailing of checks, statements, notices and similar
5 items, or other clerical, bookkeeping, accounting, statistical, or other sim-
6 ilar functions, may provide similarly related data processing services for
7 others whether or not engaged in the business of banking. If a state bank
8 holds shares in a corporation organized solely for the purpose of providing
9 data processing services, pursuant to the authority granted by paragraph *c*
10 of subsection one (1) of section eight hundred three (803) of this Act, other
11 than a bank service corporation as defined by the laws of the United
12 States, such corporation shall be authorized to perform services for the
13 state bank owning such interest and for others, whether or not engaged in
14 the business of banking.

1 **SEC. 805. Deposits.**

2 1. A state bank may receive money for deposit and may provide, by reso-
3 lution of the board of directors, for the payment of interest thereon in an
4 amount not inconsistent with the provisions of subsection two (2) of this
5 section and shall repay such deposit in accordance with the terms and con-
6 ditions of its acceptance.

7 2. A state bank shall not, directly or indirectly, by any device whatso-
8 ever, pay any interest on any demand deposit. The superintendent may
9 from time to time limit by general regulation, applicable to all state banks,
10 the rates of interest that may be paid by a state bank on time and savings

11 deposits. The superintendent may prescribe different rate limitations for
12 different classes of deposits, for deposits of different amounts or with differ-
13 ent maturities, or subject to different conditions regarding withdrawal or
14 repayment according to such reasonable basis as the superintendent may
15 deem desirable in the public interest. The superintendent shall by regula-
16 tion define what constitutes time, savings and demand deposits in a state
17 bank. Such regulations shall prohibit any state bank from paying any time
18 deposit before its maturity except upon such conditions and in accordance
19 with such regulations as may be prescribed by the superintendent and shall
20 prohibit any state bank from waiving any requirement of notice before
21 payment of any savings deposit except as to all savings deposits having
22 the same requirement.

23 3. The terms and conditions attending an agreement to pay interest on
24 deposits shall be furnished to each customer at the time of the acceptance
25 by the state bank of the initial deposit. No change made in the terms and
26 conditions attending an agreement to pay interest which adversely affects
27 the interest of a depositor shall be retroactively effective. Savings account
28 depositors and holders and payees of automatic renewal time certificates of
29 deposit shall be given reasonable notice of any change in the terms and
30 conditions attending an agreement to pay interest prior to the effective
31 date thereof.

32 4. A state bank may make such charges for the handling or custody of
33 deposits as may be fixed by its board of directors provided that a schedule of
34 such charges shall be furnished to the customer at the acceptance by the
35 state bank of the initial deposit. Any change in such charges shall be fur-
36 nished to the customer within a reasonable amount of time before the
37 effective date of such change.

38 5. A state bank shall not accept deposits or renew certificates of deposit
39 when insolvent.

40 6. Except as provided in section eight hundred seven (807) of this Act,
41 a state bank may receive deposits by or in the name of a minor and may
42 deal with a minor with respect to a deposit account without the consent of
43 a parent, guardian or conservator and with the same effect as though the
44 minor were an adult. Any action of the minor with respect to such deposit
45 account shall be binding on the minor with the same effect as though an
46 adult.

47 7. A state bank may receive deposits from a person acting as fiduciary
48 or in an official capacity which shall be payable to such person in such
49 capacity.

50 8. A state bank may receive deposits from a corporation, trust, estate,
51 association or other similar organization which shall be payable to any per-
52 son authorized by its board of directors or other persons exercising similar
53 functions.

1 **SEC. 806. Deposit in the names of two or more individuals.** When
2 a deposit shall be made in any state bank in the names of two individuals,
3 payable to either, or payable to either or the survivor, such deposit, includ-
4 ing interest, or any part thereof, may be paid to either of such individuals
5 whether the other be living or not, and the receipt or acquittance of the
6 person so paid shall be a valid and sufficient release and discharge to the
7 state bank for any payment so made.

1 **SEC. 807. Payment of deposited funds.** When any deposit shall
2 be made by any individual in trust for another, and no other or further
3 notice of the existence and terms of a legal and valid trust shall have been
4 given to the state bank, in the event of the death of the trustee, the same
5 or any part thereof, together with interest thereon, may be paid to the in-
6 dividual for whom the deposit was made, or to his or her legal representa-
7 tives; provided that the individual for whom the deposit was made, if a
8 minor, shall not draw the same during his or her minority without the con-
9 sent of the legal representatives of said trustee.

1 **SEC. 808. Adverse claims to deposits.**
2 1. A state bank shall not be required, in the absence of a court order
3 or indemnity required by this section, to recognize any claim to, or any
4 claim of authority to exercise control over, a deposit account made by a
5 person or persons other than:

6 *a.* The customer in whose name the account is held by the state bank.
7 *b.* An individual or group of individuals who are authorized to draw on
8 or control the account pursuant to certified corporate resolution or other
9 written arrangement with the customer, currently on file with the state
10 bank, which has not been revoked by valid corporate action in the case of a
11 corporation, or by a valid agreement or other valid action appropriate for
12 the form of legal organization of any other customer, of which the state
13 bank has received notice and which is not the subject of a dispute known to
14 the state bank as to its original validity. The deposit account records of a
15 state bank shall be presumptive evidence as to the identity of the customer
16 on whose behalf the money is held.

17 2. To require a state bank to recognize an adverse claim to, or adverse
18 claim of authority to control, a deposit account, whoever makes the claim
19 must either:

20 *a.* Obtain and serve on the state bank an appropriate court order or
21 judicial process directed to the state bank, restraining any action with re-
22 spect to the account until further order of such court or instructing the
23 state bank to pay the balance of the account, in whole or in part, as pro-
24 vided in the order or process; or

25 *b.* Deliver to the state bank a bond, in form and amount and with sure-
26 ties satisfactory to the state bank, indemnifying the state bank against any
27 liability, loss or expense which it might incur because of its recognition of
28 the adverse claim or because of its refusal by reason of such claim to honor
29 any check or other order of anyone described in paragraphs *a* and *b* of sub-
30 section one (1) of this section.

1 **SEC. 809. Authority to lease safe deposit boxes.**

2 1. A state bank may lease safe deposit boxes for the storage of property
3 on terms and conditions prescribed by it. Such terms and conditions shall
4 not bind any customer to whom the state bank does not give notice thereof
5 by delivery of a lease and agreement in writing containing such terms and
6 conditions. A state bank may limit its liability provided such limitations
7 are set forth in the lease and agreement in at least the same size and type
8 as the other substantive provisions of the contract.

9 2. The lease and agreement of a safe deposit box may provide that evi-
10 dence tending to prove that property was left in any such box upon the last
11 entry by the customer or his authorized agent, and that the same or any
12 part thereof was found missing upon subsequent entry, shall not be suffi-

13 cient to raise a presumption that the same was lost by any negligence or
 14 wrongdoing for which such state bank is responsible, or put upon the state
 15 bank the burden of proof that such alleged loss was not the fault of the
 16 state bank.

17 3. A state bank may lease a safe deposit box to a minor. A state bank
 18 may deal with a minor with respect to a safe deposit lease and agreement
 19 without the consent of a parent, guardian or conservator and with the
 20 same effect as though the minor were an adult. Any action of the minor
 21 with respect to such safe deposit lease and agreement shall be binding on
 22 the minor with the same effect as though an adult.

23 4. A state bank which has on file a power of attorney of a customer
 24 covering a safe deposit lease and agreement, which has not been revoked
 25 by the customer, shall incur no liability as a result of continuing to honor
 26 the provisions of the power of attorney in the event of the death or incom-
 27 petence of the donor of the power of attorney until it receives written no-
 28 tice of the death, or written notice of adjudication by a court of the incom-
 29 petence of the customer and the appointment of a guardian or conservator.

1 SEC. 810. **Search procedure on death.** A state bank shall permit
 2 the person named in a court order for the purpose or, if no order has been
 3 served upon the state bank, the spouse, a parent, an adult descendant or
 4 a person named as executor in a copy of a purported will produced by him,
 5 to open and examine the contents of a safe deposit box leased by a dece-
 6 dent, or to examine any property delivered by a decedent for safekeeping,
 7 in the presence of an officer of the state bank. The state bank shall, if
 8 requested by such person, and upon their receipt therefor, deliver:

9 1. Any writing purported to be a will of the decedent to the court hav-
 10 ing jurisdiction of the decedent's estate.

11 2. Any writing purported to be a deed to a burial plot, or to give burial
 12 instructions, to the person making the request for a search.

13 3. Any document purported to be an insurance policy on the life of the
 14 decedent to the beneficiary named therein. A state bank shall prepare and
 15 keep a list of any contents delivered pursuant to this section describing the
 16 nature of the property and the individual to whom delivered, and place a
 17 copy of the list in the safe deposit box from which such contents were re-
 18 moved.

1 SEC. 811. **Adverse claims to property in safe deposit and safe-**
 2 **keeping.**

3 1. A state bank shall not be required, in the absence of a court order
 4 or indemnity required by this section, to recognize any claim to, or claim of
 5 authority to exercise control over, property held in safe deposit or property
 6 held for safekeeping pursuant to section eight hundred thirteen (813) of
 7 this Act made by a person or persons other than:

8 a. The customer in whose name the property is held by the state bank.

9 b. An individual or group of individuals who are authorized to have
 10 access to the safe deposit box, or to the property held for safekeeping, pur-
 11 suant to a certified corporate resolution or other written arrangement with
 12 the customer, currently on file with the state bank, which has not been
 13 revoked by valid corporate action in the case of a corporation, or by a valid
 14 agreement or other valid action appropriate for the form of legal organiza-
 15 tion of any other customer, of which the state bank has received notice
 16 and which is not the subject of a dispute known to the state bank as to its

17 original validity. The safe deposit and safekeeping account records of a state
18 bank shall be presumptive evidence as to the identity of the customer on
19 whose behalf the money is held.

20 2. To require a state bank to recognize an adverse claim to, or adverse
21 claim of authority to control, property held in safe deposit or for safe-
22 keeping, whoever makes the claim must either:

23 *a.* Obtain and serve on the state bank an appropriate court order or ju-
24 dicial process directed to the state bank, restraining any action with respect
25 to the property until further order of such court or instructing the state
26 bank to deliver the property, in whole or in part, as provided in the order
27 or process; or

28 *b.* Deliver to the state bank a bond, in form and amount and with sure-
29 ties satisfactory to the state bank, indemnifying the state bank against any
30 liability, loss or expense which it might incur because of its recognition of
31 the adverse claim or because of its refusal to deliver the property to any
32 person described in paragraphs *a* and *b* of subsection one (1) of this section.

1 **SEC. 812. Remedies and proceedings for non-payment of rent on**
2 **safe deposit box.**

3 1. A state bank shall have a lien upon the contents of a safe deposit
4 box for past due rentals and any expense incurred in opening the safe
5 deposit box, replacement of the locks thereon, and of any sale made pur-
6 suant to this section. If the rental of any safe deposit box is not paid within
7 six months from the day it is due, at any time thereafter and while such
8 rental remains unpaid, the state bank shall mail a notice by certified or
9 registered mail to the customer at his last known address as shown upon
10 the records of the state bank, stating that if the amount due for such rent-
11 al is not paid on or before a specified day, which shall be at least thirty
12 days after the date of mailing such notice, the state bank will remove the
13 contents thereof and hold the same for the account of the customer.

14 2. If the rental for the safe deposit box has not been paid after the ex-
15 piration of the period specified in a notice mailed pursuant to subsection
16 one (1) of this section, the state bank may, in the presence of two of its
17 officers, cause the box to be opened and the contents removed. An inven-
18 tory of the contents of the safe deposit box shall be made by the two officers
19 present and the contents held by the state bank for the account of the
20 customer.

21 3. If the contents are not claimed within two years after their removal
22 from the safe deposit box, the state bank may proceed to sell so much of
23 the contents as is necessary to pay the past due rentals and the expense
24 incurred in opening the safe deposit box, replacement of the locks thereon
25 and the sale of the contents. The sale shall be held at the time and place
26 specified in a notice published prior to the sale once each week for two suc-
27 cessive weeks in a newspaper of general circulation published in the mu-
28 nicipal corporation or unincorporated area in which the state bank has its
29 principal place of business, or if there is none, a newspaper of general cir-
30 culation published in the county, or in a county adjoining the county, in
31 which the state bank has its principal place of business. A copy of the
32 notice so published shall be mailed to the customer at his last known ad-
33 dress as shown upon the records of the state bank. The notice shall contain
34 the name of the customer and need only describe the contents of the safe
35 deposit box in general terms. The contents of any number of safe deposit
36 boxes may be sold under one notice of sale and the cost thereof appor-

37 tioned ratably among the several safe deposit box customers involved. At
 38 the time and place designated in said notice the contents taken from each
 39 respective safe deposit box shall be sold separately to the highest bidder
 40 for cash and the proceeds of each sale applied to the rentals and expenses
 41 due to the state bank and the residue from any such sale shall be held by
 42 the state bank for the account of the customer or customers. Any amount
 43 so held as proceeds from such sale shall be credited with interest at the
 44 customary annual rate for savings accounts at said state bank, or in lieu
 45 thereof, at the customary rate of interest in the community where such
 46 proceeds are held. The crediting of interest shall not activate said account
 47 to avoid an abandonment as unclaimed property under chapter three hun-
 48 dred ninety-one (391), Acts of the Sixty-second General Assembly.

49 4. Notwithstanding any of the provisions of this section, shares, bonds,
 50 or other securities which, at the time of a sale pursuant to subsection three
 51 (3) of this section, are listed on any established stock exchange in the Unit-
 52 ed States, shall not be sold at public sale but may be sold through an es-
 53 tablished stock exchange. Upon the making of a sale of any such securities,
 54 an officer of the state bank shall execute and attach to the securities so
 55 sold an affidavit reciting facts showing that such securities were sold pur-
 56 suant to this section and that the state bank has complied with the provi-
 57 sions of this section. The affidavit shall constitute sufficient authority to
 58 any corporation whose shares are so sold or to any registrar or transfer
 59 agent of such corporation to cancel the certificates of shares so sold and
 60 to issue a new certificate or certificates representing such shares to the pur-
 61 chaser thereof, and to any registrar, trustee, or transfer agent of registered
 62 bonds or other securities, to register any such bonds or other securities in
 63 the name of the purchaser thereof.

64 5. The proceeds of any sale made pursuant to this section, after the pay-
 65 ment of any amounts with respect to which the state bank has a lien, any
 66 property which was not offered for sale and property which, although offered
 67 for sale, was not sold, shall be retained by the state bank until such time
 68 as the property is presumed abandoned according to the provisions of sec-
 69 tion two (2) of chapter three hundred ninety-one (391), Acts of the Sixty-
 70 second General Assembly, and shall thereafter be handled in accordance
 71 with the provisions of that chapter.

1 **SEC. 813. Authority to receive property for safekeeping.**

2 1. A state bank may accept property for safekeeping if, except in the
 3 case of night depositories, it issues a receipt therefor. A state bank accept-
 4 ing property for safekeeping shall purchase and maintain reasonable insur-
 5 ance coverage to insure against loss incurred in connection with the accept-
 6 ance of property for safekeeping. Property held for safekeeping shall not
 7 be commingled with the property of the state bank or the property of others.

8 2. A state bank shall have a lien upon any property held for safekeeping
 9 for past due charges for safekeeping and for expenses incurred in any sale
 10 made pursuant to this subsection. If the charge for the safekeeping of prop-
 11 erty is not paid within six months from the day it is due, at any time
 12 thereafter and while such charge remains unpaid, the state bank may mail
 13 a notice to the customer at his last known address as shown upon the
 14 records of the state bank, stating that if the amount due is not paid on or
 15 before a specified day, which shall be at least thirty days after the date of
 16 mailing such notice, the state bank will remove the property from safe-
 17 keeping and hold the same for the account of the customer. After the expi-

18 ration of the period specified in such notice, if the charge for safekeeping
19 has not been paid, the state bank may remove the property from safe-
20 keeping, cause the property to be inventoried and hold the same for the
21 account of the customer. If the property is not claimed within two years
22 after its removal from safekeeping the state bank may proceed to sell so
23 much thereof as is necessary to pay the charge which remains unpaid and
24 the expense incurred in making the sale in the manner provided for in sub-
25 sections three (3) and four (4) of section eight hundred twelve (812) of this
26 Act. The proceeds of any sale made pursuant to this section, after payment
27 of any amounts with respect to which the state bank has a lien, any proper-
28 ty which was not offered for sale and property which, although offered for
29 sale, was not sold, shall be retained by the state bank until such time as
30 the property is presumed abandoned according to the provisions of section
31 two (2) of chapter three hundred ninety-one (391), Acts of the Sixty-second
32 General Assembly, and shall thereafter be handled in accordance with the
33 provisions of that chapter.

1 **SEC. 814. Pledge of assets.** Pursuant to a resolution of its board of
2 directors, a state bank may pledge its assets for the following purposes,
3 and for no other purposes:

4 1. To secure deposits when a customer is required to obtain such security
5 by the laws of the United States, the laws of the state of Iowa, by the
6 terms of any interstate compact or by order of any court of competent
7 jurisdiction.

8 2. To secure money borrowed by the state bank, provided that capital
9 notes or debentures issued pursuant to section four hundred four (404)
10 of this Act shall not in any event be secured by a pledge of assets or other-
11 wise.

1 **SEC. 815. Deposits by a state bank.** A state bank may deposit its
2 funds in a depository which is selected by, or in a manner authorized by,
3 the directors of a state bank and which is authorized by law to receive
4 deposits and is subject to supervision by banking authorities of the United
5 States or of any state, and, with the prior approval of the superintendent,
6 in any other depository.

1 **SEC. 816. Cash reserve requirements.**

2 1. A state bank which is a member of the federal reserve system shall
3 maintain cash reserves in accordance with the requirements applicable to
4 a member bank under the laws of the United States.

5 2. A state bank which is not a member of the federal reserve system
6 shall maintain cash reserves against its deposits in amounts:

7 *a.* In the case of a state bank with its principal place of business in a
8 municipal corporation defined as a reserve city by the laws of the United
9 States, not less than ten percent of its demand deposits except that the su-
10 perintendent may on such basis as he may deem appropriate in view of the
11 character of the business transacted by such state bank, make applicable
12 the reserve requirement prescribed for banks not having their principal
13 place of business in such a reserve city.

14 *b.* In the case of a state bank not having its principal place of business
15 in a municipal corporation defined as a reserve city by the laws of the Unit-
16 ed States, not less than seven percent of its demand deposits.

17 *c.* In the case of any deposit other than a demand deposit, not less than
18 three percent.

19 3. A state bank, except a state bank which is a member of the federal
20 reserve system, shall determine the amount of its cash reserves required by
21 this section in accordance with a formula prescribed by the superintendent
22 by general regulation applicable to all such state banks.

23 4. The cash reserves required by this section of a state bank which is
24 not a member of the federal reserve system shall consist of United States
25 coin and currency on hand and funds on deposit in other banks, the depos-
26 its of which are insured by the federal deposit insurance corporation.

27 5. Whenever it shall appear necessary to do so in the interest of the de-
28 positors of a state bank, the superintendent may require that the state bank
29 maintain reserves exceeding the amount required by this section consist-
30 ing of such obligations of the United States as the superintendent shall
31 prescribe.

1 **SEC. 817. Deficiency in cash reserves.**

2 1. Whenever it appears that a state bank is not paying due regard to the
3 maintenance of its cash reserves as required by subsection two (2) of sec-
4 tion eight hundred sixteen (816) of this Act, the superintendent may re-
5 quire the state bank to submit periodic reports relating to its cash reserves
6 at such intervals as the superintendent may deem necessary.

7 2. If a state bank fails to maintain the cash reserves required by section
8 eight hundred sixteen (816) of this Act, the superintendent shall order the
9 state bank to restore its cash reserves and if it fails to do so within a rea-
10 sonable time, he may take over the management of the property and busi-
11 ness of the state bank as provided for in sections two hundred twenty-four
12 (224) and two hundred twenty-six (226) of this Act.

1 **SEC. 818. Indebtedness of state bank.** A state bank may borrow
2 money or otherwise contract indebtedness for necessary expenses in man-
3 aging and transacting its business, to maintain proper cash reserves, and
4 for other corporate purposes, provided, however, the superintendent may
5 prohibit or place restrictions upon money borrowed or other indebtedness
6 which would, in his judgment, constitute an unsafe or unsound practice
7 in view of the condition and circumstances of the state bank. Nothing con-
8 tained in this section shall limit the right of a state bank to issue capital
9 notes or debentures pursuant and subject to the provisions of section four
10 hundred four (404) of this Act.

1 **SEC. 819. Clearing checks at par.** Checks drawn on a state bank
2 shall be cleared at par by the state bank on which they are drawn. This
3 section shall not be applicable where checks are received by a bank as
4 special collection items.

1 **SEC. 820. Money received for transmission.**

2 1. A state bank shall have power to receive money for transmission.
3 Upon receiving money for transmission, a state bank shall give the customer
4 a receipt setting forth the date of receipt of the money, the amount of the
5 money in dollars and cents, and if the money is to be transmitted to a for-
6 eign country in the currency of such country, the amount of the money in
7 such currency.

8 2. In an action by a customer against a state bank for recovery of money
9 delivered for transmission, the burden of proof of delivery of the money in
10 accordance with the instructions of the customer shall be on the state bank
11 but an affidavit by an agent or depository of the state bank that the money

12 was delivered in accordance with the instructions of the customer and a
13 receipt for the money signed in the name of the recipient designated by
14 the customer shall be prima facie evidence of the delivery of the money in
15 accordance with the instructions of the customer.

Division IX

INVESTMENT AND LENDING POWERS

1 **SEC. 901. Investments.**

2 1. A state bank may invest without limitation for its own account in
3 the following bonds or securities:

4 *a.* Obligations of the United States and bonds and securities with respect
5 to which the payment of principal and interest is fully and unconditionally
6 guaranteed by the United States.

7 *b.* Obligations issued by any or all of the federal land banks, any or all
8 of the federal intermediate credit banks, any or all of the banks for cooper-
9 atives, and any or all of the federal home loan banks, organized under the
10 laws of the United States.

11 *c.* Obligations issued by the federal national mortgage association, under
12 the laws of the United States.

13 *d.* Any other bonds or securities which are the obligations of or the pay-
14 ment of principal and interest of which is fully and unconditionally guar-
15 anteed by a federal reserve bank or by any department, bureau, board,
16 commission, agency or establishment of the United States, or any corpo-
17 ration owned directly or indirectly by the United States.

18 *e.* General obligations of the state of Iowa and of political subdivisions
19 thereof.

20 2. A state bank may invest for its own account in other readily market-
21 able bonds or securities, with investment characteristics as defined by the
22 superintendent by general regulation applicable to all state banks, provid-
23 ed, however, that in no event shall the total amount of such bonds or se-
24 curities of any one issuer or obligor exceed twenty percent of the capital
25 and surplus of the state bank. No such bond or security shall be eligible
26 for investment by a state bank within this subsection if such bond or se-
27 curity shall have been in default either as to principal or interest at any
28 time within five years prior to the date of purchase.

29 3. A state bank shall not, directly or indirectly, invest for its own ac-
30 count in the shares of any corporation except:

31 *a.* Shares in a federal reserve bank.

32 *b.* Shares in the federal national mortgage association.

33 *c.* When approved by the superintendent, shares and obligations of a
34 corporation engaged solely in making loans for agricultural purposes eligi-
35 ble to discount or sell loans to a federal intermediate credit bank, common-
36 ly known as an agricultural credit corporation, in amounts not to exceed
37 twenty percent of the capital and surplus of the state bank.

38 *d.* Shares in a corporation which the state bank is authorized to acquire
39 and hold pursuant to subsections two (2) and three (3) of section eight
40 hundred three (803) of this Act.

41 *e.* Shares in an economic development corporation organized under chap-
42 ter four hundred ninety-six B (496B) of the Code to the extent authorized
43 by and subject to the limitations of such chapter.

44 *f.* When approved by the superintendent, shares of a small business in-
45 vestment company as defined by the laws of the United States, except that

46 in no event shall any such state bank hold shares in small business invest-
47 ment companies in an amount aggregating more than two percent of its
48 capital and surplus.

1 **SEC. 902. General lending powers of a state bank.**

2 1. A state bank may, subject to any applicable restrictions under other
3 provisions of this Act, loan money, extend credit and discount or purchase
4 evidences of indebtedness and agreements for the payment of money.

5 2. Nothing in this Act shall be deemed to permit a state bank to pur-
6 chase a vendor's or vendee's interest in a real property sales contract, pro-
7 vided, however, that a state bank may loan or extend credit on the secu-
8 rity of such an interest.

1 **SEC. 903. Purchase and sale of drafts and bills of exchange.**

2 1. A state bank shall have power to accept drafts drawn upon it having
3 not more than six months after sight to run, exclusive of days of grace:

4 a. Which grow out of transactions involving the importation or exporta-
5 tion of goods.

6 b. Which grow out of transactions involving the domestic shipment of
7 goods, provided documents of title are attached thereto at the time of accept-
8 ance.

9 c. In which a security interest is perfected at the time of acceptance
10 covering readily marketable staples.

11 2. A state bank shall not accept such drafts in an amount which exceeds
12 at any time in the aggregate for all drawers fifty percent of its capital and
13 surplus. The superintendent may authorize a state bank to accept drafts in
14 an amount not exceeding at any time in the aggregate for all drawers one
15 hundred percent of its capital and surplus but the aggregate of acceptance
16 growing out of domestic transactions shall in no event exceed fifty percent
17 of such capital and surplus.

18 3. A state bank may, with the prior approval of the superintendent, ac-
19 cept drafts, having not more than three months after sight to run, drawn
20 upon it by banks or bankers in foreign countries, or in dependencies or in-
21 sular possessions of the United States, for the purpose of furnishing dollar
22 exchange as required by the usages of trade where the drafts are drawn in
23 an aggregate amount which shall not at any time exceed for all such ac-
24 ceptance on behalf of a single bank or banker ten percent of capital and
25 surplus, and for all such acceptances, fifty percent of capital and surplus.

1 **SEC. 904. Obligations of one customer.**

2 1. For the purpose of this section:

3 a. The term "obligations" means the amounts for the payment of which
4 a customer is obligated, whether directly or indirectly, primarily or second-
5 arily, to a state bank as a result of the exercise by the state bank of the
6 powers conferred by section nine hundred two (902) of this Act.

7 b. Obligations of a customer include obligations of others to a state
8 bank arising out of loans made by such state bank for the benefit of such
9 customer.

10 c. Obligations of a customer who is a partner include the obligations of
11 a partnership or other unincorporated association for which obligations the
12 customer is liable.

13 d. Obligations of a customer which is a partnership include the obliga-
14 tions of its partners who are liable for its obligations.

15 *e.* Obligations of a customer include the obligations of any and all cor-
16 porations in which such customer owns or controls more than fifty percent
17 of the shares entitled to vote.

18 *f.* Obligations of a customer which is a corporation include obligations
19 of a person, who is also a customer, and who owns more than fifty percent
20 of the shares entitled to vote of such corporation.

21 *g.* Obligations of a customer which is a corporation include the obliga-
22 tions of any other corporation when a person owns more than fifty percent
23 of the shares entitled to vote, of such corporations.

24 *h.* If the superintendent shall determine at any time that the interests
25 of a group of more than one customer, or any combination thereof, are so
26 interrelated that they should be considered as a unit for the purpose of
27 applying the limitations of this section, the total obligations of that group
28 of customers existing at any time shall be combined and deemed obligations
29 of one customer. A state bank shall not be deemed to have violated this
30 section solely by reason of the fact that the obligations of a group exceed
31 the limitations of this section at the time of a determination by the super-
32 intendent that the indebtedness of that group must be combined, but the
33 state bank shall, if required by the superintendent, dispose of the obligations
34 of the group in the amount in excess of the limitations of this section within
35 such reasonable time as shall be fixed by the superintendent.

36 2. The total obligations of any one customer to a state bank at any one
37 time, secured and unsecured, shall not exceed twenty percent of the capital
38 and surplus of the state bank except that:

39 *a.* The total obligations of any one customer to a state bank at any one
40 time, shall not exceed forty percent of the capital and surplus of the state
41 bank if at least all of the amount by which such obligations exceed twenty
42 percent of the capital and surplus of the state bank shall consist of any of
43 the following or any combination of the following:

44 (1) Obligations in the form of notes or drafts, secured by nonnegotiable
45 bills of lading, warehouse receipts or other documents transferring or secur-
46 ing title covering readily marketable nonperishable staples when such goods
47 are covered by insurance to the extent that insuring such goods is custom-
48 ary, and when the market value of such goods is not at any time less
49 than one hundred twenty percent of the face amount of such obligations.

50 (2) Obligations in the form of notes or drafts secured by nonnegotiable
51 bills of lading, warehouse receipts or other documents transferring or secur-
52 ing title covering readily marketable refrigerated or frozen staples when such
53 goods are fully covered by insurance and when the market value of such
54 goods is not at any time less than one hundred twenty percent of the face
55 amount of such obligations.

56 (3) Obligations in the form of notes or drafts secured by bills of
57 lading, bills of sale or security agreements covering feeder livestock
58 when the proceeds of such obligations shall have been given as pur-
59 chase money for all or part of the purchase price of such feeder live-
60 stock, but not to exceed the total purchase price thereof.

61 (4) Obligations of the customer as indorser, guarantor or accommo-
62 dation party for others, other than obligations as indorser of chattel
63 paper described in paragraph *b* of this subsection.

64 (5) Such other obligations to a state bank as may be prescribed by the
65 superintendent by regulations of general application to all state banks, or

66 *b.* The total obligations of any one customer to a state bank at any one
67 time shall not exceed sixty percent of the capital and surplus of the state

68 bank if at least all of the amount by which such obligations exceed twenty
69 percent of the capital and surplus of the state bank shall consist of obliga-
70 tions as indorser of negotiable chattel paper negotiated by indorsement with
71 recourse, or as unconditional guarantor of nonnegotiable chattel paper, or
72 as transferor of chattel paper indorsed without recourse subject to a repur-
73 chase agreement, or

74 c. The total obligations of any one customer to a state bank at any one
75 time shall not exceed the sum of twenty percent of the capital and surplus
76 and fifty percent of the capital of the state bank, if at least all of the
77 amount by which such obligations exceed twenty percent of the capital
78 and surplus of a state bank shall consist of obligations secured by a first
79 lien on farmland, or on single family or two family residences, subject to the
80 provisions of section nine hundred five (905) of this Act, except that the
81 amount so loaned shall not exceed fifty percent of the appraised value of
82 such real property, or

83 d. The total obligations of any one customer, who is an individual, to a
84 state bank at any one time shall not exceed forty percent of the capital
85 and surplus of the state bank if all of the amount by which such obliga-
86 tions exceed twenty percent of the capital and surplus of the state bank
87 consists of amounts owed by one or more corporations of which the custom-
88 er owns or controls more than fifty percent of the shares entitled to vote,
89 provided however, when this paragraph applies:

90 (1) The amounts owed by such customer shall not exceed twenty percent
91 of the capital and surplus of the state bank.

92 (2) The amounts owed by any one or all of such corporations shall not
93 exceed twenty percent of the capital and surplus of the state bank.

94 (3) The shares, assets and any liabilities of any such corporation shall
95 not be included in the financial statement of such customer or otherwise
96 relied upon as a basis for a loan to such customer.

97 (4) The assets of such customer shall not be relied upon as a basis
98 for a loan to any such corporation.

99 For the purposes of this paragraph, the term "amounts owed" means
100 the amounts for the payment of which such customer or any one or all
101 such corporations are obligated, whether directly or indirectly, primarily
102 or secondarily, to a state bank as a result of the exercise by the state bank
103 of the powers conferred by section nine hundred two (902) of this Act, but
104 determined without reference to paragraphs *e*, *f* and *g* of subsection one (1)
105 of this section.

106 3. The total obligations of any one customer to a state bank at any one
107 time for the purpose of applying the limitations of subsection two (2) of
108 this section shall include:

109 a. The aggregate rentals payable by the customer under leases of per-
110 sonal property by the state bank as lessor, except obligations secured by a
111 lease on property in situations described in the second sentence of para-
112 graph *h* of subsection four (4) of this section.

113 b. Obligations secured by real estate pursuant to section nine hundred
114 five (905) of this Act and installment obligations made pursuant to section
115 nine hundred six (906) of this Act, except to the extent any such obliga-
116 tions are secured, guaranteed, insured or covered by unconditional commit-
117 ments or agreements to purchase by the United States, veterans' adminis-
118 tration, federal housing administration, small business administration,
119 farmers home administration, a federal reserve bank, or other department,

120 bureau, board, commission, agency, or establishment of the United States,
121 or any corporation owned directly or indirectly by the United States.

122 *c.* Obligations of the customer by reason of acceptance by the state bank
123 of drafts of a type not described in subsection one (1) of section nine hundred
124 three (903) of this Act, to the extent that the state bank has acquired such
125 acceptances.

126 *d.* Obligations of the customer consisting of bonds and securities in which
127 the state bank has invested pursuant to subsection two (2) of section nine
128 hundred one (901) of this Act.

129 *e.* Amounts invested by a state bank for its own account pursuant to
130 paragraphs *c* and *f* of subsection three (3) of section nine hundred one
131 (901) of this Act in the shares and obligations of a corporation which is a
132 customer of the state bank.

133 *f.* Obligations of the customer as obligor pursuant to evidences of indebt-
134 edness and agreements for the payment of money acquired by purchase or
135 discount by the state bank.

136 *g.* All other obligations of the customer of the state bank, not otherwise
137 excluded by subsection four (4) of this section, whether direct or indirect,
138 primary or secondary, including overdrafts and liability for items paid by
139 the state bank against uncollected deposits of the customer.

140 4. The total obligations of any one customer to a state bank at any one
141 time for the purpose of applying the limitations of subsection two (2) of
142 this section shall not include:

143 *a.* Obligations of such customer as the drawer of drafts drawn in good
144 faith against actually existing values in connection with a sale of goods
145 which have been indorsed by such customer with recourse or which have
146 been accepted.

147 *b.* Obligations arising out of the discount of commercial paper actually
148 owned by the customer negotiating the same and indorsed by the customer
149 without recourse and which is not subject to repurchase by the customer.

150 *c.* Obligations drawn by the customer in good faith against actually exist-
151 ing values and secured by nonnegotiable bills of lading for goods in process
152 of shipment.

153 *d.* Obligations in the form of acceptances of other banks of the kind de-
154 scribed in subsection three (3) of section nine hundred three (903) of this
155 Act.

156 *e.* Obligations of the customer by reason of acceptances by the state
157 bank for the account of the customer pursuant to subsection one (1) of
158 section nine hundred three (903) of this Act.

159 *f.* Obligations of the customer which are fully secured by bonds and se-
160 curities of the kind in which a state bank is authorized to invest for its own
161 account without limitation under subsection one (1) of section nine hun-
162 dred one (901) of this Act.

163 *g.* Obligations of a customer which is a member bank of the federal re-
164 serve system to a state bank which is a member bank of the federal reserve
165 system for federal reserve funds borrowed.

166 *h.* Obligations of a federal reserve bank or of the United States, or of
167 any department, bureau, board, commission, agency, or establishment of the
168 United States, or of any corporation owned directly or indirectly by the
169 United States, or obligations of a customer to the extent that such obliga-
170 tions are secured or guaranteed or covered by unconditional commitments
171 or agreements to purchase by a federal reserve bank or by the United
172 States, or any department, bureau, board, commission, agency, or estab-

173 lishment of the United States, or any corporation owned directly or in-
174 directly by the United States. An obligation of a customer secured by a
175 lease on property under the terms of which the United States, or any
176 department, bureau, board, commission, agency, or establishment of the
177 United States, or any corporation owned directly or indirectly by the
178 United States, or the state of Iowa, or any political subdivision thereof,
179 is lessee and under the terms of which the aggregate rentals payable to
180 the customer will be sufficient to satisfy the amount loaned shall be con-
181 sidered to be an obligation secured or guaranteed in the manner provided
182 for in this paragraph.

1 **SEC. 905. Loans on real property.**

2 1. A state bank may make permanent loans or combined construction
3 and permanent loans, secured by liens on residential real property housing
4 more than two families, and on real property consisting of farmland, indus-
5 trial, manufacturing and commercial properties including a leasehold in
6 such properties. Any such loan may be made in an amount not to exceed
7 seventy-five percent of the appraised value of the property offered as secu-
8 rity and for a term not longer than twenty years, provided that the loan is
9 secured by an amortized mortgage, deed of trust or other such instrument
10 under the terms of which the installment payments are sufficient to amor-
11 tize the entire principal of the loan within a period of not more than twen-
12 ty years. In the case of a combined construction and permanent loan made
13 pursuant to this subsection, the amount of the loan shall not exceed sev-
14 enty-five percent of the value of the property upon completion of the con-
15 struction.

16 2. A state bank may make permanent loans or combined construction
17 and permanent loans, secured by liens on residential real property consist-
18 ing of single family or two family residences in amounts not to exceed:

19 *a.* Eighty percent of the appraised value of the real property offered as
20 security and for a term not longer than twenty-five years, provided that
21 the loan is secured by an amortized mortgage, deed of trust or other such
22 instrument under the terms of which the installment payments are suffi-
23 cient to amortize the entire principal of the loan within a period of not
24 more than twenty-five years.

25 *b.* Ninety percent of the appraised value of the real property offered as
26 security and for a term not longer than thirty years, provided that the
27 loan is secured by an amortized mortgage, deed of trust or other such in-
28 strument under the terms of which the installment payments are sufficient
29 to amortize the entire principal of the loan within the period ending on
30 the date of its maturity and provided further, that at least twenty percent
31 of the loan is insured by a financially responsible private mortgage insur-
32 ance company authorized to do business in this state.

33 *c.* In the case of a combined construction and permanent loan made
34 pursuant to this subsection, the amount of the loan shall not exceed eighty
35 or ninety percent, as the case may be, of the value of the property upon
36 completion of the construction.

37 3. A state bank may make loans secured by liens on real property for
38 the purpose of:

39 *a.* Financing the construction of single family and two family residences
40 if the maturity of such loans shall not exceed one year from the date there-
41 of.

42 *b.* Financing the construction of industrial, manufacturing or commer-
43 cial buildings or residences housing more than two families if the maturity

44 of such loans shall not exceed two years from the date thereof and there
45 is an unconditional commitment by a financially responsible permanent
46 lender to advance the full amount of the loan of the state bank upon com-
47 pletion of the buildings.

48 c. Financing the acquisition and development of unimproved real prop-
49 erty if the maturity of any such loan does not exceed three years from
50 the date thereof and the amount of any such loan does not exceed one-
51 half of the cost of the real property acquired for development plus one-half
52 of the cost of development exclusive of the cost of construction of build-
53 ings.

54 4. Any loan made pursuant to this section shall be subject to the fol-
55 lowing requirements:

56 a. The terms of any such loan, except a loan made pursuant to subsec-
57 tion three (3) of this section, shall require substantially equal payments
58 of principal or principal and interest at successive intervals of not more
59 than one year. In the case of any such loan which shall constitute a com-
60 bined construction and permanent loan to finance farm buildings or single
61 family and two family residences, the initial payment on the loan may be
62 deferred for a period not to exceed one year from the date of the loan and,
63 in the case of a combined construction and permanent loan to finance
64 buildings or other improvements on industrial, manufacturing or commer-
65 cial properties or residential properties housing more than two families, the
66 initial payment on the loan may be deferred for a period not to exceed two
67 years from the date of the loan.

68 b. The loan shall be evidenced by a bond, note or other obligation and
69 secured by a lien in the form of a mortgage, deed of trust or other similar
70 instrument.

71 c. The lien shall be a first lien, unless all prior liens are held by the state
72 bank and the aggregate of all such loans by the state bank secured by
73 liens on the real property satisfies all other requirements of this section per-
74 taining to such loans, provided that, for the purpose of this paragraph a
75 mortgage, deed of trust or other similar instrument shall not be deemed
76 to be other than a first lien within the meaning of this paragraph by rea-
77 son of the existence of taxes or assessments that are not delinquent, instru-
78 ments creating or reserving mineral, oil, or timber rights, rights of way,
79 joint driveways, sewer rights, rights in walls or by reason of building restric-
80 tions or other like restrictive covenants, or when such real estate is subject
81 to lease in whole or in part whereby rents or profits are reserved to the
82 owner.

83 d. The value of the real property shall be determined by averaging the
84 appraisals of two qualified persons, selected in a manner authorized by the
85 board of directors, who are familiar with real property values in the vicin-
86 ity where the real property is located, and who inspect the real property and
87 state its value to the best of their judgment in a written report to be re-
88 tained by the state bank during the term of the loan.

89 e. Insurance against loss from fire on all buildings, which are included
90 in the appraised value, and against other hazards, issued by insurers, ac-
91 ceptable to the state bank, authorized to do business where the real prop-
92 erty is located, and in form and amount satisfactory to the state bank,
93 shall be maintained during the term of the loan by or at the expense of
94 the customer including the costs of any mortgage guaranty insurance re-
95 quired by the state bank except that the state bank may at its own ex-
96 pense maintain such insurance covering only its interest as lender.

- 97 *f.* The state bank shall obtain a written opinion by an attorney admitted
98 to practice in Iowa stating that the mortgage, deed of trust or similar in-
99 strument is a first lien on the real property.
- 100 *g.* Real property securing loans under this section shall be located in
101 this state or an adjoining state.
- 102 *h.* The customer shall pay all expenses in connection with the loan for
103 preparation and examination of abstracts, opinions or title insurance, ab-
104 stract certificates, and appraisal and recording fees.
- 105 *i.* The maturity date of a loan to a lessee on a leasehold shall occur
106 prior to the expiration of two-thirds of the time from the inception of the
107 lease to its expiration, including in such lease period the periods of time
108 for which the lessee may exercise an option to renew but in no event shall
109 the date of maturity be less than five years prior to such expiration date.
- 110 5. The restrictions and requirements of this section shall not apply to:
- 111 *a.* Loans guaranteed at least to the extent of twenty percent thereof,
112 or for which a written commitment for such guarantee has been issued, by
113 the veterans administration, under the laws of the United States.
- 114 *b.* Loans insured, or for which a written commitment to insure has been
115 issued, by the federal housing administration under the laws of the United
116 States.
- 117 *c.* Loans insured, or for which a written commitment to insure has been
118 issued, by the farmers home administration under the laws of the United
119 States.
- 120 *d.* Loans in which the small business administration participates, or has
121 agreed in writing to participate, on an immediate or deferred basis under
122 the laws of the United States.
- 123 *e.* Loans in connection with which a state bank takes a real property
124 mortgage, deed of trust or other such instrument, as security but as to
125 which it is relying for repayment:
- 126 (1) In the case of a loan made, with or without other security, for indus-
127 trial, manufacturing, commercial or agricultural purposes, on the operations
128 of the customer based primarily on the general credit of the customer and
129 projection of his operations.
- 130 (2) On an unconditional commitment by a financially responsible person
131 to advance the full amount of the loan or to provide funds for payment
132 thereof, within a period not to exceed three years from the date of the loan.
- 133 (3) On a financially responsible lessee of the real property provided
134 that the lease shall be assigned to the state bank and the lease by its terms
135 shall be sufficient to amortize the entire principal of the loan within a peri-
136 od of not more than twenty years.
- 137 (4) On collateral other than the real property.
- 138 (5) On a guaranty or an agreement by a financially responsible person,
139 other than a person engaged in the business of guaranteeing real property
140 loans, to take over or purchase the loan in the event of default.
- 141 *f.* Bonds and securities secured entirely or in part by real property, but
142 in which a state bank is authorized to invest for its own account under
143 section nine hundred one (901) of this Act.
- 144 6. A state bank may make a loan secured by a lien on an apartment con-
145 stituting a part of a condominium constructed or established pursuant to
146 the provisions of chapter four hundred ninety-nine B (499B) of the Code,
147 subject to the provisions of this section.

148 7. Any loan, evidence of indebtedness or agreement for the payment of
149 money secured by real property which is purchased by a state bank shall
150 conform to the provisions of this section.

151 8. Nothing contained in this section shall prevent any state bank from
152 accepting real property as security, or from taking secondary liens on real
153 property to secure debts previously contracted to it in good faith, or to
154 further secure a loan if such loan is otherwise secured, or to secure loans
155 made for improvements to the real property.

1 **SEC. 906. Installment loans by state banks.**

2 1. A state bank may contract for and receive on any loan which is evi-
3 denced by a written agreement for repayment in installments, a charge,
4 which shall include interest, determined in accordance with either of the
5 following methods:

6 *a.* At a rate not to exceed six dollars per annum upon each one hundred
7 dollars actually loaned to the customer. In addition to the amount actually
8 loaned, the charge may be included in the total amount of the loan. The
9 terms of any loan for which a charge is made pursuant to this paragraph
10 shall require substantially equal installments at successive intervals of not
11 more than one year in amounts sufficient to amortize the entire loan, in-
12 cluding charges, within a period of not more than five years provided, how-
13 ever, that the first installment may be deferred to not more than fifteen
14 months from the date of the loan.

15 *b.* At a rate not to exceed one percent per month computed on unpaid
16 principal balances. A state bank may receive such charge by crediting each
17 installment whenever received, first to the charge at the monthly rate con-
18 tracted for and the remainder to principal until the loan is fully paid, or
19 the state bank may compute the total charge which would be earned at
20 the monthly rate contracted for if the loan were repaid according to its
21 terms and each installment were applied first to the charge and then to
22 principal, and include such total charge in the total amount of the loan.
23 The terms of any loan for which a charge is made pursuant to this para-
24 graph shall require substantially equal installments at successive intervals
25 of not more than one month in amounts sufficient to amortize the entire
26 loan, including charges, within the period ending on the date of its matu-
27 rity which shall not exceed five years provided, however, that installments
28 may be deferred or omitted on a seasonal basis. If the total charge is includ-
29 ed in the total amount of the loan as provided for in this paragraph, a first
30 interval of not less than fifteen nor more than forty-five days may be
31 treated as a monthly interval.

32 2. If the charge determined in accordance with subsection one (1) of
33 this section is less than ten dollars, a state bank may contract and receive
34 a charge of not more than ten dollars, which charge shall be in lieu of any
35 charge determined in accordance with subsection one (1) of this section and
36 shall not be subject to refund as required by subsection five (5) of this
37 section.

38 3. No further amount shall be charged, contracted for or received, di-
39 rectly or indirectly, on or in connection with any loan subject to the pro-
40 visions of this section, except fees paid for filing documents in public offices
41 in connection with the loan, actual expenditures, including reasonable at-
42 torney's fees for proceedings to collect the loan, and the cost of a reason-
43 able amount of insurance of the kind customarily required, but not in ex-
44 cess of standard insurance rates.

45 4. When an installment is not paid when due, a state bank may collect
 46 a single delinquency charge, in an amount not to exceed five percent of the
 47 installment, for each installment in arrears for a period of more than ten
 48 days, provided that the delinquency has not been caused by reason of accel-
 49 eration or by reason of delinquency on a prior installment.

50 5. Any payment in cash made by a customer before maturity shall be
 51 accepted by the state bank. When full payment of a loan subject to the pro-
 52 visions of this section is made before maturity, whether by payment in
 53 cash, renewal or otherwise, or whenever the maturity of the loan is accel-
 54 erated, the customer shall receive from the state bank at the time the loan
 55 is paid in full a refund of the unearned charge. The refund shall be so cal-
 56 culated that the customer will not have paid a charge for the loan at a
 57 greater rate when computed on actual unpaid principal balances than the
 58 customer would have paid had the loan been permitted to run to its ma-
 59 turity, and in no event shall the customer be required to pay in excess of
 60 one percent per month interest on the actual unpaid principal balances.
 61 All such refunds shall be made in accordance with a uniform refund sched-
 62 ule calculated, prescribed and approved by the superintendent.

63 6. The total amount loaned to any one customer for which a charge
 64 is made pursuant to this section shall not, at any one time, exceed ten
 65 thousand dollars excluding charges permitted by this section. For any por-
 66 tion of one or more loans to one customer in excess of ten thousand dollars,
 67 the charge which the state bank may make shall be governed by law other
 68 than this section. No state bank shall have outstanding loans subject to
 69 this section in an aggregate amount exceeding twenty-five percent of its
 70 total assets.

71 7. The provisions of this section, nor insofar as loans described in para-
 72 graph *b* of this subsection are concerned, the provisions of any other sec-
 73 tion of the laws of this state, shall not apply to loans, evidence of indebt-
 74 edness or agreements for the payment of money which:

75 *a.* Are secured by first liens on real property.

76 *b.* Are real property improvement loans insured, all or in part, by the
 77 federal housing administration under the laws of the United States.

78 *c.* Are the obligations of a customer which is a corporation.

79 *d.* Have been acquired by the state bank by purchase or discount from
 80 the person owning the same.

1 **SEC. 907. Participations.** A state bank may purchase and may sell,
 2 subject to the provisions of sections nine hundred one (901), nine hundred
 3 four (904), nine hundred five (905), and nine hundred six (906) of this Act,
 4 and to such regulations as the superintendent may prescribe, participations
 5 in one or more evidences of indebtedness and agreements for the payment
 6 of money, and pools of bonds, securities, evidences of indebtedness and
 7 agreements for the payment of money.

1 **SEC. 908. Direct leasing.** A state bank shall have the power, sub-
 2 ject to approval by the superintendent, to acquire, upon the specific re-
 3 quest of and for the use of a customer, and lease, personal property pursu-
 4 ant to a binding arrangement for the leasing of such property to the custom-
 5 er upon terms requiring payment to the state bank, during the minimum
 6 period of the lease, of rentals which in the aggregate will be at least equal
 7 to the total expenditures by the state bank for, and in connection with,
 8 the acquisition, ownership, maintenance and protection of the property.

1 **SEC. 909. Loans and investments by officer.** No loan or invest-
2 ment shall be made from the funds of any state bank, directly or indirectly,
3 except by an officer of the state bank who is authorized to do so by the
4 board of directors.

1 **SEC. 910. Property acquired to satisfy debts previously contract-**
2 **ed.** A state bank may acquire property of any kind to secure, protect or
3 satisfy a loan or investment previously made in good faith. Property ac-
4 quired pursuant to this section shall be held and disposed of subject to the
5 following conditions and limitations:

6 1. Shares in a corporation and other personal property, the acquisition
7 of which is not otherwise authorized by this Act, shall be sold or otherwise
8 disposed of within six months unless the time is extended by the superin-
9 tendent.

10 2. Real property purchased by a state bank at sales upon foreclosure
11 of mortgages or deeds of trust owned by it, or acquired upon judgments or
12 decrees obtained or rendered for debts due it, or such real property as shall
13 be conveyed to it in satisfaction of debts previously contracted in the course
14 of its business, or such real property as it may obtain by redemption as a
15 junior mortgagee or judgment creditor, shall be sold or otherwise disposed
16 of by the state bank within one year after title is vested in the state bank,
17 unless the time is extended by the superintendent.

1 **SEC. 911. Letters of credit.** A state bank shall have the power to
2 issue, advise and confirm letters of credit authorizing a beneficiary thereof
3 to draw on or demand payment of the state bank or its correspondent
4 banks.

1 **SEC. 912. Customer shall be free to obtain own insurance and**
2 **loan.** In any case in which any kind of insurance is required by the state
3 bank as a condition for lending money or in connection with any other trans-
4 action, the customer shall be free to obtain such insurance from a source
5 of his selection. In the case of a sale of shares of stock, bonds or other se-
6 curities or real property by an officer or employee which is authorized by
7 the board of directors of a state bank in the manner provided for in sub-
8 section three (3) of section seven hundred ten (710) of this Act, the pur-
9 chaser shall be free to obtain any loan for the purchase thereof from a
10 lender of his selection.

Division X

FIDUCIARY POWERS

1 **SEC. 1001. Power to act as fiduciary.** When approving a proposed
2 state bank, or at any time subsequent thereto upon amendment of its arti-
3 cles of incorporation, the superintendent may authorize a state bank to
4 act in a fiduciary capacity. In determining whether he shall authorize a
5 state bank to act in a fiduciary capacity, the superintendent may consider
6 any of the relevant criteria referred to in section three hundred five (305)
7 of this Act, and other appropriate facts and circumstances. In any fiduciary
8 capacity in which a state bank may act pursuant to this section, it shall
9 have all the rights and duties which an individual has in such capacity
10 under applicable law and under the terms upon which the state bank is

11 designated to act in such capacity. In authorizing a state bank to act in a
12 fiduciary capacity, the superintendent may limit such authorization to such
13 capacities as he deems appropriate.

1 **SEC. 1002. Actions required, permitted or prohibited in a fiduciary**
2 **capacity.** The following rules shall be applicable to a state bank acting in
3 the capacity of fiduciary:

4 1. A state bank shall segregate from its assets all property held as
5 fiduciary, other than items in the course of collection, and shall keep sep-
6 arate records of all such property for each account for which such property
7 is held.

8 2. Funds of a fiduciary account may be deposited in the state bank
9 which is acting as fiduciary, either as demand deposits, savings deposits or,
10 for a period not exceeding one year, in single maturity time deposits.

11 3. A state bank may provide any oath or affidavit required of the state
12 bank as fiduciary through an officer acting on behalf of the state bank.

13 4. A state bank shall not make a loan or extension of credit of any funds
14 held as fiduciary, directly or indirectly, to or for the benefit of a director,
15 officer or employee of the state bank or of an affiliate, a partnership or other
16 unincorporated association of which such director, officer or employee is a
17 partner or member, or a corporation in which such officer, director or em-
18 ployee has a controlling interest, except a loan specifically authorized by
19 the terms upon which the state bank was designated as fiduciary.

20 5. Unless otherwise authorized by the instrument creating the relation-
21 ship, court order or the laws of this state, a state bank, as fiduciary, shall
22 not, directly or indirectly, sell any asset to the state bank for its own ac-
23 count, or to an officer, director or employee, nor purchase from the state
24 bank, or an officer, director or employee, any asset or any security issued by
25 the state bank except, in the case of a state bank:

26 a. Investments in which a state bank may invest without limitation
27 pursuant to subsection one (1) of section nine hundred one (901) of this
28 Act,

29 b. Assets purchased by the state bank pursuant to an agreement where-
30 by the state bank is bound to sell, and the state bank as fiduciary is bound
31 to buy, at a date not more than one year from the date of acquisition by
32 the state bank, such assets at a price agreed upon at the time of acquisition
33 by the state bank, or

34 c. Any asset sold to the state bank for its own account or purchased in a
35 fiduciary capacity from the state bank with the prior approval of the super-
36 intendent.

1 **SEC. 1003. Removal of fiduciary powers.** If the superintendent at
2 any time concludes that a state bank authorized to act in a fiduciary capac-
3 ity is managing its accounts in an unsafe or unsound manner, or in a
4 manner in conflict with the provisions of this Act, and such state bank re-
5 fuses to correct such practices upon notice to do so, the superintendent
6 may forthwith direct that the state bank cease to act as a fiduciary and pro-
7 ceed to resign its fiduciary positions.

8 In such event the superintendent shall cause to be filed a petition in the
9 district court in which the state bank has its principal place of business
10 setting forth in general terms that the state bank is acting as fiduciary
11 with respect to certain property and that it is necessary and desirable that
12 successor fiduciaries be appointed. Upon the filing of the petition the court
13 shall enter an order requiring all persons interested in all such fiduciary

14 accounts to designate and take all necessary measures to appoint a suc-
15 cessor fiduciary within a time to be fixed by the order, or to show cause why
16 a successor fiduciary should not be appointed by the court. The court shall
17 also direct the state bank to mail a copy of the order to each living settlor
18 and each person known by the state bank to have a beneficial interest in
19 the fiduciary accounts with respect to which the state bank is fiduciary and
20 with respect to which it is being asked to resign its position. Such notice
21 shall be mailed to the last known address of each such settlor and person
22 having a beneficial interest as shown by the records of the state bank. The
23 court may also order publication of such order to the extent that it deems
24 necessary to protect the interests of absent or remote beneficiaries.

25 In any fiduciary account where those interested therein fail to cause a
26 successor fiduciary to be appointed prior to the time fixed in such order,
27 the court shall appoint a successor fiduciary. A successor fiduciary appoint-
28 ed in accordance with the terms of this section shall succeed to all the
29 rights, powers, titles, duties and responsibilities of the state bank, except
30 that he shall not exercise powers given in the instrument creating the pow-
31 ers that by its express terms are personal to the fiduciary therein designat-
32 ed and except claims or liabilities arising out of the management of the
33 fiduciary account prior to the date of the transfer.

1 **SEC. 1004. Voluntary relinquishment of fiduciary capacity.** A
2 state bank desiring to surrender its authorization to act in a fiduciary ca-
3 pacity, in order to relieve itself of the necessity of complying with the re-
4 quirements attendant to such capacity, shall file with the superintendent a
5 certified copy of a resolution signifying such intent. In such event the state
6 bank shall cause to be filed a petition in the district court in which the
7 state bank has its principal place of business setting forth in general terms
8 that the state bank is acting as fiduciary with respect to certain property and
9 that it desires to cease its fiduciary function and resign its fiduciary posi-
10 tions. Upon the filing of the petition the relinquishment of fiduciary capac-
11 ity and the appointment of a successor fiduciary or fiduciaries shall be
12 handled in the same manner and with the same effect as provided for in
13 section ten hundred three (1003) of this Act, dealing with the removal of
14 fiduciary powers.

15 After compliance with this section the state bank shall proceed to amend
16 its articles of incorporation, in accordance with the provisions of this Act,
17 in a manner to indicate that it is no longer authorized to act in a fiduciary
18 capacity. The superintendent shall approve the proposed amendment, in
19 the manner provided for in this Act, if he is satisfied that the state bank
20 has properly relieved itself of its fiduciary responsibilities.

1 **SEC. 1005. Trust companies on the effective date of this Act.**
2 Any trust company existing and operating on the effective date of this Act,
3 and which was authorized to act only as a trust company, may continue to
4 act only in a fiduciary capacity, according to the terms of its articles of
5 incorporation, after the effective date of this Act, and shall be, insofar as
6 applicable, subject to the provisions of this Act. Insofar as the use of the
7 word "trust" is concerned, the provisions of subsection two (2) of section
8 one hundred seven (107) of this Act shall not apply to a trust company
9 subject to this section.

Division XI
AFFILIATES

1 **SEC. 1101. Definitions.** For the purposes of this Act, an "affiliate"
2 of a state bank shall include any corporation, trust, estate, association, or
3 other similar organization:

4 1. Of which a state bank, directly or indirectly, owns or controls either
5 a majority of the voting shares or more than fifty percent of the number
6 of shares voted for the election of its directors, trustees, or other individuals
7 exercising similar functions at the preceding election, or controls in any
8 manner the election of a majority of its directors, trustees, or other individu-
9 als exercising similar functions.

10 2. Of which control is held, directly or indirectly, through share owner-
11 ship or in any other manner, by the shareholders of a state bank who own
12 or control either a majority of the shares of such state bank or more than
13 fifty percent of the number of shares voted for the election of directors of
14 such state bank at the preceding election, or by trustees for the benefit of
15 the shareholders of any such state bank.

16 3. Of which a majority of its directors, trustees, or other individuals
17 exercising similar functions are directors of any one state bank.

18 4. Which owns or controls, directly or indirectly, either a majority of
19 the voting shares of a state bank or more than fifty percent of the number
20 of shares voted for the election of directors of a state bank at the preced-
21 ing election, or controls in any manner the election of a majority of the di-
22 rectors of a state bank, or for the benefit of whose shareholders or members
23 all or substantially all of the outstanding voting shares of a state bank is
24 held by trustees.

25 5. Which is a bank holding company, as defined by the laws of the United
26 States, of which a state bank is a subsidiary, and any other subsidiary, as
27 defined by the laws of the United States, of a bank holding company.

1 **SEC. 1102. Loans and other transactions with affiliates.** No
2 state bank shall make any loan or any extension of credit to, or purchase
3 securities under repurchase agreement from, any of its affiliates, or invest
4 any of its funds in the shares, bonds, capital securities, or other obligations
5 of any such affiliate, or accept the shares, bonds, capital securities, or other
6 obligations of any such affiliate as collateral security for advances made to
7 any customer, if the aggregate amount of such loans, extensions of credit,
8 repurchase agreements, investments and advances against such collateral
9 security will exceed:

10 1. In the case of any one such affiliate, ten percent of the capital and sur-
11 plus of such state bank.

12 2. In the case of all such affiliates, twenty percent of the capital and
13 surplus of such state bank.

14 Within the foregoing limitations, each loan or extension of credit of
15 any kind or character to an affiliate shall be secured by collateral in the
16 form of shares of stock, bonds, capital securities or other such obligations
17 having a market value at the time of making the loan or extension of
18 credit of at least twenty percent more than the amount of the loan or ex-
19 tension of credit, or of at least ten percent more than the amount of the
20 loan or extension of credit if it is secured by obligations of any state, or
21 of any political subdivision or agency thereof.

22 A loan or extension of credit to a director, officer, clerk or other employee
 23 or any representative of any such affiliate shall be deemed a loan to the
 24 affiliate to the extent that the proceeds of such loan are used for the benefit
 25 of, or transferred to, the affiliate.

26 The provisions of this section shall not apply to loans or extensions of
 27 credit fully secured by obligations of the United States, or the federal inter-
 28 mediate credit banks, or the federal land banks, or the federal home loan
 29 banks, or obligations fully guaranteed by the United States as to principal
 30 and interest. The provisions of this section shall likewise not apply to in-
 31 debtedness of any affiliate for unpaid balances due a state bank on assets
 32 purchased from such bank.

33 For the purposes of this section, the term "extension of credit" and
 34 "extensions of credit" shall be deemed to include any purchase of securities,
 35 other assets or obligations under repurchase agreement, and the discount
 36 of promissory notes, bills of exchange, conditional sales contracts, or simi-
 37 lar paper, whether with or without recourse.

1 SEC. 1103. **Exceptions.** The provisions of section eleven hundred two
 2 (1102) of this Act shall not apply to any affiliate:

3 1. Engaged solely in holding or operating real estate used wholly or sub-
 4 stantially by the state bank in its operations or acquired for its future use.

5 2. Engaged solely in conducting a safe-deposit business or the business
 6 of an agricultural credit corporation eligible to discount loans with a fed-
 7 eral intermediate credit bank.

8 3. Engaged solely in holding obligations of the United States, the
 9 federal intermediate credit banks, the federal land banks, the federal home
 10 loan banks, or obligations fully guaranteed by the United States as to prin-
 11 cipal and interest.

12 4. Where the affiliate relationship has arisen as a result of shares acquired
 13 in satisfaction of a bona fide debt contracted prior to the date of the crea-
 14 tion of such relationship provided that such shares shall be sold at public
 15 or private sale within one year from the date of the creation of the relation-
 16 ship, unless the time is extended by the superintendent.

17 5. Where the affiliate relationship exists by reason of the ownership or
 18 control of any voting shares thereof by a state bank as executor, admin-
 19 istrator, trustee, receiver, agent, depository, or in any other fiduciary ca-
 20 pacity, except where such shares are held for the benefit of all or a major-
 21 ity of the shareholders of such state bank.

22 6. Which is a bank.

1 SEC. 1104. **Applicability of general loan limitations.** Any loan
 2 or extension of credit to an affiliate, and any investment in the shares,
 3 bonds, capital securities or other obligations of an affiliate, excepted by the
 4 provisions of section eleven hundred two (1102) of this Act from the re-
 5 quirements of that section, shall continue to be subject to the other provi-
 6 sions of this Act applicable to loans or extensions of credit by a state bank
 7 and investments by a state bank in shares, bonds, capital securities, or
 8 other such obligations.

1 SEC. 1105. **Examination of affiliates and reports.**

2 1. For the purpose of determining the condition of a state bank and in-
 3 formation concerning the state bank, the superintendent shall have the
 4 power to make or cause to be made an examination of any affiliate to the
 5 same extent as he may examine a state bank under this Act.

6 2. If the superintendent has reasonable cause to believe that any cor-
 7 poration, trust, estate, association, or other similar organization is an
 8 affiliate, he may require the organization to furnish such information as
 9 may enable him to determine whether the organization is an affiliate:

1 **SEC. 1106. Fees paid to an affiliate.** In any case where an affiliate
 2 has a contract or arrangement for management, financial advice, consulta-
 3 tion, or other services which involves payment for these services by a state
 4 bank to an affiliate, the superintendent shall have authority to determine
 5 whether or not such fees are reasonable in relation to the services per-
 6 formed, and if he determines they are unreasonable, to require that they
 7 be reduced to a reasonable amount or eliminated.

Division XII

OFFICES

1 **SEC. 1201. General provision.**

2 No bank shall open or maintain a branch bank. A state bank may, sub-
 3 ject to approval and regulation of the superintendent:

4 1. Establish bank offices for the sole and only purpose of receiving de-
 5 posits and paying checks and performing such other clerical and routine
 6 duties not inconsistent with this section, provided however, that a state
 7 bank shall not establish any bank office beyond those counties surrounding
 8 and contiguous to or touching or cornering on the county in which the
 9 state bank is located nor in a municipal corporation, or in an unincorporat-
 10 ed area, in which there is already an established state or national bank and
 11 provided further, that no bank office shall be continued after a state bank
 12 or national bank has actually commenced business, through the opening of
 13 its principal place of business, within the municipal corporation where the
 14 bank office is located.

15 2. Establish, for the convenience of its customers, not more than two
 16 parking lot offices for servicing accounts, for receiving and paying depos-
 17 its, issuing and cashing checks, drafts, money orders and travelers checks,
 18 for the storage of supplies and noncurrent bank records, for safety deposits
 19 of customers and for the performance of such other clerical and routine
 20 duties not inconsistent with this section, provided however, that such park-
 21 ing lot offices shall be located within the same municipal corporation as
 22 the state bank, shall have adequate off-street parking area as determined
 23 by the superintendent, and may be for the service of both drive-up and
 24 pedestrian customers and provided further, that such a facility located in
 25 the proximity of the state bank may be found by the superintendent to
 26 be an integral part of the state bank operation, so as to permit the approval
 27 of two parking lot offices elsewhere. The state bank shall supervise the
 28 operation of the parking lot office but the executive and official business
 29 of the state bank shall not be transacted at the parking lot office, no cur-
 30 rent records shall be at a parking lot office, and all transactions of the
 31 parking lot office shall be immediately transmitted to the state bank.

32 3. Nothing in this section shall prohibit national banks the privilege of
 33 this section whenever they may be so authorized by federal law.

1 **SEC. 1202. Change of location.** Upon approval by the superintendent
 2 a state bank may change the location of a bank office or a parking lot
 3 office. No change shall be authorized by the superintendent to a location
 4 other than that specified in section twelve hundred one (1201) of this Act.

1 **SEC. 1203. Cancellation of approval of offices.** Whenever an exam-
2 ination by the superintendent or other supervisory agencies discloses that
3 the operation of a bank office or parking lot office is being conducted in
4 violation of section twelve hundred one (1201) of this Act, the superintend-
5 ent may forthwith revoke the approval of the bank office or parking lot
6 office.

Division XIII DISSOLUTION

1 **SEC. 1301. Voluntary dissolution prior to commencement of busi-**
2 **ness.**

3 1. Subsequent to the issuance of the certificate of incorporation and
4 prior to the issuance of the authorization to do business, a state bank
5 which has not issued any shares may be voluntarily dissolved by its incor-
6 porators. In such case the articles of dissolution shall be prepared and filed
7 in the manner provided in section four hundred ninety-six A point seventy-
8 nine (496A.79) of the Code. The articles of dissolution shall be delivered
9 to the superintendent, together with the applicable filing and recording
10 fees, who shall deliver the same to the secretary of state for filing and re-
11 cording in the office of the county recorder.

12 2. A state bank which has issued its shares, whether or not it has re-
13 ceived an authorization to do business, but which has not commenced any
14 business for which an authorization is required, may propose to dissolve
15 by the affirmative vote of the holders of at least three-fourths of the shares
16 entitled to vote thereon. After obtaining the approval of the superintendent
17 to dissolve under this section the state bank shall deliver to the superin-
18 tendent articles of dissolution which shall be executed by two duly author-
19 ized officers and which shall contain the date of incorporation, a statement
20 that it has not transacted any business for which an authorization to do
21 business is required, a statement that all liabilities of the state bank have
22 been paid or provided for, a statement that all amounts received on account
23 of capital, surplus and undivided profits, less any part thereof disbursed
24 for necessary expenses, have been returned to the persons entitled thereto,
25 and the number of shares entitled to vote on the dissolution and the num-
26 ber of shares voted for or against it respectively. If the superintendent
27 finds that the articles of dissolution satisfy the requirements of this Act,
28 he shall deliver them to the secretary of state, with his written approval,
29 and notify the state bank of his action.

1 **SEC. 1302. Involuntary dissolution prior to commencement of**
2 **business.** Prior to the issuance of an authorization to do business,
3 the superintendent may cause the dissolution of a state bank if there exists
4 any reason why it should not have been incorporated under this Act or
5 if an authorization to do business has not been issued within one year after
6 the date of its incorporation, or such longer time as the superintendent
7 may allow for satisfaction of conditions precedent to its issuance. After
8 giving the state bank adequate notice and an opportunity for hearing, the
9 superintendent shall certify the applicable facts by the filing of a state-
10 ment with the secretary of state, who shall thereafter issue a certificate of
11 dissolution. Upon the issuance of such certificate of dissolution by the sec-
12 retary of state, the corporate existence of the state bank shall cease.

1 **SEC. 1303. Voluntary dissolution after commencement of business.**

2 1. A state bank which has commenced business may propose to voluntar-
3 ily dissolve upon the affirmative vote of the holders of at least three-fourths
4 of the shares entitled to vote thereon, adopting a plan of dissolution in-
5 volving both a provision for acquisition of its assets and assumption of its
6 liabilities by another state bank or national bank and a provision for con-
7 tinuance of its business if acquisition of its assets and assumption of its
8 liabilities is not effected, or any other plan of dissolution providing for full
9 payment of its liabilities.

10 2. Upon receipt of an application for approval of a plan of dissolution
11 the superintendent shall conduct such investigation as he may deem neces-
12 sary to determine whether the plan adequately protects the interests of de-
13 positors, other creditors and shareholders and, if the plan involves an ac-
14 quisition of assets and assumption of liabilities by another state bank, wheth-
15 er such acquisition and assumption would be consistent with adequate
16 and sound banking and in the public interest, on the basis of factors sub-
17 stantially similar to those set forth in paragraph *d* of subsection one (1)
18 of section fourteen hundred three (1403) of this Act. Within ninety days
19 after receipt of the application, the superintendent shall approve or dis-
20 approve the application on the basis of his investigation. Before receiving
21 the decision of the superintendent with respect to the pending applica-
22 tion, the applying state bank shall, upon notice, reimburse the superintend-
23 ent to the extent of the expenses incurred by him in connection with the
24 application. Thereafter the superintendent shall give to the applying state
25 bank written notice of his decision, and in the event of disapproval, a state-
26 ment of the reasons for his decision. The decision of the superintendent
27 shall be subject to review by the district court of Polk county upon petition
28 by any interested party within thirty days after the superintendent notifies
29 the applying bank of his decision. The decision of the superintendent shall
30 be upheld unless unsupported by substantial evidence.

31 3. When a state bank has proposed to dissolve by adopting a plan of
32 dissolution involving a provision for acquisition of its assets and assumption
33 of its liabilities by another state bank, it shall publish a notice of the pro-
34 posed transaction. The notice shall be published once each week for two
35 successive weeks in a newspaper of general circulation published in the
36 municipal corporation or unincorporated area in which the dissolving bank
37 has its principal place of business, and in the municipal corporation or un-
38 incorporated area in which the acquiring state bank has its principal place
39 of business, or if there is none, a newspaper of general circulation published
40 in the county or counties, or in a county adjoining the county or counties,
41 in which the dissolving bank and the acquiring bank have their principal
42 place of business. Such publication of notice shall be made within thirty
43 days after making application to the superintendent for approval of the
44 plan of dissolution, and proof of publication of the notice shall be deliv-
45 ered to the superintendent. The notice shall set forth the name of the dis-
46 solving state bank and of the acquiring state bank, the location and post
47 office address of the principal place of business of the dissolving state bank
48 and of the acquiring state bank and of each office to be maintained by the
49 acquiring state bank and a brief statement of the nature of the proposed
50 transaction. Prior to making a determination on the pending application the
51 superintendent shall, upon adequate notice, afford all interested parties
52 an opportunity for a stenographically reported hearing during which such
53 parties shall be allowed to present evidence in support of, or in opposition to,

54 the pending application. If the superintendent finds that he must act im-
55 mediately on the pending application in order to protect the interests of
56 depositors or the assets of the dissolving bank, he may proceed without
57 requiring publication of the notice and without providing for the hearing
58 referred to in this subsection.

1 **SEC. 1304. Voluntary dissolution — statement of intent to dis-**
2 **solve.**

3 1. Immediately upon the adoption and approval of a plan of dissolution
4 under section thirteen hundred three (1303) of this Act (or if the plan pro-
5 vides for continuance of the business of the state bank unless a purchase of
6 its assets and an assumption of its liabilities becomes effective, immediately
7 after such purchase and assumption becomes effective), the state bank shall
8 deliver to the superintendent a statement of intent to dissolve which shall
9 be signed by two of its duly authorized officers and which shall contain
10 the name of the state bank, the post office address of its principal place of
11 business, the name and address of its officers and directors, the number
12 of shares entitled to vote on the plan of dissolution and the number of
13 shares voted for or against the plan, respectively.

14 2. If the statement of intent to dissolve satisfies the requirements of
15 this section, the superintendent shall deliver the statement with his writ-
16 ten approval to the secretary of state who shall issue to the state bank an
17 approved copy of such statement. Upon the issuance of an approved copy
18 of the statement of intent to dissolve, the state bank shall cease to accept
19 deposits or carry on its business, except insofar as may be necessary for the
20 proper winding up thereof in accordance with the approved plan, but its
21 corporate existence shall continue until issuance of a certificate of dissolu-
22 tion pursuant to section thirteen hundred seven (1307) of this Act.

23 3. If the laws of the United States require approval by any federal
24 agency, the superintendent shall withhold delivery of the approved state-
25 ment of intent to dissolve until he receives notice of the decision of such
26 agency. If the final approval of the agency is not given, the superintendent
27 shall notify the applying state bank that the approval of the superintend-
28 ent has been rescinded for that reason.

1 **SEC. 1305. Voluntary dissolution proceedings — winding up.**

2 1. The board of directors shall have full power to wind up and settle
3 the affairs of a state bank in voluntary dissolution proceedings.

4 2. Within thirty days after the issuance by the secretary of state of an
5 approved copy of the statement of intent to dissolve, the state bank shall
6 give notice of its dissolution:

7 *a.* By mail to each depositor and creditor (except those as to whom the
8 liability of the state bank has been assumed by another state bank or
9 national bank pursuant to the plan), at their last address of record
10 as shown upon the books of the bank, including a statement of the amount
11 shown by the books of the state bank to be due to such depositor or credi-
12 tor and a demand that any claim for a greater amount be filed with
13 the state bank any time before a specified date at least ninety days after
14 the date of the notice.

15 *b.* By mail to each lessee of a safe-deposit box and each customer for
16 whom property is held in safekeeping (except those as to whom the liability
17 of the state bank has been assumed by another state bank or national
18 bank pursuant to the plan), at their last known address of record as shown
19 upon the books of the state bank, including a demand that all property

20 held in a safe-deposit box or held in safekeeping by the state bank be with-
21 drawn by the person entitled thereto before a specified date which is at
22 least ninety days after the date of the notice.

23 c. By mail to each person, at his last known address as shown upon the
24 books of the state bank, interested in funds held in a fiduciary account
25 or other representative capacity.

26 d. By a conspicuous posting at each office of the state bank.

27 e. By such publication as the superintendent may prescribe.

28 3. As soon after the issuance of an approved statement of intent to dis-
29 solve as feasible, the state bank shall resign all fiduciary appointments and
30 take such action as may be necessary to settle its fiduciary accounts.

31 4. All known depositors and creditors shall be paid promptly after the
32 date specified in the notice given under paragraph *a* of subsection two (2)
33 of this section. Unearned portions of rentals for safe-deposit boxes shall be
34 rebated to the lessees thereof.

35 5. Safe-deposit boxes, the contents of which have not been removed by
36 the owners after the date specified in the notice given under paragraph *b*
37 of subsection two (2) of this section, shall be opened under the supervision
38 of the superintendent and the contents placed in sealed packages which,
39 together with unclaimed property held by the state bank in safekeeping,
40 shall be transmitted to the treasurer of state. Amounts due to depositors
41 who are unknown, or who are under a disability and there is no person
42 legally competent to receive such amount, or who cannot be found after
43 the exercise of reasonable diligence, shall be transmitted to the treasurer
44 of state, together with a statement giving the name of the person, if known,
45 entitled to such amount, his last known address, the amount due such per-
46 son, and such other information about such person as the treasurer of
47 state may reasonably require. All property transmitted to the treasurer
48 of state pursuant to this subsection shall be treated as abandoned, retained
49 by the treasurer of state, and subject to claim, in the manner provided
50 for in sections fourteen (14) through twenty-one (21) of chapter three hun-
51 dred ninety-one (391), Acts of the Sixty-second General Assembly. All
52 amounts due creditors described in section four hundred ninety-six A point
53 one hundred one (496A.101) of the Code shall be deposited with the treas-
54 urer of state in accordance with the provisions of that section. Such amounts
55 shall be retained by the treasurer of state and subject to claim in the
56 manner provided for in said section four hundred ninety-six A point one
57 hundred one (496A.101).

58 6. Upon approval by the superintendent, assets remaining after the per-
59 formance of all obligations of the state bank under subsections three (3),
60 four (4), and five (5) of this section shall be distributed to its shareholders
61 according to their respective rights and preferences. Partial distributions to
62 shareholders may be made prior to such time only if, and to the extent,
63 approved by the superintendent. All amounts due shareholders described
64 in section four hundred ninety-six A point one hundred one (496A.101) of
65 the Code shall be deposited with the treasurer of state in accordance with
66 the provisions of that section. Such amounts shall be retained by the treas-
67 urer of state and subject to claim in the manner provided for in said section
68 four hundred ninety-six A point one hundred one (496A.101).

69 7. During the course of dissolution proceedings the state bank shall
70 make such reports as the superintendent may require, and shall continue
71 to be subject to the provisions of this Act, including those relating to exam-
72 ination of state banks, until completion of the dissolution of the state bank.

73 8. If at any time during the course of dissolution proceedings the super-
74 intendent finds that the assets of the state bank will not be sufficient to
75 discharge its obligations, he shall apply to the district court for appoint-
76 ment as receiver in the manner required by section thirteen hundred ten
77 (1310) of this Act, and the dissolution shall thereafter be treated as an
78 involuntary dissolution in accordance with the terms of that section and
79 sections thirteen hundred eleven (1311) and thirteen hundred twelve (1312)
80 of this Act.

1 **SEC. 1306. Revocation of voluntary dissolution proceedings.**

2 1. A state bank may, at any time prior to the issuance of the approved
3 copy of the statement of intent to dissolve by the secretary of state, re-
4 voke voluntary dissolution proceedings by consent of the shareholders in
5 the manner provided for in section four hundred ninety-six A point eighty-
6 five (496A.85) of the Code or by act of the state bank as provided for in sec-
7 tion four hundred ninety-six A point eighty-six (496A.86) of the Code, ex-
8 cept that the vote taken on the resolution referred to in subsection three
9 (3) of section four hundred ninety-six A point eighty-six (496A.86) shall be
10 adopted only upon the affirmative vote of the holders of at least three-
11 fourths of the shares entitled to vote thereon.

12 2. The statement of revocation of voluntary dissolution proceedings,
13 whether by consent of shareholders or by act of the state bank, shall be
14 delivered to the superintendent, together with the applicable filing and re-
15 cording fee, who shall, if he finds that they satisfy the requirements of this
16 section, deliver them to the secretary of state for filing and recording in
17 his office, and the same shall be filed and recorded in the office of the coun-
18 ty recorder.

1 **SEC. 1307. Articles of dissolution.**

2 1. If voluntary dissolution proceedings have not been revoked, then
3 when all debts, liabilities and obligations of the state bank have been paid
4 or otherwise discharged, or adequate provision has been made therefor,
5 and all of the remaining property and assets of the state bank have been
6 distributed to its shareholders, articles of dissolution shall be executed by
7 the state bank by its president or a vice president and by its cashier or
8 an assistant cashier, and verified by one of the officers signing such state-
9 ment, which shall set forth:

10 a. The name of the state bank.

11 b. That the secretary of state has theretofore filed a statement of in-
12 tent to dissolve the state bank, and the date on which such statement was
13 filed.

14 c. That all debts, obligations and liabilities of the state bank have been
15 paid or otherwise discharged or that adequate provision has been made
16 therefor.

17 d. That all the remaining property and assets of the corporation have
18 been distributed among its shareholders in accordance with their respec-
19 tive rights and interests.

20 e. That there are no suits pending against the corporation in any court,
21 or that adequate provision has been made for the satisfaction of any judg-
22 ment, order or decree which may be entered against it in any pending suit.

23 2. The articles of dissolution shall be delivered to the superintendent,
24 together with the applicable filing and recording fee, who shall, if he finds
25 that they satisfy the requirements of this section, deliver them to the sec-
26 retary of state for filing and recording in his office, and the same shall be
27 filed and recorded in the office of the county recorder.

1 **SEC. 1308. Certificate of dissolution.** The secretary of state upon
2 filing the articles of dissolution shall issue a certificate of dissolution, and
3 send the same to the representative of the dissolved state bank. Upon the
4 issuance of such certificate of dissolution the existence of the state bank
5 shall cease, except for the purpose of suits, other proceedings and appropri-
6 ate corporate action by shareholders, directors and officers as provided in
7 this Act.

1 **SEC. 1309. Becoming subject to chapter 496A.** In lieu of the dis-
2 solution procedure prescribed in sections thirteen hundred three (1303)
3 through thirteen hundred eight (1308) of this Act, a state bank may cease to
4 carry on the business of banking and, after compliance with the provisions
5 of this section, continue as a corporation subject to the provisions of
6 chapter four hundred ninety-six A (496A) of the Code.

7 1. A state bank which has commenced business may propose to voluntar-
8 ily cease to carry on the business of banking and become a corporation sub-
9 ject to the provisions of chapter four hundred ninety-six A (496A) upon the
10 affirmative vote of the holders of at least three-fourths of the shares en-
11 titled to vote thereon, adopting a plan involving both a provision for acqui-
12 sition of its assets and assumption of its liabilities by another state bank
13 or national bank and a provision for continuance of its business if acquisi-
14 tion of its assets and assumption of its liabilities is not effected, or any oth-
15 er plan providing for the cessation of banking business and the payment of
16 its liabilities.

17 2. The application to the superintendent for approval of a plan described
18 in subsection one (1) of this section shall be treated by him in the same man-
19 ner as an application for approval of a plan of dissolution under subsection
20 two (2) of section thirteen hundred three (1303) of this Act, and shall be
21 subject to the provisions of subsection three (3) of section thirteen hundred
22 three (1303).

23 3. Immediately upon adoption and approval of a plan to voluntarily cease
24 to carry on the business of banking and become a corporation subject to
25 the provisions of chapter four hundred ninety-six A (496A), the state bank
26 shall deliver to the superintendent a statement of its intent to cease to car-
27 ry on the business of banking and become a corporation subject to the pro-
28 visions of chapter four hundred ninety-six A (496A), which shall be signed
29 by two of its duly authorized officers and shall contain the name of the
30 state bank, the post office address of its principal place of business, the name
31 and address of its officers and directors, the number of shares entitled to
32 vote on the plan and the number of shares voted for or against the plan,
33 respectively, the nature of the business to be conducted by the corporation
34 under the provisions of chapter four hundred ninety-six A (496A), and the
35 general nature of the assets to be held by such corporation.

36 4. If the statement of intent to cease to carry on the business of banking
37 and become a corporation subject to the provisions of chapter four hundred
38 ninety-six A (496A) satisfies the requirements of this section, the superin-
39 tendent shall deliver the statement with his written approval to the secre-
40 tary of state who shall issue to the state bank an approved copy of such
41 statement. Upon the issuance of an approved copy of the statement of intent,
42 the state bank shall immediately surrender to the superintendent its author-
43 ization to do business as a bank and shall cease to accept deposits or carry
44 on the banking business except insofar as may be necessary for it to complete

45 the settlement of its affairs as a state bank in accordance with subsection
46 five (5) of this section.

47 5. The board of directors shall have full power to complete the settlement
48 of the affairs of the state bank. Within thirty days after the issuance of
49 an approved copy of the statement of intent to cease to carry on the busi-
50 ness of banking and become a corporation subject to the provisions of chap-
51 ter four hundred ninety-six A (496A), the state bank shall give notice of its
52 intent to persons described in subsection two (2) of section thirteen hun-
53 dred five (1305) of this Act and in the manner provided for in that sub-
54 section. In completing the settlement of its affairs as a state bank the state
55 bank shall also follow the procedure prescribed in subsections three (3),
56 four (4) and five (5) of section thirteen hundred five (1305).

57 6. Upon approval by the superintendent, assets remaining after the per-
58 formance of all obligations described in this section, except those which the
59 state bank wishes to retain when it becomes a corporation subject to the
60 provisions of chapter four hundred ninety-six A (496A), shall be distributed
61 to its shareholders according to their respective rights and preferences.

62 7. Upon completion of all the requirements of this section, the state
63 bank shall deliver to the superintendent articles of intent to be subject
64 to chapter four hundred ninety-six A (496A), together with the applicable
65 filing and recording fees, which shall set forth that the state bank has com-
66 plied with the provisions of this section, that it has ceased to carry on the
67 business of banking, and the information required by section four hundred
68 ninety-six A point forty-nine (496A.49) of the Code relative to the contents
69 of articles of incorporation under chapter four hundred ninety-six A (496A).
70 If the superintendent finds that the state bank has complied with the pro-
71 visions of this section and that the articles of intent to be subject to chap-
72 ter four hundred ninety-six A (496A) satisfy the requirements of this sec-
73 tion, he shall deliver them to the secretary of state for filing and recording
74 in his office, and the same shall be filed and recorded in the office of the
75 county recorder.

76 8. Upon the filing of the articles of intent to be subject to chapter four
77 hundred ninety-six A (496A), the state bank shall cease to be a state bank
78 subject to the provisions of this Act, and shall cease to have the powers of
79 a state bank subject to this Act and shall become a corporation subject
80 to the provisions of chapter four hundred ninety-six A (496A). The secre-
81 tary of state shall issue a certificate as to the filing of the articles of intent
82 to be subject to the provisions of chapter four hundred ninety-six A (496A),
83 and send the same to the corporation or its representative. The articles of
84 intent to be subject to chapter four hundred ninety-six A (496A) shall be
85 the articles of incorporation of the corporation. The provisions of chapter
86 four hundred ninety-six A (496A) becoming applicable to a corporation for-
87 merly doing business as a state bank shall not affect any right accrued or
88 established, or liability or penalty incurred under the provisions of this Act
89 prior to the filing with the secretary of state of the articles of intent to be
90 subject to chapter four hundred ninety-six A (496A).

91 9. A shareholder of a state bank who objects, in the manner prescribed
92 by section four hundred ninety-six A point seventy-eight (496A.78) of the
93 Code, to adoption by the state bank of a plan to cease to carry on the busi-
94 ness of banking and to continue as a corporation subject to the provisions
95 of chapter four hundred ninety-six A (496A), shall be entitled to the rights
96 and remedies of a dissenting shareholder provided for in that section.

97 10. A state bank may, at any time prior to the issuance of the approved
 98 copy of the statement of intent to cease to carry on the business of banking
 99 and become a corporation subject to the provisions of chapter four hun-
 100 dred ninety-six A (496A), revoke such proceedings in the manner pre-
 101 scribed by section thirteen hundred six (1306) of this Act.

1 SEC. 1310. **Involuntary dissolution after commencement of busi-**
 2 **ness — superintendent as receiver.** In a situation in which the super-
 3 intendent has required, in accordance with the provisions of section two
 4 hundred twenty-six (226) of this Act, that the state bank cease to carry
 5 on its business, he shall apply to the district court for the county in which
 6 the state bank is located for appointment as receiver for the state bank.
 7 The district court shall appoint the superintendent as receiver unless the
 8 superintendent has tendered such appointment to the federal deposit in-
 9 surance corporation as provided for in section thirteen hundred thirteen
 10 (1313) of this Act, in which case the district court shall appoint the federal
 11 deposit insurance corporation as receiver. The affairs of the state bank shall
 12 thereafter be under the direction of the district court, and the assets
 13 thereof shall be distributed in accordance with the provisions of section
 14 thirteen hundred twelve (1312) of this Act. All amounts due creditors
 15 and shareholders described in section four hundred ninety-six A point
 16 one hundred one (496A.101) of the Code shall be deposited with the treas-
 17 urer of state in accordance with the provisions of that section. Such
 18 amounts shall be retained by the treasurer of state and subject to claim
 19 in the manner provided for in section four hundred ninety-six A point
 20 one hundred one (496A.101). Amounts due to depositors who are unknown,
 21 or who are under a disability and there is no person legally competent to
 22 receive such amount, or who cannot be found after the exercise of reason-
 23 able diligence, shall be transmitted to the treasurer of state in the manner
 24 required by subsection five (5) of section thirteen hundred five (1305) of
 25 this Act. Such property shall be treated as abandoned, retained by the
 26 treasurer of state, and subject to claim, in the manner provided for in
 27 sections fourteen (14) through twenty-one (21) of chapter three hundred
 28 ninety-one (391), Acts of the Sixty-second General Assembly. The attorney
 29 general, or such assistants as shall be appointed by the court, shall repre-
 30 sent the superintendent in all proceedings connected with such receivership.

1 SEC. 1311. **Involuntary dissolution after commencement of busi-**
 2 **ness — receivership procedure.**

3 1. In all situations in which the superintendent has been named the re-
 4 ceiver as provided in section thirteen hundred ten (1310) of this Act he
 5 shall make a diligent effort to collect and realize on the assets of the state
 6 bank, and make distribution of the proceeds from time to time to those
 7 entitled thereto. The superintendent may execute assignments, releases
 8 and satisfactions to effectuate sales and transfers as receiver or after the
 9 receivership has terminated. Upon the order of the court in which the re-
 10 ceivership is pending, the superintendent may sell or compound all bad
 11 or doubtful debts, and, on a like order, may sell all the real and personal
 12 property of such state bank, on such terms as the court shall direct.

13 2. All expenses of the receivership and dissolution shall be fixed by the
 14 superintendent, subject to the approval of the district court, and shall be
 15 paid out of the assets of the state bank.

16 3. At the termination of the receivership, the superintendent shall file
 17 his final report containing the details of his actions therein, together with
 18 such additional facts as the court may require.

19 4. Upon the submission and approval of the final report, the court shall
 20 enter a decree dissolving the state bank whereupon the corporate existence
 21 of the state bank shall cease. It shall be the duty of the clerk of such
 22 court to cause certified copies of the decree to be filed with and recorded
 23 by the secretary of state and the county recorder of the county in which
 24 is located the state bank. No fee shall be charged by the secretary of state
 25 or said county recorder for the filing or recording thereof.

1 **SEC. 1312. Distribution of assets upon insolvency.** In the dis-
 2 tribution of the assets of a state bank which is dissolved under this Act,
 3 or by any other method, the order of payment of the liabilities of the state
 4 bank, in the event that its assets are insufficient to pay in full all its liabil-
 5 ities for which claims are made, shall be:

6 1. The payment of costs and expenses of the administration of the dis-
 7 solution.

8 2. The payment of claims which are given priority by applicable statutes
 9 and, if the assets are insufficient for the payment in full of all such claims,
 10 in the order provided by such statutes or, in the absence of contrary pro-
 11 visions, pro rata.

12 3. Amounts due to depositors.

13 4. The payment of all other claims pro rata, exclusive of claims on
 14 capital notes and debentures.

15 5. The payment of capital notes and debentures.

1 **SEC. 1313. Involuntary dissolution after commencement of busi-
 2 ness — tender of receivership to F.D.I.C.**

3 1. When an insured state bank has ceased to carry on its business, the
 4 superintendent may tender to the federal deposit insurance corporation the
 5 appointment as receiver of the insured state bank. If the federal deposit
 6 insurance corporation accepts the appointment as receiver, the rights of
 7 depositors and other creditors of the insured state bank shall be determined
 8 in accordance with the laws of this state.

9 2. The federal deposit insurance corporation as receiver shall possess all
 10 the powers, rights and privileges given to the superintendent under section
 11 thirteen hundred eleven (1311) of this Act, except insofar as that section
 12 may be in conflict with the laws of the United States.

13 3. If the federal deposit insurance corporation pays or makes available
 14 for payment the insured deposit liabilities of an insured state bank, the
 15 federal deposit insurance corporation, whether or not it has become re-
 16 ceiver, shall be subrogated by operation of law to all rights against such
 17 insured state bank of the owners of such deposits in the same manner and
 18 to the same extent as subrogation of the federal deposit insurance corpo-
 19 ration is provided for in applicable federal law in the case of a national bank.

1 **SEC. 1314. Survival of rights and remedies after dissolution or
 2 expiration — preservation of records.**

3 1. The dissolution of a state bank, or the expiration of its period of dura-
 4 tion, shall not take away or impair any remedy available to or against
 5 such state bank, its directors, officers, or shareholders, for any right or
 6 claim existing, or any liability incurred prior to such dissolution or expira-

7 tion, if action or other proceeding thereon is commenced within two years
8 after the date of such dissolution or expiration. Any such action or pro-
9 ceeding by or against the state bank may be prosecuted or defended by the
10 state bank in its corporate name. The shareholders, directors and officers
11 shall have power to take such corporate or other action as shall be appro-
12 priate to protect such remedy, right or claim.

13 2. Subsequent to the dissolution of a state bank, other than through the
14 adoption of a plan involving a provision for acquisition of its assets and
15 assumption of its liabilities by another state or national bank, the super-
16 intendent shall assume custody of the records of the state bank and shall
17 retain them in accordance with the provisions of section two hundred
18 twenty-one (221) of this Act. The superintendent may make copies of such
19 records in accordance with the provisions of subsection one (1) of section
20 two hundred twenty-one (221) of this Act.

Division XIV

MERGER, CONSOLIDATION AND CONVERSION

1 SEC. 1401. Authority to merge or consolidate.

2 1. Upon compliance with the requirements of this Act, one or more
3 state banks or one or more national banks, or any combination of state
4 and national banks, may merge or consolidate into a national bank or,
5 with the approval of the superintendent, may merge into a state bank or
6 consolidate into a new state bank.

7 2. The authority of a state bank to merge or consolidate into a national
8 bank shall be subject to the condition that at the time of the transaction
9 the laws of the United States shall authorize a national bank located in
10 this state, without approval by the comptroller of the currency of the
11 United States, to merge or consolidate into a state bank under limitations
12 no more restrictive than those contained in this Act with respect to the
13 merger or consolidation of a state bank into a national bank.

1 SEC. 1402. Requirements for a merger or consolidation. The 2 requirements for a merger or consolidation which must be satisfied by the 3 parties thereto are:

4 1. The parties shall adopt a plan stating the method, terms and con-
5 ditions of the merger or consolidation, including the rights under the plan
6 of the shareholders of each of the parties, and an agreement concerning
7 the merger or consolidation.

8 2. In the case of a state bank which is a party to the plan, if the pro-
9 posed merger or consolidation will result in a state bank subject to this
10 Act, adoption of the plan by such state bank shall require the affirmative
11 vote of at least a majority of the directors and approval by the sharehold-
12 ers, in the manner and according to the procedures prescribed in section
13 four hundred ninety-six A point seventy (496A.70) of the Code, at a meet-
14 ing called in accordance with the terms of that section. In the case of a
15 national bank, or if the proposed merger or consolidation will result in a
16 national bank, adoption of the plan by each party thereto shall require
17 the affirmative vote of at least such directors and shareholders whose
18 affirmative vote thereon is required under the laws of the United States.
19 Subject to applicable requirements of the laws of the United States in a
20 case in which a national bank is a party to a plan, any modification of a

21 plan which has been adopted shall be made by any method provided
22 therein, or in the absence of such provision, by the same vote as required
23 for adoption.

24 3. If a proposed merger or consolidation will result in a state bank,
25 application for the required approval by the superintendent shall be made
26 in the manner prescribed by the superintendent. There shall also be deliv-
27 ered to the superintendent, when available:

28 *a.* Articles of merger or consolidation.

29 *b.* Applicable fees payable to the secretary of state, as specified in sec-
30 tion four hundred ninety-six A point one hundred twenty-four (496A.124)
31 of the Code, for the filing and recording of the articles of merger or consol-
32 idation.

33 *c.* If there is any modification of the plan at any time prior to the approv-
34 al by the superintendent under section fourteen hundred three (1403) of
35 this Act, an amendment of the application and, if necessary, of the articles
36 of merger or consolidation, signed in the same manner as the originals,
37 setting forth the modification of the plan, the method by which such modi-
38 fication was adopted and any related change in the provisions of the articles
39 of merger or consolidation.

40 *d.* Proof of publication of the notice required by subsection four (4) of
41 this section.

42 4. If a proposed merger or consolidation will result in a state bank, the
43 parties to the plan shall publish a notice of the proposed transaction in a
44 newspaper of general circulation published in a municipal corporation or
45 unincorporated area in which each party to the plan has its principal place
46 of business, and in the case of a consolidation, in which the resulting state
47 bank is to have its principal place of business, or if there is none, in a news-
48 paper of general circulation published in the county, or in a county ad-
49 joining the county, in which each party to the plan has its principal place
50 of business and, in the case of a consolidation, in which the resulting state
51 bank is to have its principal place of business. The notice shall be published
52 once each week for two successive weeks, within thirty days after making
53 application to the superintendent for approval of the plan. The notice
54 shall set forth the names of the parties to the plan and the resulting state
55 bank, the location and post office address of the principal place of business
56 of the resulting state bank and of each office to be maintained by the result-
57 ing state bank, the purpose or purposes of the resulting state bank, and the
58 date of delivery of the articles of merger and consolidation to the superin-
59 tendent.

60 5. The articles of merger or consolidation shall be signed by two duly
61 authorized officers of each party to the plan and shall contain:

62 *a.* The names of the parties to the plan, and of the resulting state bank.

63 *b.* The location and the post office address of the principal place of busi-
64 ness of each party to the plan, and of each additional office maintained by
65 the parties to the plan, and the location and post office address of the prin-
66 cipal place of business of the resulting state bank, and of each additional
67 office to be maintained by the resulting state bank.

68 *c.* The votes by which the plan was adopted, and the time and place of
69 each meeting in connection with such adoption.

70 *d.* The number of directors constituting the board of directors, and the
71 names and addresses of the persons who are to serve as directors until the
72 next annual meeting of the shareholders or until their successors be elect-
73 ed and qualify.

74 *e.* In the case of a merger, any amendment of the articles of incorporation
75 of the resulting state bank.

76 *f.* In the case of a consolidation, the provisions required in the articles of
77 incorporation of a state bank by subsections three (3), four (4), five (5),
78 six (6), seven (7), nine (9), and ten (10) of section three hundred two (302)
79 of this Act.

80 *g.* The plan of merger or consolidation.

81 6. If a proposed merger or consolidation will result in a national bank, a
82 state bank which is a party to the plan shall:

83 *a.* Notify the superintendent of the proposed merger or consolidation.

84 *b.* Provide such evidence of the adoption of the plan as the superintend-
85 ent may request.

86 *c.* Notify the superintendent of any abandonment or disapproval of the
87 plan.

88 *d.* File with the superintendent and with the secretary of state a cer-
89 tificate of approval of the merger or consolidation by the comptroller of the
90 currency of the United States.

91 *e.* Notify the superintendent of the date upon which such merger or
92 consolidation is to become effective.

1 **SEC. 1403. Approval of merger or consolidation by superintend-**
2 **ent.**

3 1. Upon receipt of an application for approval of a merger or consolida-
4 tion and of the supporting items required by subsection three (3) of section
5 fourteen hundred two (1402) of this Act, the superintendent shall conduct
6 such investigation as he deems necessary to ascertain whether:

7 *a.* The articles of merger or consolidation and supporting items satisfy
8 the requirements of this Act.

9 *b.* The plan and any modification thereof adequately protects the inter-
10 ests of depositors, other creditors and shareholders.

11 *c.* The requirements for a merger or consolidation under all applicable
12 laws have been satisfied and the resulting state bank would satisfy the re-
13 quirements of this Act with respect to it.

14 *d.* The merger or consolidation would be consistent with adequate and
15 sound banking and in the public interest on the basis of the financial his-
16 tory and condition of the parties to the plan, including the adequacy of
17 the capital structure of the resulting state bank, the character of the man-
18 agement of the resulting state bank, the potential effect of the merger or
19 consolidation on competition and the convenience and needs of the area
20 primarily to be served by the resulting state bank.

21 2. Within one hundred eighty days after receipt of the application, or
22 within an additional period of not more than sixty days after receipt of an
23 amendment of the application, the superintendent shall make a determina-
24 tion whether to approve or disapprove the application on the basis of his
25 investigation. The plan shall not be modified at any time after approval of
26 the application by the superintendent. Prior to making a determination on
27 the pending application the superintendent shall, upon adequate notice,
28 afford all interested persons an opportunity for a stenographically reported
29 hearing during which such persons shall be allowed to present evidence in
30 support of, or in opposition to, the pending application. If the superintend-
31 ent finds that he must act immediately on the pending application in order
32 to protect the interests of depositors or the assets of any party to the
33 plan, he may proceed without requiring publication of the notice and

34 without providing for the hearing referred to in this subsection. Before
35 receiving the decision of the superintendent with respect to the pending
36 application, the parties to the plan shall, upon notice, reimburse the super-
37 intendent to the extent of the expenses incurred by him in connection with
38 the application. Thereafter the superintendent shall give to the parties to
39 the plan written notice of his decision and, in the event of disapproval, a
40 statement of the reasons for his decision. The decision of the superintend-
41 ent shall be subject to review by the district court of Polk county upon pe-
42 tition by any interested person within thirty days after the superintendent
43 notifies the parties to the plan of his decision. The decision of the super-
44 intendent shall be upheld unless unsupported by substantial evidence.

1 **SEC. 1404. Procedure after approval by the superintendent —**
2 **issuance of certificate of merger or consolidation.** If the laws of the
3 United States require the approval of the merger or consolidation by any
4 federal agency, the superintendent shall, after his approval, retain the arti-
5 cles of merger or consolidation until he receives notice of the decision of
6 such agency. If the final approval of the agency is not given, the superin-
7 tendent shall notify the parties to the plan that the approval of the super-
8 intendent has been rescinded for that reason. If such agency gives its
9 approval, the superintendent shall deliver the articles of merger or consol-
10 idation, which his approval indicated thereon, to the secretary of state,
11 and shall notify the parties to the plan. The receipt of the approved articles
12 of merger or consolidation by the secretary of state shall constitute filing
13 thereof with that office. The secretary of state shall record the articles of
14 merger or consolidation in his office, and the same shall be filed and re-
15 corded in the office of the county recorder in each county in which the par-
16 ties to the plan had previously maintained a principal place of business and,
17 in the case of a consolidation, in the county in which the new state bank
18 is to maintain its principal place of business. On the date upon which the
19 merger or consolidation is effective the secretary of state shall issue a
20 certificate of merger or consolidation and send the same to the resulting
21 state bank and a copy thereof to the superintendent.

1 **SEC. 1405. Effect of merger or consolidation.**
2 1. The merger or consolidation shall be effective upon the filing of the
3 articles of merger or consolidation with the secretary of state, or at any
4 later date and time specified by the superintendent in writing on the arti-
5 cles of merger or consolidation. The certificate of merger or consolidation
6 shall be conclusive evidence of the performance of all conditions precedent
7 to the merger or consolidation, and of the existence or creation of the result-
8 ing state bank, except as against the state.
9 2. When a merger or consolidation becomes effective, the existence of
10 each party to the plan, except the resulting state bank, shall cease as a
11 separate entity but shall continue in, and the parties to the plan shall be,
12 a single corporation which shall be the resulting state bank and which shall
13 have all the property, rights, powers, duties and obligations of each party
14 to the plan, except that the resulting state bank shall have only the au-
15 thority to engage in such business and exercise such powers as it would
16 have, and shall be subject to the same prohibitions and limitations to
17 which it would be subject, upon original incorporation under this Act. A
18 resulting state bank may, however, engage in any business and exercise

19 any right that any party to the plan which was a state bank subject to
20 this Act could lawfully exercise or engage in immediately prior to the
21 merger or consolidation.

22 3. No liability of any party to the plan or of its shareholders, directors
23 or officers shall be affected, nor shall any lien on any property of a party to
24 the plan be impaired, by the merger or consolidation. Any claim existing or
25 action pending by or against any party to the plan may be prosecuted to
26 judgment as if the merger or consolidation had not taken place, or the re-
27 sulting state bank may be substituted in its place. The articles of incorpo-
28 ration of the resulting state bank shall be, in the case of a merger, the same
29 as its articles of incorporation prior to the merger with any change stated
30 in the articles of merger, and in the case of a consolidation, the provisions
31 stated in the articles of consolidation shall be deemed to be the original
32 articles of incorporation of the resulting state bank.

1 **SEC. 1406. Rights of dissenting shareholders.**

2 1. A shareholder of a state bank, which is a party to a proposed merger
3 or consolidation plan which will result in a state bank subject to this Act,
4 who objects to the plan in the manner prescribed by section four hundred
5 ninety-six A point seventy-eight (496A.78) of the Code, shall be entitled to
6 the rights and remedies of a dissenting shareholder as provided in that
7 section. Shares acquired by a state bank pursuant to payment of the agreed
8 value therefor or to payment of the judgment entered therefor, pursuant to
9 section four hundred ninety-six A point seventy-eight (496A.78), shall
10 be sold at public or private sale, within one year from the time of their
11 purchase or acquisition, unless the time is extended by the superintendent.

12 2. If a shareholder of a national bank which is a party to a proposed
13 merger or consolidation plan which will result in a state bank, or a share-
14 holder of a state bank which is a party to a plan which will result in a
15 national bank, shall object to the plan and shall comply with the require-
16 ments of the applicable laws of the United States, the resulting state bank
17 or national bank, as the case may be, shall be liable for the value of his
18 shares as determined in accordance with such laws of the United States.
19 Shares acquired by a state bank pursuant to this subsection shall be sold
20 at public or private sale within one year from the time of their purchase or
21 acquisition, unless the time is extended by the superintendent.

1 **SEC. 1407. Succession to fiduciary accounts and appointments —**
2 **application for appointment of new fiduciary.**

3 1. If a party to a plan of merger or consolidation was authorized to act
4 in a fiduciary capacity and if the resulting state or national bank is similar-
5 ly authorized, the resulting state or national bank shall be automatically
6 substituted by reason of the merger or consolidation as fiduciary of all
7 accounts held in that capacity by such party to the plan, without further
8 action and without any order or decree of any court or public officer, and
9 shall have all the rights and be subject to all the obligations of such party
10 as fiduciary.

11 2. No designation, nomination or appointment as fiduciary of a party
12 to a plan of merger or consolidation shall lapse by reason of the merger or
13 consolidation. The resulting state or national bank shall, if authorized to
14 act in a fiduciary capacity, be entitled to act as fiduciary pursuant to each
15 such designation, nomination or appointment to the same extent as the
16 party to the plan so named could have acted in the absence of the merger
17 or consolidation.

18 3. Any person with an interest in an account held in a fiduciary capacity
 19 by a party to a plan of merger or consolidation may, within sixty days after
 20 the effective date of the merger or consolidation, apply to the district court
 21 in the county in which the resulting state or national bank has its principal
 22 place of business, for the appointment of a new fiduciary to replace the re-
 23 sulting state or national bank on the ground that the merger or consolida-
 24 tion will adversely affect the administration of the fiduciary account. The
 25 court shall have the discretion to appoint a new fiduciary to replace the
 26 resulting state or national bank if it should find, upon hearing after notice
 27 to all interested parties, that the merger or consolidation will adversely
 28 affect the administration of the fiduciary account and that the appointment
 29 of a new fiduciary will be in the best interests of the beneficiaries of the
 30 fiduciary account. This provision shall be in addition to any other provi-
 31 sion of law governing the removal of fiduciaries and shall be subject to the
 32 terms upon which the party to the plan which held the fiduciary account
 33 was designated as fiduciary.

1 **SEC. 1408. Merger of corporation substantially owned by a state**
 2 **bank.** Any state bank owning at least ninety-five percent of the outstand-
 3 ing shares, of each class, of another corporation which it is authorized to
 4 own under the provisions of this Act, may merge such other corporation
 5 into itself without approval by a vote of the shareholders of either the state
 6 bank or the subsidiary corporation. The board of directors of the state bank
 7 shall approve a plan of merger, mail to shareholders of record of the subsidi-
 8 ary corporation and prepare and execute articles of merger in the manner
 9 provided for in section four hundred ninety-six A point seventy-two
 10 (496A.72) of the Code. The articles of merger, together with the applicable
 11 filing and recording fees, shall be delivered to the superintendent who shall,
 12 if he approves of the proposed merger and if he finds the articles of merger
 13 satisfy the requirements of this section, deliver them to the secretary of
 14 state for filing and recording in his office, and the same shall be filed in the
 15 office of the county recorder. The secretary of state upon filing the articles
 16 of merger shall issue a certificate of merger and send the same to the state
 17 bank and a copy thereof to the superintendent.

1 **SEC. 1409. Authority for conversion of national bank into state**
 2 **bank.** A national bank may, subject to the provisions of this Act, con-
 3 vert into a state bank upon authorization by and compliance with the laws
 4 of the United States, adoption of a plan of conversion by the affirmative vote
 5 of at least a majority of its directors and the holders of two-thirds of each
 6 class of its shares at a meeting held upon not less than ten days' notice to
 7 all shareholders, and upon approval of the superintendent.

1 **SEC. 1410. Application for approval by superintendent.** A nation-
 2 al bank shall make an application to the superintendent for approval of the
 3 conversion in a manner prescribed by the superintendent and shall deliver
 4 to the superintendent, when available:

5 1. Articles of conversion.

6 2. As soon as available, proof of publication of the notice required by
 7 section fourteen hundred twelve (1412) of this Act.

8 3. The applicable fee payable to the secretary of state, by reason of sub-
 9 section twenty (20) of section four hundred ninety-six A point one hundred
 10 twenty-four (496A.124) of the Code, for the filing and recording of the arti-
 11 cles of conversion.

1 **SEC. 1411. Articles of conversion.** The articles of conversion shall
2 be signed by two duly authorized officers of the national bank and shall
3 contain:

4 1. The name of the national bank and the name of the resulting state
5 bank.

6 2. The location and post office address of its principal place of business
7 and of each additional office, and the location and post office address of the
8 principal place of business of the resulting state bank and of each addition-
9 al office to be maintained by the resulting state bank.

10 3. The votes by which the plan of conversion was adopted and the time
11 and place of each meeting in connection with the adoption.

12 4. The number of directors constituting the board of directors, and the
13 names and addresses of the persons who are to serve as directors until the
14 next annual meeting of shareholders or until successors be elected and
15 qualify.

16 5. The provisions required in the articles of incorporation by subsections
17 three (3), four (4), five (5), six (6), seven (7), nine (9), and ten (10) of section
18 three hundred two (302) of this Act.

19 6. The plan of conversion.

1 **SEC. 1412. Publication of notice.** The national bank shall publish a
2 notice of its intention to deliver, or the delivery of, the articles of conver-
3 sion to the superintendent, once each week for two successive weeks in a
4 newspaper of general circulation published in the municipal corporation or
5 unincorporated area in which the national bank has its principal place of
6 business, or if there is none, a newspaper of general circulation published
7 in the county, or in a county adjoining the county, in which the national
8 bank has its principal place of business. The notice shall appear prior to,
9 or within seven days after, the date of delivery of the articles of conver-
10 sion to the superintendent and shall set forth:

11 1. The name of the national bank and the name of the resulting state
12 bank.

13 2. The location and post office address of its principal place of business.

14 3. A statement that articles of conversion are to be, or have been deliv-
15 ered to the superintendent.

16 4. The purpose or purposes of the resulting state bank.

17 5. The date of delivery of the articles of conversion to the superintendent.

1 **SEC. 1413. Approval of conversion by superintendent.** Upon re-
2 ceipt of an application for approval of a conversion the superintendent shall
3 conduct such investigation as he may deem necessary to ascertain whether:

4 1. The articles of conversion and supporting items satisfy the require-
5 ments of this Act.

6 2. The plan adequately protects the interests of depositors.

7 3. The requirements for a conversion under all applicable laws have been
8 satisfied and the resulting state bank would satisfy the requirements of this
9 Act applicable to it.

10 4. The resulting state bank will possess an adequate capital structure.

11 Within ninety days after receipt of the application the superintendent
12 shall make a determination whether to approve or disapprove the pending
13 application on the basis of his investigation. Before receiving the decision
14 of the superintendent with respect to the pending application, the national
15 bank shall, upon notice, reimburse the superintendent to the extent of

16 the expenses incurred by him in connection with the application. Thereaf-
17 ter, the superintendent shall give the national bank written notice of his
18 decision and, in the event of disapproval, a statement of the reasons for his
19 decision. If the superintendent approves the pending application, he shall
20 deliver the articles of conversion, with his approval indicated thereon, to the
21 secretary of state. The decision of the superintendent shall be subject to
22 review by the district court of Polk county upon petition by any interested
23 party within thirty days after the superintendent notifies the national bank
24 of his decision. The decision of the superintendent shall be upheld unless
25 unsupported by substantial evidence.

1 **SEC. 1414. Issuance of certificate of conversion.** The receipt of
2 the approved articles of conversion by the secretary of state shall consti-
3 tute filing thereof with that office. The secretary of state shall record the
4 articles of conversion in his office, and the same shall be filed and recorded
5 in the office of the county recorder in the county in which the resulting
6 state bank has its principal place of business. On the date upon which the
7 conversion is effective, the secretary of state shall issue a certificate of
8 conversion and send the same to the resulting state bank and a copy thereof
9 to the superintendent and the superintendent shall issue to the resulting
10 state bank an authorization to do business.

1 **SEC. 1415. Effect of filing of articles of conversion with secretary**
2 **of state and of certificate of conversion.**

3 1. The conversion shall be effective upon the filing of the articles of con-
4 version with the secretary of state, or at any later date and time specified
5 by the superintendent in writing on the articles of conversion. The certifi-
6 cate of conversion shall be conclusive evidence of the performance of all
7 conditions required by this Act for conversion of a national bank into a
8 state bank, except as against the state.

9 2. When a conversion becomes effective, the existence of the national
10 bank shall continue in the resulting state bank which shall have all the
11 property, rights, powers and duties of the national bank, except that the
12 resulting state bank shall have only the authority to engage in such busi-
13 ness and exercise such powers as it would have, and shall be subject to the
14 same prohibitions and limitations to which it would be subject, upon origi-
15 nal incorporation under this Act. The articles of incorporation of the re-
16 sulting state bank shall be the provisions stated in the articles of conver-
17 sion.

18 3. No liability of the national bank or of its shareholders, directors or
19 officers shall be affected, nor shall any lien on any property of the national
20 bank be impaired by the conversion. Any claim existing or action pending
21 by or against the national bank may be prosecuted to judgment as if the
22 conversion had not taken place, or the resulting state bank may be sub-
23 stituted in its place.

1 **SEC. 1416. Authority for conversion of state bank into national**
2 **bank.**

3 1. A state bank may convert into a national bank upon authorization
4 by and compliance with the laws of the United States, and adoption of a
5 plan of conversion by the affirmative vote of at least a majority of its di-
6 rectors and the holders of two-thirds of each class of its shares at a meet-
7 ing held upon not less than ten days' notice to all shareholders. The author-
8 ity of a state bank to convert into a national bank shall be subject to the

9 condition that at the time of the transaction, the laws of the United States
10 shall authorize a national bank located in this state, without approval by
11 the comptroller of the currency of the United States, to convert into a state
12 bank under limitations and conditions no more restrictive than those con-
13 tained in this section and section fourteen hundred seventeen (1417) of
14 this Act with respect to conversion of a state bank into a national bank.

15 2. A state bank which converts into a national bank shall notify the
16 superintendent of the proposed conversion, provide such evidence of the
17 adoption of the plan as the superintendent may request, notify the super-
18 intendent of any abandonment or disapproval of the plan, file with the
19 superintendent and with the secretary of state a certificate of the approval
20 of the conversion by the comptroller of the currency of the United States,
21 and the date upon which such conversion is to become effective.

1 SEC. 1417. **Rights of dissenting shareholder of converting state**
2 **or national bank.**

3 1. A shareholder of a state bank which converts into a national bank,
4 who votes against the plan of conversion or has given the state bank writ-
5 ten notice that he dissents from the plan, at or prior to the meeting at
6 which the plan is adopted in the manner prescribed by section fourteen
7 hundred sixteen (1416) of this Act, shall be entitled to receive in cash the
8 value of the shares held by him, if and when the conversion is consummat-
9 ed, upon written request made to the resulting national bank at any time
10 within thirty days after the consummation of the conversion, accompanied
11 by the surrender of his share certificates. The value of such shares shall
12 be determined as of the date of the shareholders' meeting at which the
13 conversion plan was adopted, by a committee of three persons, one to be
14 selected by unanimous vote of the dissenting shareholders entitled to re-
15 ceive the value of their shares, one by the directors of the resulting nation-
16 al bank, and the third by the two so chosen. The valuation agreed upon
17 by any two of three appraisers thus chosen shall govern. If the value so
18 fixed shall not be satisfactory to any dissenting shareholder who has re-
19 quested payment as provided herein, such shareholder may, within five
20 days after being notified of the appraised value of his shares, appeal to the
21 superintendent, who shall cause a reappraisal to be made, which shall be fi-
22 nal and binding as to the value of the shares of the appellant. If, within nine-
23 ty days from the date of consummation of the conversion, for any reason
24 one or more of the appraisers is not selected as herein provided, or the
25 appraisers fail to determine the value of such shares, the superintendent
26 shall, upon written request of any interested party, cause an appraisal to
27 be made which shall be final and binding on all parties. The expenses of
28 the superintendent in making the reappraisal, or the appraisal as the case
29 may be, shall be paid by the resulting national bank. The plan of conver-
30 sion shall provide the manner of disposing of the shares of the resulting
31 national bank not taken by the dissenting shareholders of the state bank.

32 2. If a shareholder of a national bank, which converts into a state bank,
33 shall object to the plan of conversion and shall comply with the require-
34 ments of applicable laws of the United States, the resulting state bank shall
35 be liable for the value of his shares as determined in accordance with such
36 laws of the United States. Shares acquired by a state bank pursuant to this
37 subsection shall be sold at public or private sale, within one year from the
38 time of purchase or acquisition, unless the time is extended by the super-
39 intendent.

1 **SEC. 1418. Succession to fiduciary accounts and appointments —**
 2 **application for appointment of new fiduciary.** The provisions of sec-
 3 tion fourteen hundred seven (1407) of this Act shall apply to a resulting
 4 state or national bank after a conversion with the same effect as though
 5 such state or national bank were a party to a plan of merger or consolida-
 6 tion, and the conversion were a merger or consolidation, within the provi-
 7 sions of that section.

1 **SEC. 1419. Offices of a resulting state bank.** If a merger, consoli-
 2 dation or conversion results in a state bank subject to the provisions of
 3 this Act, the resulting state bank shall, after the effective date of the merg-
 4 er, consolidation or conversion, be subject to all the provisions of sections
 5 twelve hundred one (1201), twelve hundred two (1202) and twelve hundred
 6 three (1203) of this Act relating to the bank offices and parking lot offices.

1 **SEC. 1420. Nonconforming assets of resulting state bank.** If a
 2 merger, consolidation or conversion results in a state bank subject to the
 3 provisions of this Act, and the resulting state bank has assets which do not
 4 conform with the provisions of this Act, the superintendent may allow the
 5 resulting state bank a reasonable time to conform with state law.

Division XV

AMENDMENT TO ARTICLES OF INCORPORATION

1 **SEC. 1501. Right to amend.** A state bank may, with the approval
 2 of the superintendent and in the manner provided in this Act, amend its
 3 articles of incorporation in order to make any change therein so long as
 4 its articles of incorporation as amended contain only such provisions as
 5 might be lawfully contained in the original articles of incorporation at the
 6 time of making such amendment.

1 **SEC. 1502. Procedure to amend.**
 2 1. An amendment of the articles of incorporation shall be proposed by
 3 adoption of a resolution by the board of directors, directing that it be sub-
 4 mitted to a vote at a meeting of shareholders called in the manner re-
 5 quired by section five hundred nine (509) of this Act.
 6 2. The resolution proposing an amendment or amendments shall contain
 7 the language of each amendment by setting forth in full the articles of in-
 8 corporation as they would be amended or any provision thereof as it would
 9 be amended or by setting forth in full any matter to be added to or deleted
 10 from the articles of incorporation. A copy of the resolution or a summary
 11 thereof shall be included with the notice of the meeting required for the
 12 vote of the shareholders.

13 3. Adoption of each amendment shall require the affirmative vote of the
 14 holders of a majority of the shares entitled to vote thereon and, if any class
 15 is entitled to vote thereon as a class, the affirmative vote of the holders of
 16 a majority of the shares of each class entitled to vote thereon as a class.

1 **SEC. 1503. Class voting on amendments.** The shareholders of the
 2 outstanding shares of a class shall be entitled to vote as a class upon a
 3 proposed amendment, whether or not entitled to vote thereon by the pro-
 4 visions of the articles of incorporation, if the amendment would:

5 1. Increase or decrease the aggregate number of authorized shares of
 6 such class.

- 7 2. Increase or decrease the par value of the shares of such class.
 8 3. Effect an exchange, reclassification, or cancellation of all or part of
 9 the shares of such class.
 10 4. Effect an exchange, or create a right of exchange, of all or any part of
 11 the shares of another class into the shares of such class.
 12 5. Change the designations, preferences, limitations, or relative rights of
 13 the shares of such class.
 14 6. Change the shares of such class into the same or a different number
 15 of shares of the same class or another class or classes.
 16 7. Create a new class of shares having rights and preferences prior and
 17 superior to the shares of such class, or increase the rights and preferences
 18 of any class having rights and preferences prior or superior to the shares
 19 of such class.
 20 8. Divide the unissued shares of such class into series and fix and deter-
 21 mine the designation of such series and the variations in the relative rights
 22 and preferences between the shares of such series, or authorize the board
 23 of directors to do so.
 24 9. Limit or deny the existing preemptive rights, if any, of the shares of
 25 such class.
 26 10. Cancel or otherwise affect dividends on the shares of such class
 27 which have accrued but have not been declared.

1 **SEC. 1504. Articles of amendment.**

- 2 1. Upon the adoption of an amendment, articles of amendment shall be
 3 prepared on forms supplied by the superintendent, signed by two duly au-
 4 thorized officers of the state bank and shall contain:
 5 *a.* The name of the state bank.
 6 *b.* The location and post office address of its principal place of business.
 7 *c.* The amendment adopted, which shall be set forth in full.
 8 *d.* The place, date and hour of the meeting of shareholders at which the
 9 amendment was adopted, and the kind and period of notice given to the
 10 shareholders.
 11 *e.* The number of shares entitled to vote on the amendment, and if the
 12 shares of any class are entitled to vote thereon as a class, the number of
 13 shares of each class.
 14 *f.* The number of shares voted for and against such amendment, re-
 15 spectively, and if the shares of any class are entitled to vote thereon as a
 16 class, the number of shares of each such class voted for and against such
 17 amendment.
 18 2. The articles of amendment shall be delivered to the superintendent
 19 together with the applicable fees for the filing and recording of the articles
 20 of amendment.

1 **SEC. 1505. Approval of articles of amendment.**

- 2 1. Upon receipt of the articles of amendment the superintendent shall
 3 conduct such investigation as he may deem necessary to determine wheth-
 4 er the articles of amendment satisfy the requirements of section fifteen
 5 hundred four (1504) of this Act and whether the amendment, if effected,
 6 will in any way prejudice the interests of the depositors of the state bank.
 7 2. Within sixty days after receipt of the articles of amendment the
 8 superintendent shall approve or disapprove the articles of amendment on
 9 the basis of his investigation. If the superintendent shall approve the arti-
 10 cles of amendment, he shall deliver them with his written approval to the

11 secretary of state and notify the state bank of his action. If the superin-
12 tendent shall disapprove the articles of amendment, he shall give written
13 notice to the state bank of his disapproval and a statement of the reasons
14 for his decision. The decision of the superintendent shall be subject to
15 review by the district court of Polk county upon petition by any interested
16 party within thirty days after the superintendent notifies the state bank of
17 his decision. The decision of the superintendent shall be upheld unless
18 unsupported by substantial evidence.

1 **SEC. 1506. Certificate of amendment — effect.**

2 1. The secretary of state shall record the articles of amendment in his
3 office, and the same shall be filed and recorded in the office of the county
4 recorder in the county in which the state bank has its principal place of
5 business. The secretary of state upon the filing of the articles of amend-
6 ment shall issue a certificate of amendment and send the same to the state
7 bank.

8 2. Upon the issuance of the certificate of amendment by the secretary
9 of state, the amendment shall become effective and the articles of incor-
10 poration shall be deemed to be amended accordingly. No amendment shall
11 affect the existing rights of persons other than shareholders, or any exist-
12 ing cause of action in favor of or against such state bank, or any pending
13 suit to which such state bank shall be a party, and, in the event the name
14 of the state bank shall be changed by amendment, no suit brought by or
15 against such state bank under its former name shall abate for that reason.

1 **SEC. 1507. Change of location of principal place of business.**

2 1. If a change in the location of the principal place of business of a
3 state bank is proposed and involves a change other than a change within
4 the municipal corporation or unincorporated area in which the state bank
5 has its principal place of business, application for the required approval of
6 the superintendent shall be made in the manner required by the superin-
7 tendent and subject to the provisions of this section. Any change in loca-
8 tion of the principal place of business of a state bank subject to this section
9 shall require amendment to the articles of incorporation in accordance with
10 the provisions of sections fifteen hundred two (1502), fifteen hundred four
11 (1504), and fifteen hundred six (1506) of this Act. A state bank seeking ap-
12 proval of a change of location pursuant to this subsection shall publish a
13 notice of the proposed change of location in a newspaper of general cir-
14 culation published in the municipal corporation or unincorporated area in
15 which the state bank has its principal place of business, or if there is none,
16 in a newspaper of general circulation published in the county, or in a
17 county adjoining the county, in which the state bank has its principal place
18 of business, and in the municipal corporation in which it seeks to establish
19 its principal place of business, or if there is none, in a newspaper of general
20 circulation published in the county, or in a county adjoining the county,
21 in which such municipal corporation is located. The notice shall be pub-
22 lished within thirty days after making application to the superintendent for
23 approval of the change in location. The notice shall set forth the name of
24 the state bank, the present location of its principal place of business, the
25 location to which it wishes to move its principal place of business and the
26 date upon which the state bank made application to the superintendent for
27 approval of the change.

28 2. Upon receipt of an application for approval of a change of location of
29 the principal place of business of a state bank pursuant to subsection one

30 (1) of this section, the superintendent shall conduct such investigation as
31 he deems necessary giving due consideration to factors substantially simi-
32 lar to those set forth in subsections two (2) through six (6) of section three
33 hundred five (305) of this Act. Within one hundred eighty days after re-
34 ceipt of the application, the superintendent shall make a determination
35 whether to approve or disapprove the application on the basis of his investi-
36 gation. Prior to making a determination on the pending application the
37 superintendent shall, upon adequate notice, afford all interested persons
38 an opportunity for a stenographically reported hearing during which such
39 persons shall be allowed to present evidence in support of, or in opposition
40 to, the pending application. Thereafter the superintendent shall give writ-
41 ten notice of his decision to the state bank and, in the event of disapproval,
42 a statement of the reasons for his decision. If the superintendent shall ap-
43 prove the change in location he shall deliver the articles of amendment to
44 the secretary of state. The decision of the superintendent shall be subject
45 to review by the district court of Polk county upon petition by any inter-
46 ested person within thirty days after the superintendent notifies the state
47 bank of his decision. The decision of the superintendent shall be upheld
48 unless unsupported by substantial evidence. Before receiving the decision of
49 the superintendent with respect to the pending application, the state bank
50 shall upon notice reimburse the superintendent to the extent of the ex-
51 penses incurred by him in connection with the application.

1 **SEC. 1508. Restatement of articles of incorporation.** A state
2 bank may at any time restate its articles of incorporation, which may be
3 amended by such restatement, so long as its articles of incorporation as so
4 restated contain only such provisions as might be lawfully contained in
5 original articles of incorporation at the time of making such restatement,
6 by the adoption of restated articles of incorporation, including any amend-
7 ments to its articles of incorporation to be made thereby, in the following
8 manner:

9 1. The board of directors shall adopt a resolution setting forth the pro-
10 posed restated articles of incorporation, which may include an amendment
11 or amendments to the articles of incorporation of the state bank to be
12 made thereby, and directing that such restated articles, including such
13 amendment or amendments, be submitted to a vote at a meeting of share-
14 holders, which may be either an annual meeting or a special meeting.

15 2. Written or printed notice setting forth the proposed restated articles
16 or a summary of the provisions thereof shall be given to each shareholder
17 of record entitled to vote thereon within the time and in the manner pro-
18 vided in section five hundred nine (509) of this Act. If the meeting be an
19 annual meeting, the proposed restated articles may be included in the no-
20 tice of such annual meeting. If the restated articles include an amendment
21 or amendments to the articles of incorporation to be made thereby, the
22 notice shall separately set forth such amendment or amendments or a
23 summary of the changes to be effected thereby.

24 3. At such meeting a vote of the shareholders entitled to vote thereon
25 shall be taken on the proposed restated articles. The proposed restated arti-
26 cles shall be adopted upon receiving the affirmative vote of the holders of a
27 majority of the shares entitled to vote thereon, unless such restated arti-
28 cles include an amendment to the articles of incorporation to be made there-
29 by which, if contained in a proposed amendment to articles of incorporation
30 to be made without restatement of the articles of incorporation, would en-

31 title a class of shares to vote as a class thereon, in which event the pro-
32 posed restated articles shall be adopted upon receiving the affirmative vote
33 of the holders of a majority of the shares of each class of shares entitled
34 to vote thereon as a class, and of the total shares entitled to vote thereon.

35 Upon such approval, restated articles of incorporation shall be executed
36 by the state bank by its president or vice-president and by its cashier or an
37 assistant cashier, and verified by one of the officers signing the same, and
38 shall set forth, as then stated in the articles of incorporation of the state
39 bank and, if the restated articles of incorporation included an amendment
40 or amendments to the articles of incorporation to be made thereby, as so
41 amended, the material and contents described in section three hundred two
42 (302) of this Act.

43 The restated articles of incorporation shall set forth also a statement that
44 they correctly set forth the provisions of the articles of incorporation as
45 theretofore or thereby amended, that they have been duly adopted as re-
46 quired by law and that they supersede the original articles of incorporation
47 and all amendments thereto.

48 The restated articles of incorporation shall be delivered to the superin-
49 tendent together with the applicable fees for the filing and recording of
50 the restated articles of incorporation. The superintendent shall conduct
51 such investigation and give his approval or disapproval, all as in the man-
52 ner provided for in section fifteen hundred five (1505) of this Act. If the
53 superintendent shall approve the restated articles of incorporation he
54 shall deliver them with his written approval to the secretary of state
55 for filing and recording in his office and the same shall be filed and re-
56 corded in the office of the county recorder. The secretary of state upon
57 filing the restated articles of incorporation shall issue a restated certifi-
58 cate of incorporation and send the same to the state bank or its repre-
59 sentative.

60 Upon the issuance of the restated certificate of incorporation by the sec-
61 retary of state, the restated articles of incorporation including any amend-
62 ment or amendments to the articles of incorporation made thereby, shall
63 become effective and shall supersede the original articles of incorporation
64 and all amendments thereto.

65 No amendment shall affect the existing rights of persons other than
66 shareholders, or any existing cause of action in favor of or against such
67 state bank, or any pending suit to which such state bank shall be a party;
68 and, in the event the corporate name shall be changed by amendment, no
69 suit brought by or against such state bank under its former name shall
70 abate for that reason.

Division XVI

PENAL

1 **SEC. 1601. Penalties and criminal provisions applicable to direc-**
2 **tors, officers and employees of state banks.**

3 1. A director, officer or employee of a state bank who willfully violates
4 any of the provisions of subsection four (4) of section six hundred twelve
5 (612), section six hundred thirteen (613), subsection two (2) of section seven
6 hundred six (706) [insofar as such subsection incorporates subsection four
7 (4) of section six hundred twelve (612)], or section seven hundred ten (710)
8 of this Act, shall be guilty of a misdemeanor and, upon conviction thereof,
9 shall be subject to imprisonment in the county jail for a period not exceed-

10 ing one year or a fine not exceeding one thousand dollars, or both, plus, in
11 the following circumstances, an additional fine or fines equal to:

12 *a.* The amount of money or the value of the property which he re-
13 ceived for procuring, or attempting to procure, a loan, extension of credit
14 or investment by the state bank, upon conviction of a violation of subsec-
15 tion one (1) of section six hundred thirteen (613), or of subsection one (1)
16 of section seven hundred ten (710) of this Act.

17 *b.* The amount by which his deposit account in the state bank is over-
18 drawn, upon conviction of a violation of subsection two (2) of section six
19 hundred thirteen (613), or of subsection two (2) of section seven hundred
20 ten (710) of this Act.

21 *c.* The amount of any profit which he receives on the transaction, upon
22 conviction of a violation of subsection four (4) of section six hundred twelve
23 (612), or of subsection two (2) of section seven hundred six (706) of this
24 Act, insofar as each applies to purchases from and sales to a state bank upon
25 terms more favorable to such director or officer than those offered to other
26 persons.

27 *d.* The amount of profit, fees or other compensation received, upon con-
28 viction of a violation of subsection three (3) of section seven hundred ten
29 (710) of this Act.

30 2. A director or officer who willfully makes or receives a loan in violation
31 of subsection one (1) of section six hundred twelve (612), or subsection one
32 (1) of section seven hundred six (706) of this Act, shall be guilty of a mis-
33 demeanor and, upon conviction thereof, shall be subject to imprisonment in
34 the county jail for a period not exceeding one year or a fine not exceeding
35 one thousand dollars, or both, plus an additional fine equal to that amount
36 of the loan in excess of the limitation imposed by such subsections, and
37 shall be forever disqualified from acting as a director or officer of any state
38 bank. For the purpose of this subsection, amounts which are treated as ob-
39 ligations of an officer or director pursuant to subsection five (5) of section
40 six hundred twelve (612) of this Act, shall be considered in determining
41 whether the loan or extension of credit is in violation of subsection one
42 (1) of section six hundred twelve (612) and subsection one (1) of section
43 seven hundred six (706) of this Act.

44 3. A director, officer or employee of a state bank who willfully makes or
45 receives a loan or extension of credit of funds held by the state bank as
46 fiduciary, in violation of subsection four (4) of section ten hundred two
47 (1002) of this Act, shall be guilty of a misdemeanor and, upon conviction
48 thereof, shall be subject to imprisonment in the county jail for a period not
49 exceeding one year or a fine not exceeding one thousand dollars, or both,
50 plus a further fine equal to the amount of the loan or extension of credit
51 made in violation of subsection four (4) of section ten hundred two (1002),
52 and shall be forever disqualified from acting as a director, officer or em-
53 ployee of any state bank.

54 4. A director, officer or employee of a state bank who willfully violates,
55 or participates in the violation of, section eight hundred fourteen (814), or
56 section eight hundred nineteen (819) of this Act, shall be guilty of a mis-
57 demeanor and, upon conviction thereof, shall be subject to imprisonment
58 in the county jail for a period not exceeding one year or a fine not exceed-
59 ing one thousand dollars, or both.

1 **SEC. 1602. Penalties applicable to state bank.** The superintendent
2 may impose a penalty on a state bank of up to one hundred dollars for
3 each day:

4 1. That its cash reserves are less than the amount required by section
5 eight hundred sixteen (816) of this Act.

6 2. That it holds investments for its own account in bonds or securities
7 in violation of section nine hundred one (901) of this Act.

8 3. On which it accepts and holds drafts in violation of section nine hun-
9 dred three (903) of this Act.

10 4. On which it has money loaned, credit extended or holds discounted
11 or purchased evidences of indebtedness or agreements for the payment of
12 money, in violation of sections nine hundred four (904), nine hundred five
13 (905), nine hundred six (906), or nine hundred seven (907) of this Act.

14 5. On which it has money loaned, invested or is otherwise in violation
15 of sections eleven hundred two (1102) or eleven hundred four (1104) of
16 this Act.

17 6. On which it publishes, disseminates or distributes any advertising
18 containing any false, misleading or deceptive statements concerning rates,
19 terms and conditions on which loans are made or deposits are received,
20 in violation of section sixteen hundred six (1606) of this Act.

1 **SEC. 1603. Engaging in business unlawfully.**

2 1. Any person who willfully engages in the business of receiving money
3 for deposit or transacts the business generally done by banks, or who will-
4 fully establishes a place of business for such purposes, in violation of sub-
5 section one (1) of section one hundred seven (107) of this Act, shall be
6 guilty of a misdemeanor and, upon conviction thereof, shall be subject to:

7 a. In the case of an individual, imprisonment in the county jail for a
8 period not exceeding one year, or a fine not exceeding one thousand dollars,
9 or both.

10 b. In the case of any other person, to a fine not exceeding five thousand
11 dollars.

12 2. The superintendent may impose a penalty on a state bank of up to
13 one hundred dollars for each day that it violates the provisions of section
14 twelve hundred one (1201) of this Act.

1 **SEC. 1604. Failure to file report or make statement.**

2 1. Any person whose duty it is to make statements or file reports as
3 may be required by this Act, and who willfully neglects or refuses to per-
4 form such duty, shall be guilty of a misdemeanor and, upon conviction
5 thereof, shall be subject to imprisonment in the county jail for a period
6 not exceeding one year or a fine not exceeding one thousand dollars.

7 2. A state bank which fails to furnish to the superintendent the state-
8 ment of condition required within the time required by this Act, or fails to
9 furnish him any report or other information he is legally authorized to re-
10 quest, within ten days of his request therefor, or within the time required
11 by this Act, shall pay to the superintendent a penalty of fifty dollars for
12 each day of delinquency, unless prior to such delinquency the superin-
13 tendent has extended the time within which the same may be filed.

14 3. Any officer or employee who violates section seven hundred nine (709)
15 of this Act shall be guilty of a misdemeanor and shall, upon conviction
16 thereof, be subject to imprisonment in the county jail for a period not to
17 exceed one year or a fine not exceeding one thousand dollars, or both.

1 **SEC. 1605. False statements, reports and fraudulent acts.**

2 1. Any director, officer or employee of a state bank who shall knowingly
3 subscribe or make any false statements or false entries in the books, records,
4 or memoranda of a state bank, or knowingly subscribe or exhibit false pa-
5 pers with intent to deceive any person authorized to examine its condition,
6 or shall knowingly subscribe or make false reports, or shall knowingly divert
7 the funds of the state bank to other purposes than those authorized by law,
8 or who commits any other act with intent to defraud the state bank or any
9 other person shall, upon conviction thereof, be subject to imprisonment in
10 the penitentiary for a period not exceeding five years or a fine not exceeding
11 ten thousand dollars, or both, and shall be forever disqualified from acting
12 as a director, officer or employee of any state bank.

13 2. Any officer or employee of a state bank who, with intent to defraud
14 the state bank or any other person, certifies any check when there are not
15 sufficient funds on hand available to the credit of the drawer of said check
16 to pay the same, or who issues any certificate of deposit when funds have
17 not been deposited equal to the amount of such certificate, or who, with
18 intent to defraud the state bank or any other person, draws any draft or
19 bill of exchange, makes any acceptance, or issues, puts forth or assigns
20 any note, debenture, bond or other obligation or instrument, or participates
21 in, or receives directly or indirectly any money, property or other benefit
22 from any transaction, loan, contract or other act of a state bank shall, upon
23 conviction thereof, be subject to imprisonment in the penitentiary for a peri-
24 od not exceeding five years, or a fine not exceeding ten thousand dollars, or
25 both, or be subject to imprisonment in the county jail for a period not ex-
26 ceeding one year, or a fine not exceeding one thousand dollars, or both, and
27 shall, in either event be forever disqualified from acting as an officer or em-
28 ployee of any state bank.

1 **SEC. 1606. Fraudulent advertising or notice.** A state bank shall
2 not publish, disseminate or distribute any advertising or notice containing
3 any false, misleading or deceptive statements concerning the rates, terms
4 or conditions on which loans are made or deposits are received, any charge
5 which the state bank is authorized to impose pursuant to this Act, or the
6 financial condition of the state bank. Any officer or employee of a state
7 bank who willfully violates the provisions of this section shall be guilty of
8 a misdemeanor and, upon conviction thereof, shall be subject to imprison-
9 ment in the county jail for a period not exceeding one year, or a fine not
10 exceeding one thousand dollars, or both.

1 **SEC. 1607. False statement for credit.** Any person who knowingly
2 makes or causes to be made, directly or indirectly, any false statement in
3 writing, or who procures, knowing that a false statement in writing has
4 been made concerning the financial condition or means or ability to pay of
5 such person, or any other person in which such person is interested or for
6 whom such person is acting, with the intent that such statement shall be
7 relied upon by a bank for the purpose of procuring the delivery of property,
8 the payment of cash or the receipt of credit in any form, for the benefit
9 of such person or of any other person in which such person is interested
10 or for whom such person is acting, shall be guilty of a misdemeanor and,
11 upon conviction thereof, shall be subject to imprisonment in the county
12 jail for a period not exceeding one year or a fine not exceeding one thousand
13 dollars, or both.

1 **SEC. 1608. Penalty for accepting deposits while insolvent.** If
2 a state bank shall accept any deposit or renew any certificate of deposit
3 in violation of subsection five (5) of section eight hundred five (805) of this
4 Act, any officer or employee knowing of such insolvency who willfully re-
5 ceives, accepts or renews or is accessory to or otherwise knowingly permits
6 such acceptance shall, upon conviction thereof, be subject to imprisonment
7 in the penitentiary for a period not exceeding ten years or a fine not ex-
8 ceeding ten thousand dollars, or both, or subject to imprisonment in the
9 county jail for a period not exceeding one year or a fine not exceeding one
10 thousand dollars, or both, and shall, in either event be forever disqualified
11 from acting as an officer or employee of any state bank.

1 **SEC. 1609. False statements concerning state banks.** Whoever
2 maliciously or with intent to deceive makes, publishes, utters, repeats, or
3 circulates any false statement concerning any state bank which imputes,
4 or tends to impute, insolvency, unsound financial condition or financial
5 embarrassment, or which may tend to cause or provoke, or aid in causing
6 or provoking, a general withdrawal of deposits from such state bank, or
7 which may otherwise injure or tend to injure the business or good will of
8 such state bank, shall be guilty of a misdemeanor and, upon conviction
9 thereof, shall be subject to imprisonment in the county jail for a period
10 not exceeding one year or a fine not exceeding one thousand dollars, or
11 both.

1 **SEC. 1610. Violation of prohibition against receiving a commission**
2 **for organizing a state bank.** Any person violating the provisions of
3 section three hundred eleven (311) of this Act shall be guilty of a misde-
4 meanor and shall upon conviction thereof be subject to imprisonment in
5 the county jail for a period not exceeding one year or a fine not exceeding
6 one thousand dollars, or both, plus an additional fine equal to twice the
7 amount of such commission or bonus.

1 **SEC. 1611. Offenses involving employees of department of bank-**
2 **ing.**

3 1. Any person violating the provisions of subsection one (1) of section
4 two hundred eleven (211) of this Act shall be guilty of a misdemeanor and
5 shall, upon conviction thereof, be subject to imprisonment in the county
6 jail for a period not exceeding one year or a fine not exceeding one thousand
7 dollars, or both, and shall be subject to a further fine of a sum equal to
8 the amount of the value of the property given or received or the money so
9 loaned or borrowed. The deputy superintendent, an assistant or examiner
10 convicted of a violation of such subsection shall be immediately discharged
11 from employment and shall be forever disqualified from holding any posi-
12 tion in the department of banking.

13 2. Any examiner violating the provision of section two hundred twelve
14 (212) of this Act shall be guilty of a misdemeanor and, upon conviction
15 thereof, shall be subject to imprisonment in the county jail for a period
16 not exceeding one year or a fine not exceeding one thousand dollars, or
17 both. Any examiner convicted of a violation of section two hundred twelve
18 (212) of this Act shall be immediately discharged from employment and
19 shall be forever disqualified from holding any position in the department
20 of banking.

Division XVII**PRIVATE BANKS**

1 **SEC. 1701. Application of Act.** Nothing in this Act shall be con-
2 strued as affecting or in any way interfering* with any private bank or
3 private banker that was engaged in lawful business prior to April 19, 1919.

1 **SEC. 1702. Application for supervision — effect.**

2 1. A private bank may request of the superintendent that such private
3 bank be subject to examination and supervision pursuant to this Act and
4 to such rules and regulations as may be prescribed by the superintendent
5 applicable to state banks. The superintendent may adopt and promulgate
6 such regulations as he deems necessary for the supervision of private banks
7 which have applied for supervision in accordance with this section.

8 2. Subsequent to the receipt by the superintendent of a request as pro-
9 vided in subsection one (1) of this section, a private bank shall be subject
10 to examination and supervision in the same manner as a state bank and
11 shall thereafter remain subject to such examination and supervision. The
12 superintendent shall have power to take over the management of the prop-
13 erty and business of such private bank in the same manner as he may
14 take over the management of the property and business of a state bank
15 pursuant to this Act. In the event that a receiver is appointed for a private
16 bank which is subject to examination and supervision in the same manner
17 as a state bank, the superintendent shall be appointed as such receiver.

Division XVIII**EFFECTIVE DATE AND REPEALER**

1 **SEC. 1801. Effective date.** This Act shall take effect and be in force
2 on and after January 1, 1970.

1 **SEC. 1802. Applicability of other chapters.** The provisions of
2 chapters four hundred ninety-one (491), four hundred ninety-two (492),
3 four hundred ninety-three (493), and four hundred ninety-six A (496A)
4 of the Code shall not apply to banks except insofar as is provided by this
5 Act.

1 **SEC. 1803.** Section sixty-four point six (64.6), Code 1966, subsection
2 nine (9), is amended by striking from line one (1) the word "twenty" and
3 inserting in lieu thereof the words "one hundred".

1 **SEC. 1804.** Section one hundred sixteen point nine (116.9), subsection
2 two (2), Code 1966, is amended as follows:

3 1. By striking from line five (5) the word "banking,".

4 2. By inserting in line seven (7) after the word "state", the words "or
5 a bank examiner employed by the department of banking of this state pur-
6 suant to section two hundred eight (208) of this Act".

1 **SEC. 1805.** Section two hundred forty-four point six (244.6), Code 1966,
2 is amended by striking from line three (3) the words "savings bank" and in-
3 serting in lieu thereof the words "state bank or national bank authorized
4 to do business in this state".

1 **SEC. 1806.** Section two hundred sixty-two point sixty-three (262.63),
2 Code 1966, is amended as follows:

*According to Enrolled Act.

3 1. By striking from lines two (2) and three (3) the words "bankers,
4 savings banks and institutions,".

5 2. By striking from line five (5) the words "a banking or" and inserting in
6 lieu thereof the word "an".

1 SEC. 1807. Section three hundred twenty-one A point twenty-five
2 (321A.25), Code 1966, subsection one (1), is amended by striking from line
3 six (6) the words "savings banks" and inserting in lieu thereof the words
4 "a state bank".

1 SEC. 1808. Section three hundred eighty-three point ten (383.10),
2 Code 1966, is amended by inserting in line eighty-nine (89) after the words
3 "trust company" the words "or bank having fiduciary powers".

1 SEC. 1809. Section three hundred eighty-three point sixteen (383.16),
2 Code 1966, is amended by inserting in lines thirty-six (36) and thirty-seven
3 (37) after the word "deposit" the words "state or".

1 SEC. 1810. Section four hundred three point six (403.6), Code 1966, sub-
2 section four (4), is amended by striking from line five (5) the words "sav-
3 ings banks" and inserting in lieu thereof the words "a state bank".

1 SEC. 1811. Section four hundred three point ten (403.10), Code 1966,
2 is amended as follows:

3 1. By striking from lines two (2) and three (3) the words "bankers, sav-
4 ings banks and institutions,".

5 2. By striking from lines five (5) and six (6) the words "a banking or"
6 and inserting in lieu thereof the word "an".

1 SEC. 1812. Section four hundred nineteen point four (419.4), Code
2 1966, subsection two (2), is amended as follows:

3 1. By striking from paragraph *f*, subparagraph six (6), line two (2), the
4 words "commercial banks;" and inserting in lieu thereof the words "banks
5 organized under the laws of any state or of the United States;".

6 2. By striking from paragraph *f*, subparagraph eight (8), lines one (1)
7 and two (2), the words "commercial banks;" and inserting in lieu thereof
8 the words "banks organized under the laws of any state or of the United
9 States;".

1 SEC. 1813. Section four hundred twenty-one point seventeen (421.17),
2 Code 1966, subsection seven (7), is amended as follows:

3 1. By striking from line eleven (11) the words "loan and".

4 2. By striking from line eighteen (18) the words "loan and".

5 3. By striking from line twenty (20) the words "loan and".

1 SEC. 1814. Section four hundred twenty-two point thirty-four (422.34),
2 Code 1966, subsection one (1), is amended by striking lines one (1) and two
3 (2) and inserting in lieu thereof the words "1. All state banks, as defined in
4 section one hundred three (103) of this Act, and all national and private
5 banks, credit unions, title insur-".

1 SEC. 1815. Section four hundred twenty-eight point twelve (428.12),
2 Code 1966, is amended as follows:

3 1. By striking from line seven (7) the words "or agency".

4 2. By striking from lines eleven (11) and twelve (12) the words "branch
5 business is done" and inserting in lieu thereof the words "bank office is
6 located".

1 SEC. 1816. Section four hundred twenty-nine point two (429.2), Code
2 1966, is amended by striking lines fifteen (15) and sixteen (16) and insert-
3 ing in lieu thereof the words "shares of stock of national banks, state banks
4 as defined in section one hundred three (103) of this Act, and trust com-
5 panies, and".

1 SEC. 1817. Section four hundred twenty-nine point nine (429.9), Code
2 1966, is amended by striking the comma at the end of line two (2) and all
3 of line three (3) and inserting in lieu thereof the words "bank as defined in
4 section one hundred three (103) of this Act, national bank, or trust".

1 SEC. 1818. Section four hundred thirty point two (430.2), Code 1966,
2 is amended as follows:

3 1. By striking line two (2) and inserting in lieu thereof the words "banks,
4 state banks as defined in section one hundred three (103) of this Act,".

5 2. By striking from line five (5) the words "loan and".

1 SEC. 1819. Section four hundred thirty point three (430.3), Code
2 1966, is amended by striking from lines two (2) and three (3) the words
3 "and state and savings banks and loan" and inserting in lieu thereof the
4 words "; state banks as defined in section one hundred three (103) of this
5 Act,".

6 Further amend said section by striking from lines four (4) and five (5)
7 the word "stockholders" and inserting in lieu thereof the word "share-
8 holders".

1 SEC. 1820. Section four hundred thirty point ten (430.10), Code 1966,
2 is amended by striking from lines six (6), seven (7), and eight (8) the words
3 "state, savings, national bank, and loan and trust company stock is" and
4 inserting in lieu thereof the words "shares of state banks, as defined in
5 section one hundred three (103) of this Act, national banks, and trust com-
6 panies are".

1 SEC. 1821. Section four hundred thirty A point two (430A.2), Code
2 1966, is amended by striking from lines ten (10) and eleven (11) the words
3 "regularly chartered".

1 SEC. 1822. Section four hundred fifty-three point one (453.1), Code
2 1966, as amended by chapter three hundred one (301), section three (3),
3 and chapter three hundred fifty-nine (359), section two (2), Acts of the Six-
4 ty-second General Assembly, is further amended by striking lines twenty-
5 five (25) and twenty-six (26) and inserting in lieu thereof the words "means
6 a bank or a private bank, as defined in section one hundred three (103) of
7 this Act."

1 SEC. 1823. Section four hundred fifty-four point seven (454.7), Code
2 1966, is amended as follows:

3 1. By striking lines ten (10) through sixteen (16), inclusive, and inserting
4 in lieu thereof the following:

5 "or merger with another bank or banks, or in any manner authorized by
6 the National Bank Conservation Act, and especially section two hundred
7 seven (207) of title II thereof, or".

8 2. By striking lines twenty (20) through twenty-five (25), inclusive, and
9 inserting in lieu thereof the following:

10 "ized in any manner authorized by the National Bank Conservation Act,
11 and especially section two hundred seven (207) of title II thereof,".

- 1 SEC. 1824. Section four hundred fifty-four point fourteen (454.14), Code
2 1966, is amended as follows:
3 1. By striking lines twelve (12) through twenty (20), inclusive, and in-
4 serting in lieu thereof the following:
5 "of the assets of another bank, or merger with another bank or banks, or
6 in any manner authorized by the National Bank Conservation Act and
7 especially section two hundred seven (207) of title II thereof, the state of
8 Iowa or any county, city,"
9 2. By striking lines thirty-two (32) through thirty-seven (37), inclusive,
10 and inserting in lieu thereof the words "by him. Unless".
11 3. By striking from line forty-one (41) the word "both".
12 4. By striking from lines forty-two (42) and forty-three (43) the words
13 "and that part represented by the trust certificate,".
- 1 SEC. 1825. Section four hundred ninety-one point twenty-four (491.24),
2 Code 1966, is amended by striking from lines four (4) and five (5) the
3 words "for the establishment and conduct of savings banks,".
- 1 SEC. 1826. Section four hundred ninety-one point thirty (491.30), Code
2 1966, is amended by striking from lines seven (7) and eight (8) the words
3 "for the establishment and conduct of savings banks,".
- 1 SEC. 1827. Section four hundred ninety-one point thirty-three (491.33),
2 Code 1966, is repealed.
- 1 SEC. 1828. Section four hundred ninety-one point thirty-four (491.34),
2 Code 1966, is repealed.
- 1 SEC. 1829. Section four hundred ninety-one point thirty-five (491.35),
2 Code 1966, is repealed.
- 1 SEC. 1830. Section four hundred ninety-one point thirty-seven (491.37),
2 Code 1966, is repealed.
- 1 SEC. 1831. Section four hundred ninety-two point six (492.6), Code
2 1966, is amended as follows:
3 1. By striking from line twelve (12) the words "banks or".
4 2. By striking lines fifteen (15) through nineteen (19), inclusive, and
5 inserting in lieu thereof the word "Any".
6 3. By striking from line twenty-five (25) the words "to the superintendent
7 of banking or".
- 1 SEC. 1832. Section four hundred ninety-two point seven (492.7), Code
2 1966, is amended by striking from lines two (2) and three (3) the words
3 " , the superintendent of banking".
- 1 SEC. 1833. Section four hundred ninety-three point one (493.1), Code
2 1966, is amended by striking from line four (4) the words "banks, savings"
3 and inserting in lieu thereof the word "state".
- 1 SEC. 1834. Section four hundred ninety-four point four (494.4), Code
2 1966, is amended by striking from lines twenty-five (25) to twenty-seven
3 (27), inclusive, the words "or for the establishment and conduct of savings
4 banks,".
- 1 SEC. 1835. Section four hundred ninety-six point nineteen (496.19),
2 Code 1966, is amended by striking from line eight (8) the words "or loan".

1 SEC. 1836. Section four hundred ninety-six B point two (496B.2), Code
2 1966, subsection two (2), is amended by striking from lines one (1) and two
3 (2) the words "banking institution, savings bank, cooperative".

1 SEC. 1837. Section four hundred ninety-six B point nine (496B.9), Code
2 1966, subsection three (3), paragraph *b*, is amended by striking all of sub-
3 paragraph three (3).

1 SEC. 1838. Section four hundred ninety-nine point seven (499.7), Code
2 1966, is amended by striking from subsection eight (8) all after the period
3 in line three (3).

1 SEC. 1839. Section five hundred fifteen point seventy-six (515.76), Code
2 1966, subsection two (2), is amended by striking from line twenty (20) the
3 word "of" and inserting in lieu thereof the words "or a bank having fiduciary
4 powers, located in".

1 SEC. 1840. Section five hundred twenty point nine (520.9), Code 1966, is
2 amended by inserting in line twenty-six (26), after the word "company",
3 the words "or bank having fiduciary powers".

1 SEC. 1841. Section five hundred twenty-three A point three (523A.3),
2 Code 1966, is repealed.

1 SEC. 1842. Chapter five hundred twenty-four (524), Code 1966, is re-
2 pealed.

1 SEC. 1843. Chapter five hundred twenty-five (525), Code 1966, is re-
2 pealed.

1 SEC. 1844. Chapter five hundred twenty-six (526), Code 1966, is re-
2 pealed.

1 SEC. 1845. Chapter five hundred twenty-seven (527), Code 1966, is re-
2 pealed.

1 SEC. 1846. Chapter five hundred twenty-eight (528), Code 1966, is re-
2 pealed.

1 SEC. 1847. Chapter five hundred twenty-eight A (528A), Code 1966, is
2 repealed.

1 SEC. 1848. Chapter five hundred twenty-eight B (528B), Code 1966, is
2 repealed.

1 SEC. 1849. Chapter five hundred twenty-nine (529), Code 1966, is re-
2 pealed.

1 SEC. 1850. Chapter five hundred thirty (530), Code 1966, is repealed.

1 SEC. 1851. Chapter five hundred thirty-one (531), Code 1966, is re-
2 pealed.

1 SEC. 1852. Chapter five hundred thirty-two (532), Code 1966, is re-
2 pealed.

1 SEC. 1853. Section five hundred thirty-three point four (533.4), Code
2 1966, subsection five (5), is amended by striking from lines one (1) and two
3 (2), the word "savings" and inserting in lieu thereof the word "state".

1 SEC. 1854. Section five hundred thirty-six point thirteen (536.13),
2 Code 1966, subsection one (1), paragraph *b*, is amended by striking from
3 the last line the word "commercial".

1 SEC. 1855. Section five hundred thirty-six point twenty (536.20), Code
2 1966, is amended by striking from line five (5) the words "savings banks,".

1 SEC. 1856. Section five hundred sixty-five A point one (565A.1), Code
2 1966, subsection fourteen (14), is amended by striking from line two (2) the
3 word "trust" and inserting in lieu thereof the word "fiduciary".

1 SEC. 1857. Section five hundred sixty-five A point two (565A.2), Code
2 1966, subsection one (1), paragraph *c*, is amended by striking from line
3 five (5) the word "trust" and inserting in lieu thereof the word "fiduciary".

1 SEC. 1858. Section six hundred eighty point eight (680.8), Code 1966,
2 is amended as follows:

3 1. By striking from line three (3) the words "savings banks, loan and"
4 and inserting in lieu thereof the words "as defined in section one hundred
5 five (105) of this Act,".

6 2. By striking from line five (5) the words "state banks, savings banks,
7 loan" and inserting in lieu thereof the words "such state banks".

1 SEC. 1859. Section six hundred eighty-two point twenty-three (682.23),
2 Code 1966, subsection fourteen (14), is amended by striking from line four
3 (4) the words "banking institution" and inserting in lieu thereof the word
4 "bank".

1 SEC. 1860. Section seven hundred eight point nine (708.9), Code 1966,
2 is amended as follows:

3 1. By striking from lines three (3) and four (4) the words "or banking
4 association".

5 2. By striking from lines five (5) and six (6) the words "or any banking
6 association".

7 3. By striking from lines ten (10) and eleven (11) the words "or banking
8 association".

Approved April 7, 1969.

CHAPTER 274

CREDIT UNIONS

S. F. 529

AN ACT relating to credit unions.

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

1 SECTION 1. Section five hundred thirty-three point four (533.4), sub-
2 section four (4), Code 1966, is hereby amended by striking the remainder
3 of such subsection after the word "banks" in line one (1) and inserting in
4 lieu thereof a period.

1 SEC. 2. Section five hundred thirty-three point four (533.4), Code 1966,
2 is hereby amended by striking all of subsection five (5) and inserting in lieu
3 thereof the following: