

Referred back to Committee 3/25 (p. 907)

FILED MAR 15 1982

SENATE FILE 2276

BY COMMITTEE ON COMMERCE

(FORMERLY SSB 2246)

*Approved (p. 750)*

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the regulation of financial institutions.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S. 2276

*Y*

1 Section 1. Section 524.706, subsection 1, paragraph a,  
2 Code 1981, is amended to read as follows:

3 a. An executive officer of a state bank may receive loans  
4 or extensions of credit from a state bank of which ~~he~~ the  
5 person is an executive officer, resulting in obligations as  
6 defined in section 524.904, subsection 1, not exceeding, in  
7 the aggregate:

8 ~~(1) Such amount as the bank is permitted to lend pursuant~~  
9 ~~to section 524.905, subsection 2, if, at the time such obliga-~~  
10 ~~tion is incurred, it is~~ An amount secured by a ~~first~~ lien  
11 on a dwelling which is expected, after the obligation is  
12 incurred, to be owned by the executive officer and used by  
13 ~~him~~ as his the officer's residence, provided that ~~at the time~~  
14 after the loan is made there is no other loan by the bank  
15 to the executive officer, under authority of this subparagraph,  
16 ~~outstanding, and.~~

17 (2) An amount not exceeding an aggregate of twenty thousand  
18 dollars outstanding at any one time, to finance the education  
19 of a child or children of the executive officer, ~~and.~~

20 (3) Any other loans or extensions of credit which in the  
21 aggregate do not at any one time exceed ten thousand dollars.

22 (4) Other amounts which do not, in the aggregate, exceed  
23 the principal amounts of time certificates of deposit in the  
24 bank which are held in the name of the executive officer,  
25 if repayment of the loan or credit amounts is at all times  
26 secured by pledge of the certificates. An interest in or  
27 portion of a time certificate of deposit does not satisfy  
28 the requirements of this subparagraph if that interest or  
29 portion is also pledged to secure the payment of a debt or  
30 obligation of any person other than the executive officer.

31 Sec. 2. Chapter 524, division VIII, Code 1981, is amended  
32 by adding the following new section:

33 NEW SECTION. MISCELLANEOUS REAL ESTATE. In addition to  
34 real property held or leased pursuant to section 524.803,  
35 a state bank may invest in other real property for the purpose

1 of renting it, reselling it, improving it, or for any  
2 combination of these purposes. A bank may sell, mortgage,  
3 lease, or otherwise exercise the rights of an owner of real  
4 estate. An investment under this section may not be made  
5 if it would cause the total amount invested in real estate  
6 under this section, less the amount of debt secured by the  
7 investments, to exceed ten percent of the bank's gross assets.

8 Sec. 3. Section 524.803, subsection 1, Code 1981, is  
9 amended by adding the following new lettered paragraph:

10 NEW LETTERED PARAGRAPH. Acquire and hold shares in a cor-  
11 poration formed to exercise and limited to the exercise of  
12 powers which a state bank is authorized by sections 524.801  
13 and 524.802 to exercise directly, provided that more than  
14 half of the outstanding voting shares of the corporation must  
15 be held by one or more banks and savings and loan associations.

16 Sec. 4. Section 524.901, subsection 1, paragraph c, Code  
17 1981, is amended to read as follows:

18 c. Obligations ~~issued by, stock or other instruments of~~  
19 the federal national mortgage association, ~~under the laws~~  
20 ~~of the United States~~ the government national mortgage  
21 association, the federal home loan mortgage corporation, or  
22 a successor to any of them.

23 Sec. 5. Section 524.901, subsection 1, Code 1981, is  
24 amended by adding the following new lettered paragraphs:

25 NEW LETTERED PARAGRAPH. Bonds secured by an interest in  
26 real estate, including, notwithstanding subsection 2,  
27 industrial revenue bonds.

28 NEW LETTERED PARAGRAPH. Obligations of, or obligations  
29 guaranteed as to principal and interest by, Canada or any  
30 province of Canada, provided that the principal and interest  
31 of the obligations are payable in United States funds.

32 NEW LETTERED PARAGRAPH. Obligations issued or guaranteed  
33 by the international bank for reconstruction and development  
34 or by the inter-American development bank.

35 NEW LETTERED PARAGRAPH. Shares or obligations of an open

1 end management investment company registered under the  
2 Investment Company Act of 1940, the portfolio of which is  
3 restricted to investments which a state bank may otherwise  
4 directly acquire.

5 NEW LETTERED PARAGRAPH. Capital stock, obligations or  
6 other securities of an industrial loan company licensed under  
7 chapter 536A.

8 Sec. 6. Section 524.901, subsection 3, paragraphs c, d,  
9 and f, Code 1981, are amended to read as follows:

10 c. When approved by the superintendent, shares and  
11 obligations of a corporation engaged solely in making or  
12 buying loans for agricultural purposes ~~eligible-to-discount~~  
13 ~~or-sell-loans-to-a-federal-intermediate-credit-bank~~, commonly  
14 known as an agricultural credit corporation, in amounts not  
15 to exceed twenty percent of the capital and surplus of the  
16 state bank.

17 d. Shares in a corporation which the state bank is  
18 authorized to acquire and hold pursuant to section 524.803,  
19 subsection 1, ~~paragraphs "e", "d" and "e"~~ and this section.

20 ~~f. When approved by the superintendent, shares~~ Shares  
21 of a small business investment company as defined by the laws  
22 of the United States, ~~except that in no event shall any such~~  
23 ~~state bank hold shares in small business investment companies~~  
24 ~~in an amount aggregating more than two percent of its capital~~  
25 ~~and surplus.~~

26 Sec. 7. Section 524.905, Code 1981, as amended by Acts  
27 of the Sixty-ninth General Assembly, 1981 Session, chapter  
28 173, section 5, is amended by striking the section and  
29 inserting in lieu thereof the following:

30 524.905 LOANS ON REAL PROPERTY. A state bank may make  
31 permanent loans, construction loans, or combined construction  
32 and permanent loans, secured by liens on real property, as  
33 authorized by rules adopted by the superintendent under chapter  
34 17A. The rules shall include provisions as necessary to  
35 insure the safety and soundness of these loans, and to insure

1 full and fair disclosure to borrowers of the effects of  
2 provisions in agreements for these loans, including provisions  
3 permitting change or adjustment of any terms of a loan,  
4 provisions permitting, requiring, or prohibiting repayment  
5 of a loan on a basis other than of equal periodic installments  
6 of interest plus principal over a fixed term, provisions  
7 imposing penalties for the borrower's noncompliance with  
8 requirements of a loan agreement, or provisions allowing or  
9 requiring a borrower to choose from alternative courses of  
10 action at any time during the effectiveness of a loan  
11 agreement.

12 A bank may include in the loan documents signed by the  
13 borrower a provision requiring the borrower to pay the bank  
14 each month in addition to interest and principal under the  
15 note an amount equal to one-twelfth of the estimated annual  
16 real estate taxes, special assessments, hazard insurance  
17 premium, mortgage insurance premium, or any other payment  
18 agreed to by the borrower and the bank in order to better  
19 secure the loan. The bank shall be deemed to be acting in  
20 a fiduciary capacity with respect to these funds, and shall  
21 pay interest to the borrower on these funds, calculated on  
22 a daily basis, at the rate the bank pays to depositors of  
23 funds in ordinary savings accounts. A bank which maintains  
24 such an escrow account, whether or not the mortgage has been  
25 assigned to a third person, shall each year deliver to the  
26 mortgagor a written annual accounting of all transactions  
27 made with respect to the loan and escrow account.

28 Sec. 8. Section 524.1802, Code 1981, is amended to read  
29 as follows:

30 524.1802 LIMITATION. No bank holding company shall  
31 directly or indirectly acquire ownership or control of more  
32 than twenty-five percent of the voting shares of any bank,  
33 or the power to control in any manner the election of a  
34 majority of the directors of any bank, if upon such acquisition  
35 the banks so owned or controlled by the bank holding company

1 would have, in the aggregate, more than ~~eight~~ ten percent  
2 of the total deposits, both time and demand, of all banks  
3 in this state, as determined by the superintendent on the  
4 basis of the most recent reports of the banks in the state  
5 to their supervisory authorities which are available at the  
6 time of the acquisition.

7 Sec. 9. Section 524.1803, Code 1981, is amended to read  
8 as follows:

9 524.1803 OFFER TO PURCHASE STOCK. ~~No~~ A bank holding com-  
10 pany shall not make any offer to purchase or acquire, directly  
11 or indirectly, more than five percent of the voting shares  
12 of any state or national bank without extending the same offer  
13 to the owners of all outstanding shares of the bank not owned  
14 or controlled by the holding company provided that a bank  
15 holding company that owns or controls, directly or indirectly,  
16 five percent or more of the voting shares of a state or  
17 national bank shall not make any offer to purchase or acquire,  
18 directly or indirectly, additional voting shares of that state  
19 or national bank without extending the same offer to the  
20 owners of all outstanding shares of that bank not owned or  
21 controlled by the bank holding company. The refusal of any  
22 shareholder to accept the offer shall not be a bar to purchase  
23 or acquisition of the shares of any other shareholder if all  
24 other pertinent requirements of this division have been met  
25 by the bank holding company.

26 Sec. 10. Chapter 533, Code 1981, is amended by adding  
27 the following new section:

28 NEW SECTION. MISCELLANEOUS REAL ESTATE. In addition to  
29 real property otherwise held or leased pursuant to this  
30 chapter, a credit union may invest in other real property  
31 for the purpose of renting it, reselling it, improving it,  
32 or for any combination of these purposes. A credit union  
33 may sell, mortgage, lease, or otherwise exercise the rights  
34 of an owner of real estate. An investment under this section  
35 may not be made if it would cause the total amount invested

1 in real estate under this section, less the amount of debt  
2 secured by the investments, to exceed ten percent of the  
3 credit union's gross assets.

4 Sec. 11. Section 533.4, subsection 21, Code 1981, is  
5 amended to read as follows:

6 ~~21. Notwithstanding the provisions of section 533.16,~~  
7 ~~subsection 4, a~~ A credit union may take a second mortgage  
8 on real property to secure a loan made by the credit union,  
9 ~~subject~~ pursuant to rules ~~promulgated~~ adopted by the  
10 administrator.

11 Sec. 12. Section 533.16, subsection 4, Code 1981, is  
12 amended by striking the subsection and inserting in lieu  
13 thereof the following:

14 4. A credit union may make permanent loans, construction  
15 loans, or combined construction and permanent loans, secured  
16 by liens on real property, as authorized by rules adopted  
17 by the administrator under chapter 17A. These rules shall  
18 contain provisions as necessary to insure the safety and  
19 soundness of these loans, and to insure full and fair  
20 disclosure to borrowers of the effects of provisions in  
21 agreements for these loans, including provisions permitting  
22 change or adjustment of any terms of a loan, provisions  
23 permitting, requiring, or prohibiting repayment of a loan  
24 on a basis other than of equal periodic installments of  
25 interest plus principal over a fixed term, provisions imposing  
26 penalties for the borrower's noncompliance with requirements  
27 of a loan agreement, or provisions allowing or requiring a  
28 borrower to choose from alternative courses of action at any  
29 time during the effectiveness of a loan agreement.

30 A credit union may include in the loan documents signed  
31 by the borrower a provision requiring the borrower to pay  
32 the credit union each month in addition to interest and  
33 principal under the note an amount equal to one-twelfth of  
34 the estimated annual real estate taxes, special assessments,  
35 hazard insurance premium, mortgage insurance premium, or any

1 other payment agreed to by the borrower and the credit union  
2 in order to better secure the loan. The credit union shall  
3 be deemed to be acting in a fiduciary capacity with respect  
4 to these funds, and shall pay interest to the borrower on  
5 these funds, calculated on a daily basis, at the rate the  
6 credit union pays to its members on ordinary savings deposits.  
7 A credit union which maintains such an escrow account, whether  
8 or not the mortgage has been assigned to a third person, shall  
9 each year deliver to the mortgagor a written annual accounting  
10 of all transactions made with respect to the loan and escrow  
11 account.

12 Sec. 13. Section 534.2, subsection 1, Code 1981, is amended  
13 by striking the subsection and inserting in lieu thereof the  
14 following:

15 1. "Association" means a corporation holding a certifi-  
16 cate of authority to operate under this chapter as either  
17 a mutual association or a stock association.

18 Sec. 14. Section 534.2, subsection 7, Code 1981, is amended  
19 by striking the subsection and inserting in lieu thereof the  
20 following:

21 7. "Insured", when immediately preceding the words "asso-  
22 ciation", "mutual association", "stock association", "foreign  
23 association", or "savings institution", means an institution  
24 whose deposits are insured in part by the federal savings  
25 and loan insurance corporation.

26 Sec. 15. Section 534.2, Code 1981, is amended by adding  
27 the following new subsections:

28 NEW SUBSECTION. "Bank" means any person who is engaged  
29 in the business of banking, who is authorized by law to receive  
30 deposits, and who is subject to supervision by the banking  
31 authorities of the United States or of any state.

32 NEW SUBSECTION. "Bank holding company" means as defined  
33 in section 524.1801.

34 NEW SUBSECTION. "Federal association" means a corporation  
35 operating under the Home Owners' Loan Act of 1933 as either

1 a federal mutual association or a federal stock association.

2 NEW SUBSECTION. "Federal mutual association" means a  
3 corporation organized on a mutual ownership basis without  
4 shareholders which operates under the Home Owners' Loan Act  
5 of 1933.

6 NEW SUBSECTION. "Federal stock association" means a  
7 corporation owned by shareholders which operates under the  
8 Home Owners' Loan Act of 1933.

9 NEW SUBSECTION. "Foreign association" means a corporation  
10 organized under the laws of another state which is insured  
11 by the federal savings and loan insurance corporation or  
12 otherwise operates under laws similar to this chapter.

13 NEW SUBSECTION. "Holding company" means a person other  
14 than an individual which directly or indirectly owns, controls  
15 or votes more than twenty-five percent of any class of voting  
16 stock of a stock association or controls in any manner the  
17 election of a majority of the directors of a stock association  
18 or mutual association.

19 NEW SUBSECTION. "Mutual association" means a corporation  
20 organized on a mutual ownership basis without shareholders  
21 which holds a certificate of authority to operate under this  
22 chapter.

23 NEW SUBSECTION. "Office" means a location at which an  
24 association may conduct any or all of its activities, provided  
25 that an automated teller machine or similar terminal by itself  
26 does not constitute an office.

27 NEW SUBSECTION. "Residential real estate" means real  
28 estate on which there is located, or will be located following  
29 the construction of improvements pursuant to a real estate  
30 loan, a structure or structures designed or used primarily  
31 to provide living accommodations for people, except structures  
32 which are designed to primarily provide accommodations to  
33 transients.

34 NEW SUBSECTION. "Savings account" means a deposit account  
35 in an association or a withdrawable share account or time

1 share account in a mutual association.

2 NEW SUBSECTION. "Savings institution" means an association  
3 or federal association or licensed foreign association having  
4 at least one office located in this state.

5 NEW SUBSECTION. "Service corporation" means a corporation  
6 which is organized under chapter 496A and which is owned in  
7 any part by one or more savings institutions.

8 NEW SUBSECTION. "Stock association" means a corporation  
9 owned by shareholders which holds a certificate of authority  
10 to operate under this chapter.

11 NEW SUBSECTION. "Supervised organization" means an associa-  
12 tion, holding company, service corporation, licensed foreign  
13 association, or a subsidiary of an association, holding  
14 company, service corporation, or licensed foreign association.

15 Sec. 16. Section 534.11, Code 1981, as amended by Acts  
16 of the Sixty-ninth General Assembly, 1981 Session, chapter  
17 175, section 2, is amended to read as follows:

18 534.11 SHARE SAVINGS ACCOUNTS.

19 1. OWNERSHIP. Share Savings accounts may be opened and  
20 held solely and absolutely in ~~his~~ the person's own right by,  
21 or in trust for, any person, including an adult or minor  
22 individual, male or female, single or married, a partnership,  
23 association, fiduciary corporation, or political subdivision  
24 or public or government unit or any other corporation or legal  
25 entity. Share Savings accounts shall be represented only  
26 by the account of each share savings account holder on the  
27 books of the association, and shall be transferable only on  
28 the books of the association and upon proper application by  
29 the transferee and upon acceptance of the transferee as a  
30 ~~member~~ savings account holder upon terms approved by the board  
31 of directors. The association may treat the holder of record  
32 of a share savings account as the owner ~~thereof~~ for all  
33 purposes without being affected by any notice to the contrary  
34 unless the association has acknowledged in writing notice  
35 of a pledge of ~~such-share~~ the savings account.

1        2. EVIDENCE OF OWNERSHIP. An account book may be issued  
2 to each ~~share~~ savings account holder on the books of the  
3 association and ~~such~~ the account book shall, if issued,  
4 indicate the withdrawal value of the ~~share~~ account. A separate  
5 certificate for a ~~share~~ savings account may be issued in lieu  
6 of an account book in form to be approved by the supervisor.

7        3. DUPLICATE ACCOUNT BOOKS AND CERTIFICATES. Upon the  
8 filing with an association by any one of the holders of record  
9 as shown by the books of the association, or by ~~his~~ the  
10 holder's legal representative, of an affidavit to the effect  
11 that the account book or certificate evidencing ~~his-share~~  
12 a savings account with the association has been lost or  
13 destroyed, and that ~~such~~ the account book or certificate has  
14 not been pledged or assigned in whole or in part, ~~such~~ the  
15 association shall issue a new account book or certificate  
16 in the name of the holder or holders of record, ~~such~~ the  
17 replacement book stating or certificate disclosing that it  
18 is issued in lieu of one lost or destroyed, and the association  
19 shall in no way be liable thereafter on account of the original  
20 account book or certificate, provided that the board of  
21 directors shall, if in its judgment it is necessary, require  
22 a bond in an amount it deems sufficient to indemnify the  
23 association against any loss which might result from the  
24 issuance of ~~such~~ the new account book or certificate.

25        4. MINORS. An association and ~~any~~ a federal savings and  
26 loan association may issue ~~share-accounts~~ a savings account  
27 to any minor as the sole and absolute owner of ~~such-share~~  
28 the account, and pay withdrawals and act with respect to ~~such~~  
29 ~~accounts~~ the account on the order of ~~such~~ the minor. Any  
30 payment or delivery of rights to any minor, or a receipt of  
31 acquittance signed by a minor, who holds a ~~share~~ savings  
32 account, shall be a valid and sufficient release and discharge  
33 of ~~such~~ the institution for any payment so made or delivery  
34 of right to ~~such~~ the minor. In the case of a minor, the  
35 receipt, acquittance or other action required by the

1 institution to be taken by the minor shall be binding upon  
2 ~~such~~ the minor with like effect as if ~~he~~ the minor were of  
3 full age and legal capacity. The parent or guardian of ~~such~~  
4 a minor shall not in ~~his~~ the capacity as of parent or guardian  
5 have the power to attach or in any manner to transfer any  
6 ~~share~~ savings account issued to or in the name of ~~such~~ the  
7 minor, provided, however, that in the event of the death of  
8 ~~such~~ the minor the receipt of acquittance of either parent  
9 or of a person standing in loco parentis to ~~such~~ the minor  
10 shall be a valid and sufficient discharge of ~~such~~ the  
11 institution for any sum or sums not exceeding ~~the~~-aggregate  
12 one thousand dollars in the aggregate unless the minor ~~shall~~  
13 have previously ~~has~~ given written notice to the institution  
14 not to accept the signature of ~~such~~ the parent or person.

15 5. JOINT ACCOUNTS. When a ~~share~~ savings account is opened  
16 in any association or federal savings and loan association  
17 in the name of two or more persons, whether minor or adult,  
18 in such form that the moneys in the account are payable to  
19 either or the survivor or survivors then ~~such~~ the account  
20 and all additions thereto shall be the property of ~~such~~ those  
21 persons as joint tenants. The moneys in ~~such~~ the account  
22 may be paid to or on the order of any one of ~~such~~-persons  
23 them during their lifetimes or to or on the order of any one  
24 of the survivors of them after the death of any one or more  
25 of them upon presentation of the pass or account book or other  
26 evidence of ownership as required by the articles or bylaws  
27 of the association. The opening of the account in such form  
28 shall, in the absence of fraud or undue influence, be  
29 conclusive evidence in any act or proceedings to which either  
30 the association or the surviving party or parties is a party,  
31 of the intention of all of the parties to the account to vest  
32 title to ~~such~~ the account and the additions thereto in ~~such~~  
33 the survivor or survivors. By written instructions given  
34 to the institution by all the parties to the account, the  
35 signatures of more than one of ~~such~~ the persons during their

1 lifetime or of more than one of the survivors after the death  
2 of any one of them may be required on any check, receipt or  
3 withdrawal order, in which case the institution shall pay  
4 the moneys in the account only in accordance with ~~such~~ the  
5 instructions, but ~~no-such~~ instructions of the parties shall  
6 not in any event limit the right of the survivor or survivors  
7 to receive the moneys in the account.

8 Payment of all or any of the moneys in ~~such~~ an account  
9 as provided in the preceding paragraph of this ~~section~~  
10 subsection shall discharge the institution from liability  
11 with respect to the moneys so paid, prior to receipt by the  
12 institution of a written notice from any one of ~~them~~ the  
13 parties directing the institution not to permit withdrawals  
14 in accordance with the terms of the account or the  
15 instructions. After receipt of such a notice an institution  
16 may refuse, without liability to honor any check, receipt,  
17 or withdrawal order on the account pending determination of  
18 the rights of the parties. ~~No~~ An institution paying any  
19 survivor in accordance with the provisions of this subsection  
20 shall thereby not be liable as a result of that action for  
21 any estate, inheritance or succession taxes which may be due  
22 this state.

23 6. PLEDGE TO ASSOCIATION OF SHARE SAVINGS ACCOUNT IN JOINT  
24 TENANCY. The pledge to any association or federal savings  
25 and loan association of all or part of a share savings account  
26 in joint tenancy signed by that person or those persons who  
27 are authorized in writing to make withdrawals from the account  
28 shall, unless the terms of the share savings account provide  
29 specifically to the contrary, be a valid pledge and transfer  
30 to the association of that part of the account pledged, and  
31 shall not operate to sever or terminate the joint and  
32 survivorship ownership of all or any part of the account.

33 7. ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS,  
34 CUSTODIANS, TRUSTEES AND OTHER FIDUCIARIES. Any association  
35 or federal savings and loan association may accept share

1 savings accounts in the name of any administrator, custodian,  
2 executor, guardian, trustee, or other fiduciary in trust for  
3 a named beneficiary or beneficiaries, or other fiduciary in  
4 trust for a specified class of unnamed beneficiaries. ~~Any~~  
5 ~~such~~ The fiduciary shall have power to vote as a member as  
6 if the membership were held absolutely, to open and to make  
7 additions to, and to withdraw ~~any-such~~ the account in whole  
8 or in part. The withdrawal value of ~~such~~ the accounts, and  
9 dividends thereon, or other rights relating thereto may be  
10 paid or delivered, in whole or in part to ~~such~~ the fiduciary  
11 without regard to any notice to the contrary as long as ~~such~~  
12 the fiduciary is living. The payment or delivery to ~~any-such~~  
13 the fiduciary or a receipt or acquittance signed by ~~any-such~~  
14 the fiduciary to whom ~~any-such~~ payment or ~~any-such~~ delivery  
15 of rights is made shall be a valid and sufficient release  
16 and discharge of ~~an~~ the institution for the payment or delivery  
17 so made. Whenever a person holding an account in a fiduciary  
18 capacity dies and no written notice of the revocation or  
19 termination of the fiduciary relationship ~~shall-have~~ has been  
20 given to an institution and the institution has no notice  
21 of any other disposition of the beneficial estate, the  
22 withdrawal value of ~~such~~ the account and dividends ~~thereon~~  
23 on the account, or other rights relating ~~thereto~~ to the account  
24 may, at the option of an institution, be paid or delivered,  
25 in whole or in part, to the beneficiary or beneficiaries.  
26 Whenever an account ~~shall-be~~ is opened by any person,  
27 describing ~~himself~~ the person in opening ~~such~~ the account  
28 as trustee for another, and no other or further notice of  
29 the existence and terms of a legal and valid trust ~~then-such~~  
30 than that description ~~shall-have~~ has been given in writing  
31 to ~~such~~ the association, in the event of the death of the  
32 person so described as trustee, the withdrawal value of ~~such~~  
33 the account or any part thereof, together with the dividends  
34 or interest ~~thereon~~ on the account, may be paid to the person  
35 for whom the account was thus stated to have been opened,

1 and ~~such~~ the account and all additions ~~thereto~~ shall be the  
2 property of ~~such~~ that person. The payment or delivery to  
3 ~~any-such-beneficiary,-beneficiaries-or-designated~~ that person,  
4 or a receipt or acquittance signed by ~~such-beneficiary,~~  
5 ~~beneficiaries-or-designated~~ that person for any ~~such~~ payment  
6 or delivery shall be a valid and sufficient release and  
7 discharge of ~~an~~ the institution for the payment or delivery  
8 so made. ~~No~~ An institution paying ~~any-such~~ a fiduciary or  
9 beneficiary in accordance with the provisions of this  
10 subsection shall ~~thereby~~ not be liable as a result of that  
11 action for any estate, inheritance or succession taxes which  
12 may be due this state.

13 8. PAY ON DEATH ACCOUNTS. Any association and any federal  
14 savings and loan association may issue ~~share~~ savings accounts  
15 in the name of one or more persons with the provision that  
16 upon the death of the owner or owners ~~thereof~~ the proceeds  
17 ~~thereof~~ shall be the property of the person or persons  
18 designated by the owner or owners and shown by the record  
19 of ~~such~~ the association, but ~~such~~ the proceeds shall be subject  
20 to the debts of the decedent and the payment of Iowa  
21 inheritance tax, if any, provided, however, that six months  
22 after the date of the death of the owner the receipt or  
23 acquittance of the person so designated shall be a valid and  
24 sufficient release and discharge of ~~such~~ the association for  
25 the delivery of ~~such-share~~ the savings account or the payment  
26 so made.

27 9. POWERS OF ATTORNEY ~~OR-SHARE~~ ON SAVINGS ACCOUNT. Any  
28 association or federal savings and loan association may  
29 continue to recognize the authority of an attorney authorized  
30 in writing to manage or to make withdrawals either in whole  
31 or in part from ~~the-share~~ a savings account ~~of-a-member~~ until  
32 it receives written notice or is on clear actual notice of  
33 the revocation of ~~his~~ the attorney's authority. For the  
34 purpose of this subsection, written notice of the death or  
35 adjudication of incompetency of ~~such-member-shall-constitute~~

1 the savings account holder constitutes written notice of  
2 revocation of the authority of ~~his~~ the attorney. ~~No-such~~  
3 An institution shall not be liable for damages, penalty or  
4 tax by reason of any payment made pursuant to this subsection.

5 10. SHARE SAVINGS ACCOUNTS AS LEGAL INVESTMENTS. Adminis-  
6 trators, executors, custodians, guardians, trustees, and other  
7 fiduciaries of every kind and nature, insurance companies,  
8 business and manufacturing companies, banks, credit unions  
9 and all other types of financial institutions, charitable,  
10 educational, eleemosynary and public corporations and  
11 organizations, and municipalities and other public corporations  
12 and bodies, and public officials ~~hereby~~ are ~~specifically~~  
13 authorized ~~and-empowered~~ to invest funds held by them, without  
14 any order of any court in share or deposit accounts or time  
15 certificates of deposit of insured savings associations which  
16 are under state supervision, or federal savings and loan  
17 associations organized under the laws of the United States  
18 and under federal supervision, and ~~such the~~ investment shall  
19 be deemed and held to be a legal investments-for-such  
20 investment of the funds.

21 Whenever, under the laws of this state or otherwise, a  
22 deposit of securities is required for any purpose, the  
23 securities made legal investments by this ~~section~~ subsection  
24 shall be acceptable for ~~such-deposits~~ that deposit, and  
25 whenever, under the laws of this state or otherwise, a bond  
26 is required with security ~~such the~~ bond may be furnished,  
27 and the securities made legal investments by this ~~section~~  
28 subsection in the amount of ~~such the~~ bond, when deposited  
29 ~~therewith~~, shall be acceptable as security without other  
30 security.

31 The provisions of this ~~section~~ subsection are supplemental  
32 to any and all other laws relating to and declaring what shall  
33 be legal investments for the persons, corporations,  
34 organizations, and officials referred to in this ~~section~~  
35 subsection and the laws relating to the deposit of securities

1 and the making and filing of bonds for any purpose.

2 11. NEGOTIABLE-ORDER-OF-WITHDRAWAL NOW ACCOUNTS.

3 Associations may offer accounts under which account owners  
4 may order or authorize the withdrawal of a specified amount  
5 of the account by means of cash or a negotiable or  
6 nonnegotiable check or similar instrument payable to the  
7 account owner or to third parties or their order for the  
8 benefit of the account owner. However, this authority is  
9 available only for periods of time when federally chartered  
10 savings and loan associations operating in this state are  
11 granted similar authority, and the state authorization is  
12 subject to the rights and limitations imposed upon the  
13 federally chartered associations for this type of activity.

14 An association may offer savings accounts under which the  
15 owner may order or authorize the withdrawal of part or all  
16 of the savings account by means of a negotiable or  
17 nonnegotiable draft or similar instrument payable to the owner  
18 or to third parties or their order.

19 12. DEPOSIT ACCOUNTS. An association may receive money  
20 for deposit.

21 13. SHARE ACCOUNTS. A mutual association may receive  
22 money to be held in withdrawable share accounts and time share  
23 accounts.

24 14. TERMS AND CONDITIONS. An association shall establish  
25 the interest rate, method of computing interest, service  
26 charges, and other terms and conditions of each type of savings  
27 account it will accept. These terms and conditions shall  
28 be consistent with this chapter, and shall be applied equally  
29 to all similar accounts. An association shall furnish a copy  
30 of the terms and conditions of a savings account upon request.  
31 An association shall give reasonable notice of any change  
32 in the terms and conditions to the owners of each type of  
33 savings account which is changed, provided that notice of  
34 changes in interest rates or methods of computing interest  
35 may be provided by posting a conspicuous notice of the change

1 in each of the association's offices. The terms and conditions  
2 of an account established for a specified time period cannot  
3 be changed during that time period without mutual consent  
4 or unless according to the original terms.

5 15. INDUCEMENTS. An association may give inducements  
6 for the opening of a savings account or making additions to  
7 a savings account.

8 Sec. 17. Section 534.12, subsections 3 and 4, Code 1981,  
9 are amended to read as follows:

10 3. ASSOCIATION LIEN ON SHARE SAVINGS ACCOUNTS. Every  
11 ~~such~~ association shall at all times have a lien upon the  
12 savings accounts of a ~~member~~ savings account holder as security  
13 for repayment of money loaned ~~him~~ to the person and as security  
14 for ~~his~~ other indebtedness of the person to the association  
15 and ~~such~~ the lien shall attach and continue without assignment  
16 or pledge to or possession by the association of any evidence  
17 of ~~such~~ ownership. ~~Such~~ The lien may be enforced to satisfy  
18 any past due indebtedness by charging ~~such~~ the indebtedness  
19 to the debtor's ~~share~~ savings account.

20 4. REDEMPTION. At any time funds are on hand for the  
21 purpose the association shall have the right to redeem by  
22 lot or otherwise, as the board of directors may determine,  
23 all or any part of any of its ~~share-accounts~~ savings accounts  
24 on a dividend date by giving thirty days' notice by registered  
25 mail addressed to the account holders at their last addresses  
26 recorded on the books of the association. ~~No~~ An association  
27 shall not redeem any of its share accounts when the association  
28 is in an impaired condition or when it has applications for  
29 withdrawal which have been on file more than thirty days and  
30 have not been reached for payment. The redemption price of  
31 ~~share-accounts-redeemed~~ a savings account shall be the full  
32 value of the account redeemed, as determined by the board  
33 of directors, but in no event shall the redemption value be  
34 less than the withdrawal value. If the ~~afesaid~~ notice of  
35 redemption ~~shall-have-been-duly~~ has been given, and if on

1 or before the redemption date the funds necessary for ~~such~~  
2 the redemption shall have been set aside so as to be and  
3 continue to be available ~~therefor~~ for redemptions, dividends  
4 upon the accounts called for redemption shall cease to accrue  
5 from and after the dividend date specified as the redemption  
6 date, and all rights with respect to ~~such~~ those accounts shall  
7 ~~forthwith, after such redemption date,~~ terminate as of the  
8 redemption date, except subject only to the right of the  
9 account holder of record to receive the redemption value  
10 without interest. All ~~share~~ savings accounts which have been  
11 validly called for redemption must be tendered for payment  
12 within ten years from the date of redemption designated in  
13 the redemption notice, ~~otherwise~~ or they shall be canceled  
14 and forfeited for the use of the school fund of the county  
15 in which the association has its principal place of business  
16 and all claims of ~~such~~ the account holders against the  
17 association shall be barred forever. Redemption shall not  
18 be made, ~~however,~~ of ~~such share~~ any savings accounts which  
19 are held by a member-director person who is a director and  
20 which are necessary to qualify his-acting the person to act  
21 as director.

22 Sec. 18. Section 534.19, subsection 13, Code 1981, is  
23 amended by striking the subsection and inserting in lieu  
24 thereof the following:

25 13. BORROWING. An insured association may borrow from  
26 any source such amounts as are approved from time to time  
27 by the association's board of directors. An association which  
28 is not an insured association may borrow such sums as the  
29 supervisor may approve in writing. All loans and advances  
30 authorized by this subsection may be secured by property of  
31 the association, may be made with convertible features, and  
32 may be evidenced by notes, bonds, debentures, commercial  
33 paper, bankers' acceptances, or other evidences of indebtedness  
34 approved by the association's board of directors.

35 Sec. 19. Section 534.19, Code 1981, is amended by adding

1 the following new subsections:

2 NEW SUBSECTION. DIVIDENDS ON CAPITAL STOCK. A stock as-  
3 sociation may declare and pay dividends on capital stock in  
4 cash or property out of the unreserved and unrestricted earned  
5 surplus of the stock association, or in its own shares, except  
6 when the stock association is in an impaired condition or  
7 when the payment thereof would cause the stock association  
8 to be in an impaired condition. A split-up or division of  
9 the issued shares of capital stock into a greater number of  
10 shares without increasing the stated capital of the stock  
11 association is authorized, and shall not be construed to be  
12 a dividend within the meaning of this subsection.

13 NEW SUBSECTION. MONEY INSTRUMENTS. To issue money orders,  
14 cashier's checks, certified checks, travel checks and similar  
15 instruments drawn by it on its bank accounts or as agent for  
16 any organization authorized to sell any of these instruments  
17 through agents within this state.

18 NEW SUBSECTION. TAX AND LOAN ACCOUNTS. To act as  
19 depository for receipt of payments of federal or state taxes  
20 and loan funds from persons other than the state or  
21 subdivisions, agencies or instrumentalities of the state,  
22 and satisfy any federal or state statutory or regulatory  
23 requirements in connection therewith, including pledging of  
24 assets as collateral, payment of earnings at prescribed rates  
25 and, notwithstanding any other provision of this chapter,  
26 issuing such accounts subject to the right of immediate  
27 withdrawal.

28 NEW SUBSECTION. LEASING OF PERSONAL PROPERTY. To acquire,  
29 upon the specific request of and for the use of a customer,  
30 and lease, personal property pursuant to a binding arrangement  
31 for the leasing of the property to the customer upon terms  
32 requiring payment to the association, during the minimum  
33 period of the lease, of rentals which in the aggregate, when  
34 added to the estimated tax benefits to the association  
35 resulting from the ownership of the leased property plus the

1 estimated residual market value of the leased property at  
2 the expiration of the initial term of the lease, will be at  
3 least equal to the total expenditures by the association for,  
4 and in connection with, the acquisition, ownership,  
5 maintenance, and protection of the property. A lease made  
6 under authority of this section shall have the prior approval  
7 of the supervisor or be made pursuant to personal property  
8 lease guidelines approved by the supervisor for use by the  
9 lessor association or pursuant to a personal property lease  
10 guideline rule of general applicability for use by all  
11 associations.

12 Sec. 20. Section 534.23, subsection 1, Code 1981, is  
13 amended to read as follows:

14 1. SCHOOL SAVINGS. An association ~~shall have power to~~  
15 may contract with the proper authorities of any public or  
16 nonpublic elementary or secondary school or other institution  
17 of higher learning, or any public or charitable institution  
18 caring for minors, for the participation and implementation  
19 by the association in any school or institutional thrift or  
20 savings plan, and it may accept ~~share~~ savings accounts at  
21 ~~such a~~ the school or institution, either by its own collector  
22 or by any representative of the school or institution which  
23 becomes the agent of the association for ~~such~~ that purpose.

24 Sec. 21. Section 534.41, Code 1981, is amended by adding  
25 the following new subsections:

26 NEW SUBSECTION. SERVICE CORPORATIONS. Service corporations  
27 shall possess all of the powers of a corporation organized  
28 under chapter 496A, including the power to own stock and other  
29 securities in industrial loan companies and other corpora-  
30 tions. The activities of a service corporation shall only  
31 be restricted by the supervisor based on a finding that such  
32 activities constitute unsafe or unsound practices.

33 NEW SUBSECTION. ADMINISTRATIVE REVIEW. A supervised or-  
34 ganization may demand an administrative review of any action  
35 of the supervisor by filing an objection to the supervisor's

1 action with the auditor of state within thirty days after  
2 receiving notice of the action. A copy of the objection shall  
3 simultaneously be filed with the supervisor. If the supervised  
4 organization filing the appeal desires that the auditor of  
5 state have a hearing on the matter, within ten days after  
6 the receipt of the objection the auditor of state shall fix  
7 a date for a hearing on the objection. The objecting  
8 supervised organization and the supervisor shall be notified  
9 in writing of the date of the hearing. The date of the hearing  
10 shall not be earlier than fifteen days nor later than thirty  
11 days after the date of the notice. The auditor of state may  
12 conduct the hearing, or may designate a hearing officer from  
13 outside the division of savings associations to conduct the  
14 hearing. At the hearing the supervised organization shall  
15 present the reasons why it deems itself aggrieved by the  
16 action of the supervisor. The supervisor shall be heard in  
17 defense of the action. The auditor of state or hearing officer  
18 may permit other persons who may be concerned or affected  
19 by the action to appear at the hearing. After hearing the  
20 evidence and determining the facts, the auditor of state shall  
21 either approve, modify or disapprove the action of the  
22 supervisor.

23 Sec. 22. Section 534.41, subsection 2, unnumbered paragraph  
24 1, Code 1981, is amended by striking the unnumbered paragraph  
25 and inserting in lieu thereof the following:

26 The supervisor has general supervision over all supervised  
27 organizations.

28 Sec. 23. Chapter 534, Code 1981, is amended by adding  
29 the following new section:

30 NEW SECTION. GENERAL LENDING POWERS. An association may,  
31 subject to any applicable restrictions under this chapter  
32 and to the extent authorized by rules adopted by the  
33 supervisor, loan money, extend credit and discount or purchase  
34 the vendor's interest in real estate contracts or other  
35 evidences of indebtedness and agreements for the payment of

1 money.

2 Sec. 24. Chapter 534, Code 1981, is amended by adding  
3 the following new section:

4 NEW SECTION. SOUND LENDING STANDARDS. An association  
5 shall not make a loan unless it first has determined that  
6 the loan is authorized by this chapter, and that the type,  
7 amount, purpose, and repayment provisions of the loan in  
8 relation to the borrower's resources, credit standing and  
9 any collateral securing repayment of the loan support the  
10 reasonable belief that the loan will be financially sound  
11 and will be repaid according to its terms.

12 Sec. 25. Chapter 534, Code 1981, is amended by adding  
13 the following new section:

14 NEW SECTION. COMMITMENT TO RESIDENTIAL LOANS.

15 1. COMMITMENT. As an annual average, based on monthly  
16 computations, an association shall hold at least sixty percent  
17 in current principal amount of its loans in real estate loans  
18 secured by residential real estate.

19 2. FAILURE TO MEET COMMITMENT. If, upon examination,  
20 the supervisor determines that an association has failed to  
21 meet the requirements of subsection 1 for any two of its  
22 preceding five fiscal years, the association shall be so  
23 notified in writing, with a copy of the notice to the  
24 superintendent of banking, and the association shall within  
25 ninety days following receipt of the notice do one of the  
26 following:

27 a. Establish to the satisfaction of the supervisor that  
28 at least sixty percent of the current principal amount of  
29 its loans are at that time in real estate loans secured by  
30 residential real estate. If the association subsequently  
31 fails to meet the requirements of subsection 1 during any  
32 one of the three fiscal years following the fiscal year in  
33 which the second violation in five years occurred, then the  
34 association shall within ninety days following receipt of  
35 a notice of this violation take one of the actions noted in

1 paragraph b, c, d, or e.

2 b. File a plan of merger to merge with an association,  
3 provided that the two associations would have met the require-  
4 ments of subsection 1 on a consolidated basis during at least  
5 four of the five preceding years.

6 c. File a plan of merger with a federal association or  
7 bank under which the resulting organization is not an  
8 association.

9 d. File a plan of conversion to become a federal associa-  
10 tion or a bank.

11 e. File a plan of conversion that provides both for con-  
12 version to a stock association and for the immediate conver-  
13 sion of the resulting stock association to a bank.

14 3. FAILURE TO RESOLVE PROBLEM. If an association fails  
15 to take one of the actions required by subsection 2, or fails  
16 to complete the plan of merger or conversion within nine  
17 months after receiving the notice specified in subsection  
18 2, the supervisor shall appoint a conservator to operate the  
19 association in conformance with subsection 1 or a receiver  
20 to liquidate the association.

21 Sec. 26. Chapter 534, Code 1981, is amended by adding  
22 the following new section:

23 NEW SECTION. REAL ESTATE LOANS. An association may make  
24 permanent loans, construction loans, or combined construction  
25 and permanent loans, secured by liens on real property, as  
26 authorized by rules adopted by the supervisor under chapter  
27 17A. These rules shall contain provisions as necessary to  
28 insure the safety and soundness of these loans, and to insure  
29 full and fair disclosure to borrowers of the effects of  
30 provisions in agreements for these loans, including provisions  
31 permitting change or adjustment of any terms of a loan,  
32 provisions permitting, requiring, or prohibiting repayment  
33 of a loan on a basis other than of equal periodic installments  
34 of interest plus principal over a fixed term, provisions  
35 imposing penalties for the borrower's noncompliance with

1 requirements of a loan agreement, or provisions allowing or  
2 requiring a borrower to choose from alternative courses of  
3 action at any time during the effectiveness of a loan  
4 agreement.

5 Sec. 27. Chapter 534, Code 1981, is amended by adding  
6 the following new section:

7 NEW SECTION. REQUIRED REAL ESTATE LOAN PRACTICES. Real  
8 estate loans must meet the following requirements:

9 1. APPRAISAL. A qualified person shall conduct an in-  
10 spection of the property securing the loan and submit a signed  
11 appraisal of the market value of that property, provided  
12 that an appraisal is only required where the loan is secured  
13 by a first lien.

14 2. NOTE. A note shall be signed by the borrower and  
15 delivered to the association.

16 3. LIEN. The loan shall be secured by a mortgage, deed  
17 of trust or similar instrument constituting a lien or claim  
18 upon real estate. Such instrument shall provide for the full  
19 protection of the association in the event of default.

20 4. PAYMENT TERMS. The loan shall provide for repayment  
21 upon those terms set forth in the note signed by the borrower.

22 5. LOAN SETTLEMENT STATEMENT. The borrower shall receive  
23 a statement setting forth in detail the charges and fees the  
24 borrower has paid or is obligated to pay in connection with  
25 the loan.

26 6. BALLOON PAYMENTS. An association shall mail to the  
27 borrower an offer to refinance a balloon payment under a loan  
28 at least twenty days prior to the balloon payment date if  
29 at that time no payments under the loan are delinquent. Such  
30 offer shall be at an interest rate no greater than one percent  
31 per annum above the index rate, monthly payments no greater  
32 than those necessary to fully amortize the amount of the bal-  
33 loon payment plus interest over a term ending thirty years  
34 after the first loan to the borrower secured by the real  
35 estate securing the loan to be refinanced, and a term of at

1 least one year before the next balloon payment. Where the  
2 balloon payment is due one month after the preceding monthly  
3 payment date, the association may require the borrower to  
4 make a payment equal to the preceding monthly payment on the  
5 balloon payment date if the first payment under the note to  
6 refinance the balloon note is one month after the balloon  
7 payment date. The association may offer repayment plans to  
8 refinance a balloon payment in addition to the plan required  
9 by this subsection. For purposes of this subsection the term  
10 "loan" means as defined in section 535.8, subsection 1; the  
11 term "balloon payment" means a payment which is more than  
12 three times as big as the mean average of the payments which  
13 precede it; and the term "index rate" means the national  
14 average mortgage contract rate for major lenders on the  
15 purchase of previously-occupied homes which is most recently  
16 published in final form by the federal home loan bank board  
17 one month prior to the date on which the balloon payment is  
18 due.

19 Sec. 28. Chapter 534, Code 1981, is amended by adding  
20 the following new section:

21 NEW SECTION. AUTHORIZED REAL ESTATE LOAN PRACTICES. An  
22 association may do any of the following with respect to a  
23 real estate loan, and any contract provision authorized by  
24 this section shall be enforceable:

25 1. PREPAYMENT. Except as prohibited by section 535.9,  
26 an association may including in the loan documents signed  
27 by the borrower a provision imposing a penalty in the event  
28 of prepayments as defined in the document.

29 2. PROTECTIVE DISBURSEMENTS. An association may pay  
30 taxes, assessments, ground rents, insurance premiums and  
31 similar charges with respect to real estate securing a loan.  
32 An association may add these disbursements to the unpaid  
33 principal balance of the loan, in which event the disburse-  
34 ments shall be secured to the same extent as the principal  
35 balance of the loan.

A-11  
G-11

1       3. PROTECTIVE PAYMENTS. An association may include in  
2 the loan documents signed by the borrower a provision re-  
3 quiring the borrower to pay the association each month in  
4 addition to interest and principal under the note an amount  
5 equal to one-twelfth of the estimated annual real estate  
6 taxes, special assessments, hazard insurance premium, mort-  
7 gage insurance premium, or any other payment agreed to by  
8 the borrower and the association in order to better secure  
9 the loan. The association shall be deemed to be acting in  
10 a fiduciary capacity with respect to these funds, and shall  
11 pay interest to the borrower on these funds, calculated on  
12 a daily basis, at the rate the association pays to members  
13 depositing funds in ordinary savings accounts. An associa-  
14 tion which maintains such an escrow account, whether or not  
15 the mortgage has been assigned to a third person, shall each  
16 year deliver to the mortgagor a written annual accounting  
17 of all transactions made with respect to the loan and escrow  
18 account.

19       4. ACCELERATION ON TRANSFER. An association may include  
20 in the loan documents signed by the borrower a provision which  
21 allows the association or its assignee, at its option, to  
22 declare immediately due and payable all sums secured by an  
23 interest in real property if all or any part of the real prop-  
24 erty is transferred by the borrower without the prior written  
25 consent of the association or its assignee. For purposes  
26 of this subsection a "transfer" is any sale, agreement to  
27 sell, exchange or other disposition of all or any part of  
28 the borrower's interest in the property other than:

29       a. Creation of a lien or other encumbrance junior to the  
30 association's lien.

31       b. Transfer by devise, descent or by operation of law  
32 upon the death or disability of an owner.

33       c. Granting a leasehold interest of three years or less  
34 not containing an option to purchase.

35 However, an association may not enforce the provision if en-

1 enforcement would violate the requirements of section 535.8,  
2 subsection 2, paragraph c.

3 5. ADDITIONAL PROVISIONS. An association may include  
4 in the loan documents signed by the borrower any other  
5 provision not inconsistent with this chapter.

6 Sec. 29. Chapter 534, Code 1981, is amended by adding  
7 the following new section:

8 NEW SECTION. LINE OF CREDIT ARRANGEMENTS. An association  
9 may commit its assets to lines of credit pursuant to credit  
10 arrangements, including agreements with credit and debit card  
11 holders and with other credit or debit card issuers. An  
12 association may become a member or stockholder of or become  
13 otherwise affiliated with, any credit or debit card corpora-  
14 tion, association, or other issuer.

15 Sec. 30. Chapter 534, Code 1981, is amended by adding  
16 the following new section:

17 NEW SECTION. SUCCESSORS IN INTEREST. An association may  
18 deal directly with any person who has an interest in property  
19 which secures a loan by the association regarding the loan  
20 or the security interest without notice to any person who  
21 is obligated to repay the loan, and an association may forebear  
22 to sue or may extend time for payment of or otherwise modify  
23 the terms of the loan, without discharging or in any way af-  
24 fecting the liability of any person obligated to repay the  
25 loan.

26 Sec. 31. Chapter 534, Code 1981, is amended by adding  
27 the following new section:

28 NEW SECTION. INVESTMENT IN REAL ESTATE.

29 1. OFFICES. An association may invest in real estate  
30 to be used as an office for the association, provided that  
31 the portion of the investment in such real estate attributable  
32 to real estate which will be rented to other than the  
33 association as determined by an appraisal shall be treated  
34 as an investment under subsection 2.

35 2. OTHER PROPERTY. An association may invest in real

1 estate for the purpose of renting it, reselling it, improving  
2 it, or for any combination of these purposes. An association  
3 may sell, mortgage, lease, or otherwise exercise the rights  
4 of an owner of real estate.

5 3. LIMITATIONS. An investment under subsection 2 may  
6 not be made if it would cause the total amount invested in  
7 such real estate, less the debt secured by this investment,  
8 to exceed ten percent of the association's assets.

9 Sec. 32. Chapter 534, Code 1981, is amended by adding  
10 the following new section:

11 NEW SECTION. INVESTMENT IN SECURITIES. An association  
12 may invest without limit except as expressly stated in  
13 securities as follows: (1) in obligations of, or obligations  
14 which are fully guaranteed as to principal and interest by,  
15 the United States or this state; (2) in bonds secured by an  
16 interest in real estate, including industrial revenue bonds;  
17 (3) in stock or obligations of any federal home loan bank;  
18 (4) in stock or obligations of any international home loan  
19 bank; (5) in stock or obligations of the federal savings and  
20 loan insurance corporation; (6) in stock, obligations or other  
21 instruments of the federal national mortgage association,  
22 the government national mortgage association, the federal  
23 home loan mortgage corporation, or any successor; (7) in  
24 obligations of, or guaranteed as to principal and interest  
25 by, the Dominion of Canada or any province thereof, if the  
26 principal and interest of the obligations are payable in  
27 United States funds; (8) in obligations issued or guaranteed  
28 by the international bank for reconstruction and development,  
29 or by the inter-American development bank; (9) in demand,  
30 time or savings deposits, shares or accounts, or other  
31 obligations of any financial institution the accounts of which  
32 are insured by a federal agency or instrumentality; (10) in  
33 bankers' acceptances and commercial paper which are eligible  
34 for purchase by federal reserve banks; (11) in bonds, notes  
35 or other evidences of indebtedness which are a general

1 obligation of, or guaranteed as to principal and interest  
2 by, any agency or instrumentality of the United States or  
3 of this state, or any city, county, special district, or other  
4 municipal corporation or political subdivision of this state,  
5 or any public instrumentality or public authority of any one  
6 or more of the foregoing; (12) in capital stock, obligations,  
7 or other securities of service corporations, provided that  
8 the aggregate investment in service corporations shall not  
9 exceed twenty percent of the association's assets; (13) in  
10 an open end management investment company registered under  
11 the Investment Company Act of 1940, the portfolio of which  
12 is restricted to investments in which an association may  
13 invest; (14) in capital stock, obligations or other securities  
14 of a company formed under section 301(d) of the Small Business  
15 Investment Act of 1958 to aid associations, federal  
16 associations or foreign associations; and (15) in capital  
17 stock, obligations or other securities of an industrial loan  
18 company licensed under chapter 536A.

19 Sec. 33. Chapter 534, Code 1981, is amended by adding  
20 the following new section:

21 NEW SECTION. INVESTMENT IN AND BY BANKS.

22 1. INVESTMENT IN BANKS. A holding company, association,  
23 or service corporation may invest in the capital stock, obliga-  
24 tions, or other securities of a bank with the prior approval  
25 of the supervisor.

26 2. INVESTMENT BY BANKS. Notwithstanding sections 524.802  
27 and 524.901, subsection 3, a bank holding company, bank, or  
28 bank service corporation may, with the prior approval of the  
29 superintendent, invest in the capital stock, obligations or  
30 other securities of a savings institution.

31 3. CONTINGENCIES. An association or service corporation  
32 may make an investment under subsection 1 only if at the time  
33 of the investment either an insured bank or a bank service  
34 corporation owned by one or more insured banks would be  
35 permitted to make an investment under substantially the same

1 circumstances in an insured association under all applicable  
2 laws and regulations of the United States. A bank or bank  
3 service corporation may make an investment under subsection  
4 2 only if at the time of the investment either an insured  
5 association or a service corporation owned by one or more  
6 insured associations would be permitted to make an investment  
7 under substantially the same circumstances in an insured bank  
8 under all applicable laws and regulations of the United States.  
9 The ability of an organization to merge with another organiza-  
10 tion is not relevant in determining whether an organization  
11 is permitted to invest in another organization.

12 4. DEFINITIONS. For purposes of this section an "insured  
13 bank" is a bank whose deposits are insured in part by the  
14 federal deposit insurance corporation; a "bank service  
15 corporation" is as defined by, and in accordance with, the  
16 laws of the United States, and the "superintendent" is the  
17 person appointed pursuant to section 524.201.

18 Sec. 34. Chapter 534, Code 1981, is amended by adding  
19 the following new section:

20 NEW SECTION. ASSOCIATION OFFICES. An association may  
21 operate only from those offices which have been approved in  
22 writing by the supervisor. Each application for approval  
23 of an office shall be in a form approved by the supervisor,  
24 and shall state the proposed location thereof, the functions  
25 to be performed therein, the estimated volume of business  
26 thereof, the estimated annual expense thereof and the mode  
27 of payment therefor, and other information the supervisor  
28 requires. The supervisor shall notify each savings institution  
29 with an office within fifty miles of the proposed office of  
30 the application. The supervisor may hold a public hearing  
31 on the application, and shall hold a public hearing on the  
32 application if the supervisor receives a request for a hearing  
33 from any savings institution within twenty days after the  
34 date of mailing of the notices to the savings institutions.  
35 If the supervisor finds that the proposed office will not

1 unduly injure any properly conducted existing savings  
2 institution within fifty miles, and that the maintenance of  
3 the proposed office is likely to be financially viable, the  
4 supervisor shall approve the application. An association  
5 shall not be required to list its offices, or changes in its  
6 offices, in either its articles of incorporation or in its  
7 bylaws.

8 Sec. 35. Chapter 534, Code 1981, is amended by adding  
9 the following new section:

10 NEW SECTION. REQUIRED LIQUIDITY. An association shall  
11 not invest in any security, other than in liquid assets, or  
12 in any loan at any time when its liquid assets are less than  
13 a percentage amount of its savings liability required by  
14 regulations of the supervisor.

15 Sec. 36. Chapter 534, Code 1981, is amended by adding  
16 the following new section:

17 NEW SECTION. ACTIONS TO AVOID LOSS. An association may  
18 invest its funds, operate a business, manage or deal in prop-  
19 erty, or take any other action over whatever period of time  
20 may reasonably be necessary to avoid or reduce the loss on  
21 a loan or investment made or an obligation created in good  
22 faith, even though such action is not otherwise authorized  
23 by this chapter.

24 Sec. 37. Chapter 534, Code 1981, is amended by adding  
25 the following new section:

26 NEW SECTION. EFFECTS OF UNAUTHORIZED ACT.

27 1. SUPERVISORY RESTRICTIONS. The supervisor may impose  
28 restrictions on the future operations of an association making  
29 an unauthorized loan or investment.

30 2. ENFORCEABILITY OF CONTRACTS. All contracts executed  
31 in connection with an unauthorized loan or investment are  
32 enforceable to the same extent that they would be if the loan  
33 or investment had been authorized.

34 Sec. 38. Chapter 534, Code 1981, is amended by adding  
35 the following new sections:

- 1     NEW SECTION.   ARTICLES OF INCORPORATION.
- 2     1. ORIGINAL ARTICLES. The original articles of incorpora-
- 3     tion of an association shall set forth:
- 4     a. The name of the association.
- 5     b. Whether the association is organized as a mutual as-
- 6     sociation or a stock association.
- 7     c. That the association will operate under this chapter.
- 8     d. The period of duration if for a limited period, but
- 9     in the absence of any statement in the articles an association
- 10    shall have perpetual duration.
- 11    e. The officer or officers authorized to sign instruments
- 12    pertaining to real estate.
- 13    f. Whether or not the association will have a corporate
- 14    seal, and whether such seal must be affixed to instruments
- 15    pertaining to real estate.
- 16    g. If a stock association, the information specified in
- 17    section 496A.49, subsections 4, 5, 6, and 7.
- 18    h. Any other provision not inconsistent with this chap-
- 19    ter.
- 20    i. The person to whom the certificate of incorporation
- 21    should be mailed by the secretary of state after filing.
- 22    j. The address of its registered office including street
- 23    and number, if any, the name of the county in which the
- 24    registered office is located, and the name of its registered
- 25    agent or agents at such address.
- 26    k. The name and address of each incorporator.
- 27    1. The name and address and initial term of office of
- 28    each member of the initial board of directors.
- 29    2. It shall not be necessary to set forth in the articles
- 30    of incorporation any of the corporate powers enumerated in
- 31    this chapter.
- 32    3. RESTATED ARTICLES. Restated articles of incorpora-
- 33    tion shall set forth the information specified in paragraphs
- 34    a, b, c, d, e, f, g, h, i, and j of subsection 1.
- 35    4. AMENDMENT PROCEDURE. The procedure for amending

1 articles of incorporation or adopting restated articles for  
2 mutual associations is that specified in section 504A.35,  
3 and for stock associations it is that specified in sections  
4 496A.56 and 496A.57.

5 5. EFFECTIVE DATE. Original articles, amendments, and  
6 restatements are effective on the date they are filed with  
7 the secretary of state, or on such later effective date as  
8 is stated therein. The secretary of state shall not accept  
9 any of these documents for filing unless it has been approved  
10 by the supervisor.

11 Sec. 39. Chapter 534, Code 1981, is amended by adding  
12 the following new section:

13 NEW SECTION. BYLAWS.

14 1. GENERAL PROVISIONS. The initial bylaws of an associa-  
15 tion shall be adopted by its board of directors. The power  
16 to alter, amend, or repeal the bylaws or adopt new bylaws  
17 shall be vested in the board of directors unless otherwise  
18 provided in the articles of incorporation. The bylaws may  
19 contain any provisions for the regulation and management of  
20 the affairs of the association not inconsistent with the law  
21 or the articles. If the articles of a stock association so  
22 provide, the bylaws may contain provisions restricting the  
23 transfer of shares.

24 2. EFFECTIVE DATE. Amendments to bylaws or restatements  
25 of bylaws are effective on the date they are adopted if they  
26 have been preapproved by the supervisor or on the date they  
27 are approved by the supervisor if they were not preapproved,  
28 provided that the amendment or restatement is effective on  
29 a later effective date if so provided therein.

30 NEW SECTION. MEETINGS OF STOCKHOLDERS. Sections 496A.27,  
31 496A.28, 496A.29, 496A.30, 496A.31, 496A.32, and 496A.33 apply  
32 to stock associations.

33 NEW SECTION. DIRECTORS. The business of the association  
34 shall be directed by a board of directors of not less than  
35 five nor more than twenty-five adult individuals elected by

1 ballot from among the members or stockholders by a plurality  
2 of the votes of the members or stockholders present or voting  
3 by proxy. If authorized by vote of the members or  
4 stockholders, the directors may elect all directors. At all  
5 times at least two-thirds of the directors must be bona fide  
6 residents of this state.

7 Sec. 40. Chapter 534, Code 1981, is amended by adding  
8 the following new section:

9 NEW SECTION. INCORPORATING AN ASSOCIATION.

10 1. PLAN OF INCORPORATION. One or more persons may peti-  
11 tion for approval of a plan of incorporation for an association  
12 by forwarding to the supervisor the following:

- 13 a. The proposed original articles of incorporation.
- 14 b. The proposed original bylaws.
- 15 c. An application for approval of each proposed office.
- 16 d. Other information the supervisor requires.

17 2. PROCEDURES. If the supervisor approves the plan of  
18 incorporation, the supervisor shall note the approval on the  
19 original articles, and the original articles shall be filed  
20 with the secretary of state.

21 3. CERTIFICATE OF OPERATION. A corporation shall not  
22 operate as an association under this chapter until it has  
23 received a certificate of operation from the supervisor.  
24 The supervisor shall not issue a certificate of operation  
25 to the association until approved articles and bylaws have  
26 been adopted, the supervisor has received satisfactory proof  
27 that the corporation will be an insured association before  
28 receiving any money in savings accounts, and the interests  
29 of the public and members have been adequately protected.

30 Sec. 41. Chapter 534, Code 1981, is amended by adding  
31 the following new section:

32 NEW SECTION. STOCK ASSOCIATION CAPITALIZATION.

33 1. IN GENERAL. Sections 496A.14, 496A.15, 496A.16,  
34 496A.17, 496A.18, 496A.19, 496A.21, 496A.22, 496A.23, 496A.24,  
35 and 496A.25 apply to stock associations.

1     2. PERMANENT CAPITAL. Except as provided in this chapter,  
2 the total of the par values of all outstanding shares of  
3 voting common capital stock shall be permanent capital of  
4 the stock association and shall not be retired until final  
5 liquidation of the stock association. A stock association  
6 shall not reduce its outstanding voting common capital stock  
7 without first obtaining the consent of the supervisor. Consent  
8 shall be withheld if the reduction will cause the par value  
9 of outstanding voting common capital stock to be less than  
10 the minimum required by rules adopted by the supervisor.

11     3. CAPITAL STOCK AS SECURITY. A stock association shall  
12 not make a loan secured by the pledge of its capital stock.

13     Sec. 42. Chapter 534, Code 1981, is amended by adding  
14 the following new section:

15     NEW SECTION. CONVERSIONS.

16     1. TYPES AUTHORIZED. The following types of conversions  
17 are authorized:

- 18     a. Mutual association to stock association.
- 19     b. Stock association to mutual association.
- 20     c. Mutual association or stock association to federal  
21 mutual association or federal stock association.
- 22     d. Federal mutual association or federal stock association  
23 to mutual association or stock association.
- 24     e. Stock association to a bank chartered under chapter  
25 524.

26     2. INSURANCE. The organization must be either an insured  
27 association, a federal association, or an insured bank after  
28 any conversion.

29     3. PLAN OF CONVERSION. The board of directors shall  
30 approve a plan of conversion by a majority vote of all  
31 directors then serving. The plan shall include the following:

- 32     a. The proposed restated articles of incorporation.
- 33     b. The proposed restated bylaws.
- 34     c. The effect of the conversion on each type of member  
35 or each class of stockholders.

1 d. Other information the supervisor requires.

2 e. If the conversion is to a bank, information required  
3 by the superintendent of banking.

4 4. SUPERVISOR'S APPROVAL. The plan of conversion shall  
5 be submitted to the supervisor for approval. The supervisor  
6 shall reject the plan based on any of the following  
7 determinations:

8 a. The plan is inconsistent with applicable statutes or  
9 regulations.

10 b. The plan does not contain all required information.

11 c. The plan is inequitable to a class of members or  
12 shareholders.

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

16 5. SUPERINTENDENT'S APPROVAL. The plan of conversion  
17 shall be submitted to the superintendent of banking for  
18 approval if the conversion is to a bank. The superintendent  
19 shall reject the plan based on any of the following  
20 determinations:

21 a. The plan is inconsistent with applicable statutes or  
22 regulations.

23 b. The plan does not contain all required information.

24 c. The character and fitness of the members of the initial  
25 board of directors is not such as to command the confidence  
26 of the community and to warrant the belief that the  
27 organization's business will be honestly and efficiently  
28 conducted.

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

31 e. The organization will have sufficient personnel with  
32 adequate knowledge and experience to conduct its business  
33 and administer any fiduciary accounts which it proposes to  
34 handle.

35 f. The plan does not provide for the closing or sale of

1 all of the offices which must be discontinued in order for  
2 the organization to have only those home and branch offices  
3 which a bank is allowed to have under chapter 524.

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

9 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of conversion  
10 must be approved at an annual meeting of members or  
11 stockholders, or at a special meeting called to consider the  
12 plan, by a majority vote of the members represented in person  
13 or by proxy if a mutual association or federal mutual  
14 association, or a majority vote of each class of voting stock  
15 represented in person or by proxy if a stock association or  
16 federal stock association. If the proposed conversion is  
17 the conversion of a mutual association to a stock association,  
18 the board of directors shall cause written notice of the date,  
19 time and purpose of the meeting at which the members will  
20 be asked to vote on the proposal to be mailed by first class  
21 mail, postage prepaid, to each member of the association not  
22 less than thirty days prior to the date of the meeting, and  
23 the board shall cause a copy of this notice to be posted in  
24 a conspicuous location in each of the association's offices  
25 from the date of mailing until the date of the meeting. The  
26 mailed notice may be included in an envelope containing a  
27 periodic statement of account to the member. If so approved,  
28 a copy of the minutes of the meeting, certified and  
29 acknowledged by the secretary or assistant secretary, shall  
30 be filed with the supervisor.

31 7. CONVERSION TO ASSOCIATION. If a state association  
32 results from the plan of conversion, the supervisor shall  
33 issue a certificate of incorporation when all of the following  
34 have occurred:

35 a. The supervisor has received adequate assurance that

1 the association will be an insured association upon issuance  
2 of the certificate of incorporation.

3 b. The supervisor has approved the plan of conversion.

4 c. The supervisor has received the certified minutes of  
5 approval under subsection 6.

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

9 8. CONVERSION TO FEDERAL ASSOCIATION. If a federal  
10 association results from the plan of conversion, the  
11 association shall cease to be an association and shall no  
12 longer be subject to the supervision and control of the  
13 supervisor when all of the following have occurred:

14 a. The supervisor has received a copy of the charter  
15 issued to a converting association by the federal home loan  
16 bank board or a certificate showing the organization of such  
17 association as a federal savings and loan association,  
18 certified by the secretary or assistant secretary of the  
19 federal home loan bank board.

20 b. The supervisor has approved the plan of conversion.

21 c. The supervisor has received the certified minutes of  
22 approval under subsection 6.

23 9. CONVERSION TO A BANK. If a bank results from the plan  
24 of conversion, the association shall cease to be an association  
25 and shall no longer be subject to the supervision and control  
26 of the supervisor when all of the following have occurred:

27 a. The supervisor has received from the superintendent  
28 of banking a certificate showing that the organization is  
29 chartered as a bank.

30 b. The supervisor has approved the plan of conversion.

31 c. The supervisor has received the certified minutes of  
32 approval under subsection 6.

33 10. CERTIFICATION. The supervisor shall prepare a  
34 certificate of conversion upon the occurrence of all of the  
35 events stated in subsection 7, 8, or 9. This certificate

1 shall include the name of the corporation which adopted the  
2 plan of conversion, the name of the corporation after the  
3 conversion, and the effective date of conversion. The original  
4 certificate shall be filed with the secretary of state. The  
5 supervisor shall provide a certified copy of the certificate  
6 to any person upon payment of a five dollar fee. A certified  
7 copy of this certificate shall be sufficient proof of that  
8 conversion for purposes of establishing the liability for  
9 debts or the ownership of assets as provided in section 43,  
10 subsections 2 and 3 of this Act.

11 Sec. 43. Chapter 534, Code 1981, is amended by adding  
12 the following new section:

13 NEW SECTION. EFFECTS OF CONVERSION.

14 1. CONTINUATION. The legal existence of the association  
15 or federal association shall not terminate as a result of  
16 a conversion. The association or federal association resulting  
17 from a conversion shall be a continuation of the same corporate  
18 entity which adopted the plan of conversion.

19 2. LIABILITIES. The corporation resulting from a  
20 conversion is liable for all obligations incurred by the  
21 corporation before, during or after the conversion.

22 3. ASSETS. All property of the corporation adopting a  
23 plan of conversion, including its rights, titles, and interests  
24 in and to all property of whatever kind, whether real, personal  
25 or mixed, choses in action, and every other right and privilege  
26 immediately vests in the corporation resulting from the  
27 conversion, by act of law and without any other conveyance,  
28 act or deed, except to the extent an interest in property  
29 passes to another person under the explicit terms of the plan  
30 of conversion.

31 4. PENDING ACTIONS. Pending actions in any court or  
32 tribunal to which the corporation adopting a plan of conversion  
33 is a party shall not be abated or discontinued by reason of  
34 the conversion, but may be prosecuted in the same manner as  
35 if the conversion had not been made.

1     Sec. 44. Chapter 534, Code 1981, is amended by adding  
2 the following new section:

3     NEW SECTION. MERGER.

4     1. MERGER DEFINED. As used in this section, the terms  
5 "merger" or "merge" means any plan by which the assets and  
6 liabilities of an association are combined with those of one  
7 or more other associations, federal associations, foreign  
8 associations, bank holding companies or banks, including  
9 transactions in which one of the corporate entities survives  
10 and transactions in which a new corporate entity is created.

11    2. TYPES AUTHORIZED. An association may merge with one  
12 or more other associations, federal associations, bank holding  
13 companies or banks.

14    3. PLAN OF MERGER. The board of directors of each merging  
15 association or federal association or bank shall approve an  
16 identical plan of merger by a majority vote of all directors  
17 then serving. The plan shall include the following:

- 18    a. The proposed name of the surviving organization.
- 19    b. The proposed articles of incorporation of the surviving  
20 organization.
- 21    c. The proposed bylaws of the surviving organization.
- 22    d. The effect of the merger on each type of member or  
23 each class of stockholders.
- 24    e. Other information required by the supervisor.

25    4. SUPERVISOR'S APPROVAL. The plan of merger shall be  
26 submitted to the supervisor for approval. The supervisor  
27 shall reject the plan based on any of the following  
28 determinations:

- 29    a. The plan is inconsistent with applicable statutes or  
30 regulations.
- 31    b. The plan does not contain all required information.
- 32    c. The plan is inequitable to a class of members or  
33 stockholders.

34 The supervisor shall notify the organizations which submitted  
35 the plan of the supervisor's decision, and the reasons for

1 rejection if the plan is rejected.

2 5. SUPERINTENDENT'S APPROVAL. The plan of merger shall  
3 be submitted to the superintendent of banking for approval  
4 if the proposed merger is with or into a bank or bank holding  
5 company. The superintendent shall reject the plan based on  
6 any of the following determinations:

7 a. The plan is inconsistent with applicable statutes or  
8 regulations.

9 b. The plan does not contain all required information.

10 c. The capital structure of the resulting organization  
11 will not be adequate in relation to its anticipated business.

12 d. The plan does not provide for the closing or sale of  
13 all of the offices which must be discontinued in order for  
14 the resulting organization to have only those office locations  
15 which a resulting bank would be authorized under chapter 524  
16 to apply for and have approved on the effective date of the  
17 merger if it had no bank office locations in operation on  
18 that date.

19 The superintendent shall notify the organization which sub-  
20 mitted the plan of the superintendent's decision, and the  
21 reasons for rejection if the plan is rejected. The  
22 organization may amend and resubmit the plan in response to  
23 a notification of rejection.

24 6. MEMBER OR STOCKHOLDER APPROVAL. The plan of merger  
25 must be approved at an annual meeting of members or  
26 stockholders, or at a special meeting called to consider the  
27 plan, by a majority vote of the members represented in person  
28 or by proxy of each of the mutual associations or federal  
29 mutual associations included in the plan, or a majority vote  
30 of each class of voting stock represented in person or by  
31 proxy of each of the stock associations, federal stock  
32 associations, bank holding companies or banks included in  
33 the plan. If so approved, a copy of the minutes of the  
34 meeting, certified and acknowledged by the secretary or  
35 assistant secretary, shall be filed with the supervisor.

1 7. RECEIVERSHIP. If a receiver has been appointed for  
2 any association included in the plan of merger, the receiver  
3 shall act in place of the board of directors and the members  
4 or stockholders, and the plan must also be approved by the  
5 court by which the receiver was appointed.

6 8. CERTIFICATION. The supervisor shall prepare a  
7 certificate of merger upon the occurrence of all of the events  
8 stated in subsections 3, 4, 5, 6, and 7. This certificate  
9 shall include the name of the surviving association, federal  
10 association or bank and the effective date of the merger.  
11 The original certificate shall be filed with the secretary  
12 of state. The supervisor shall provide a certified copy of  
13 the certificate to any person upon payment of a five dollar  
14 fee. A certified copy of this certificate shall be sufficient  
15 proof of the merger for purposes of establishing the liability  
16 for debts or the ownership of assets as provided in section  
17 45, subsections 1 and 2 of this Act. An association involved  
18 in a merger may transfer assets or receive assets under the  
19 plan of merger only after the certificate of merger has been  
20 issued by the supervisor.

21 Sec. 45. Chapter 534, Code 1981, is amended by adding  
22 the following new section:

23 NEW SECTION. EFFECTS OF MERGER.

24 1. LIABILITIES. The association, federal association  
25 or bank resulting from a merger is liable for all obligations  
26 incurred by each of the associations, federal associations,  
27 bank holding companies or banks included in the merger before,  
28 during, or after the merger.

29 2. ASSETS. All property of each association, federal  
30 association, bank holding companies or bank adopting a plan  
31 of merger, including its rights, titles, and interests in  
32 and to all property of whatever kind, whether real, personal,  
33 or mixed, choses in action, and every other right and privilege  
34 immediately vests in the association, federal association,  
35 bank holding companies or bank resulting from the merger by

1 act of law and without any other conveyance, act or deed,  
2 except to the extent an interest in property passed to another  
3 person under the explicit terms of the plan of merger.

4 3. PENDING ACTIONS. Pending actions in any court or  
5 tribunal to which any association, federal association, bank  
6 holding companies or bank adopting a plan of merger is a party  
7 shall not be abated or discontinued by reason of the merger,  
8 but may be prosecuted in the same manner as if the merger  
9 had not been made.

10 Sec. 46. Chapter 534, Code 1981, is amended by adding  
11 the following new section:

12 NEW SECTION. BULK TRANSFERS.

13 1. DEFINED. A "bulk transfer" is any transfer in bulk  
14 and not in the ordinary course of the transferor's business  
15 of a major part in value of the loans, savings accounts, or  
16 real estate of an association or of one office of an  
17 association, or any combination of such loans, savings accounts  
18 and real estate.

19 2. APPROVAL. An association may be the transferor under  
20 a bulk transfer upon the majority vote of members represented  
21 in person or by proxy if a mutual association, or a majority  
22 vote of each class of voting stock represented in person or  
23 by proxy if a stock association. An association may be the  
24 transferee under a bulk transfer upon the approval of its  
25 board of directors.

26 Sec. 47. Chapter 536A, Code 1981, is amended by adding  
27 the following new section:

28 NEW SECTION. REAL ESTATE LOANS. A licensed industrial  
29 loan company may make permanent loans, construction loans,  
30 or combined construction and permanent loans, secured by liens  
31 on real property, as authorized by rules adopted by the auditor  
32 under chapter 17A. These rules shall contain provisions as  
33 necessary to insure the safety and soundness of these loans,  
34 and to insure full and fair disclosure to borrowers of the  
35 effects of provisions in agreements for these loans, including

1 provisions permitting change or adjustment of any terms of  
2 a loan, provisions permitting, requiring, or prohibiting  
3 repayment of a loan on a basis other than of equal periodic  
4 installments of interest plus principal over a fixed term,  
5 provisions imposing penalties for the borrower's noncompliance  
6 with requirements of a loan agreement, or provisions allowing  
7 or requiring a borrower to choose from alternative courses  
8 of action at any time during the effectiveness of a loan  
9 agreement.

10 A licensed industrial loan company may include in the loan  
11 documents signed by the borrower a provision requiring the  
12 borrower to pay the company each month in addition to interest  
13 and principal under the note an amount equal to one-twelfth  
14 of the estimated annual real estate taxes, special assessments,  
15 hazard insurance premium, mortgage insurance premium, or any  
16 other payment agreed to by the borrower and the company in  
17 order to better secure the loan. The company shall be deemed  
18 to be acting in a fiduciary capacity with respect to these  
19 funds, and shall pay interest to the borrower on these funds,  
20 calculated on a daily basis, at the lowest rate the company  
21 pays to holders of thrift certificates issued by the company.  
22 A company which maintains such an escrow account, whether  
23 or not the mortgage has been assigned to a third person, shall  
24 each year deliver to the mortgagor a written annual accounting  
25 of all transactions made with respect to the loan and escrow  
26 account.

27 Sec. 48. Section 536A.16, Code 1981, is amended to read  
28 as follows:

29 536A.16 CEASE AND DESIST ORDERS. Whenever the auditor  
30 has reasonable cause to believe that any licensee is violating  
31 any provision of this chapter, chapter 536B, or rules adopted  
32 under either chapter, he the auditor may, after ten days'  
33 advance written notice, in addition to all actions provided  
34 for in this chapter, and without prejudice thereto, enter  
35 an order requiring ~~such~~ the licensee to cease, desist and

1 refrain from ~~such~~ the violation. After receipt of the advance  
2 written notice as provided above, any licensee, within five  
3 days from the receipt of such notice may file with the auditor  
4 a written demand for a hearing. ~~Such-hearings~~ Hearings shall  
5 promptly be held in the office of the auditor and ~~no~~ a cease  
6 and desist order shall not be issued until after the hearing  
7 ~~during-which-the~~. The licensee shall be entitled to present  
8 evidence and the testimony of witnesses at the hearing.

9 Sec. 49. Section 536A.17, Code 1981, is amended to read  
10 as follows:

11 536A.17 INJUNCTIONS. The auditor by counsel of the  
12 attorney general may commence an action in ~~any-court-of~~  
13 ~~competent-jurisdiction~~ the district court, in the name of  
14 the state of Iowa as plaintiff on the relation of ~~such~~ the  
15 auditor to restrain and enjoin any licensee from violating  
16 ~~the-provisions-of~~ this chapter, chapter 536B, or rules adopted  
17 under either chapter, or to restrain and enjoin any person,  
18 copartnership, firm or corporation from engaging in the  
19 business of operating an industrial loan company without  
20 obtaining a license as required by this chapter.

21 Sec. 50. Section 536A.22, Code 1981, is amended to read  
22 as follows:

23 536A.22 THRIFT CERTIFICATES. Licensed industrial loan  
24 companies may sell senior debt to the general public in the  
25 form of thrift certificates, installment thrift certificates,  
26 certificates of indebtedness, promissory notes or similar  
27 evidences of indebtedness. The total amount of such thrift  
28 certificates, installment thrift certificates, certificates  
29 of indebtedness, promissory notes or similar evidences of  
30 indebtedness outstanding and in the hands of the general  
31 public shall not at any time exceed ten times the total amount  
32 of capital, surplus, undivided profits and subordinated debt  
33 that gives priority to such securities of the issuing  
34 industrial loan company. The Except as provided in chapter  
35 536B, the sale of such securities shall be subject to the

1 provisions of chapter 502, and shall not be construed to be  
2 exempt therefrom by reason of the provisions of section  
3 502.202, subsection 10, except that the sale of thrift  
4 certificates or installment thrift certificates which are  
5 redeemable by the holder thereof either upon demand or within  
6 a period not in excess of one hundred eighty days shall be  
7 exempt from sections 502.201 and 502.602.

8 Sec. 51. Section 536B.2, subsection 5, Code 1981, is  
9 amended to read as follows:

10 5. "Thrift certificates" issued by a member means senior  
11 indebtedness issued to and in the hands of the general public,  
12 and includes thrift certificates, installment thrift  
13 certificates, certificates of indebtedness, promissory notes,  
14 or similar evidences of indebtedness.

15 Sec. 52. Section 537.2310, subsection 2, paragraph d,  
16 Code 1981, is amended to read as follows:

17 d. Sales of property or items by the licensee which are  
18 not for the profit of the licensee and which are sold for  
19 a price not exceeding fifteen thirty-five dollars.

20 Sec. 53. Notwithstanding contrary provisions of this Act,  
21 a bank, savings and loan association, credit union or  
22 industrial loan company organized or licensed under the laws  
23 of this state may until July 1, 1983, make real estate loans  
24 pursuant to applicable provisions of the Code as it existed  
25 prior to the effective date of this Act and pursuant to any  
26 applicable rules that are adopted under section 7, 12, 26,  
27 or 47 of this Act after the effective date of this Act.

28 Commencing July 1, 1983, the institution shall make real  
29 estate loans only in accordance with applicable rules adopted  
30 under section 7, 12, 26, or 47 of this Act.

31 Sec. 54.

32 1. Sections 534.3, 534.4, 534.16, 534.17, 534.18, 534.22,  
33 534.24, 534.25, 534.26, 534.27, 534.28, 534.29, 534.30, 534.36,  
34 534.37, 534.38, 534.39, 534.40, 534.67, 534.71, 534.72, and  
35 534.73, Code 1981, are repealed. Section 534.21, Code 1981,

1 as amended by Acts of the Sixty-ninth General Assembly, 1981  
2 Session, chapter 175, sections 6 and 7, is repealed.

3 2. Chapter 535B, Code 1981, is repealed.

4 3. Section 534.19, subsections 2, 3, 4, 5, 11, 15, 16,  
5 17, 19, and 22, Code 1981, are amended by striking those  
6 subsections. Section 534.19, subsection 6, Code 1981, as  
7 amended by Acts of the Sixty-ninth General Assembly, 1981  
8 Session, chapter 175, section 3, is amended by striking the  
9 section.

10

#### EXPLANATION

11 This bill relates to the regulation of banks, savings and  
12 loan associations, credit unions, and industrial loan  
13 companies.

14 Sections 1 through 7 amend various banking laws to expand  
15 the authority of a bank to make home loans to its officers,  
16 to authorize banks to invest in a greater variety of securities  
17 and to invest in real property for profit, and to give the  
18 superintendent authority to determine by rule the types of  
19 real estate loan agreements that can be used. Section 8  
20 increases from eight percent to ten percent the maximum amount  
21 of bank deposits that a holding company may control. Section  
22 9 authorizes a bank holding company to acquire up to five  
23 percent of the voting shares of any bank without having to  
24 extend purchase offers to all shareholders.

25 Sections 10 through 12 give the credit union administrator  
26 authority to determine by rule the types of real estate loan  
27 agreements a credit union may use and authorize investment  
28 in real estate for profit.

29 Sections 13 through 37 in conjunction with a portion of  
30 section 54 substantially revise chapter 534, relating to the  
31 regulation of savings and loan associations, and grant more  
32 extensive powers in terms of the types of accounts an  
33 association may offer, borrowing by the association, services  
34 that the association may offer, and the types of lending and  
35 investing the association may engage in. Sections 38 through

1 46 and other portions of section 54 substantially modify the  
2 chapter 534 provisions governing corporate form, the process  
3 of incorporating, and the options and procedures available  
4 for converting from one corporate form to another and for  
5 merging one type of institution into another.

6 Sections 47 through 51 relate to the regulation of  
7 industrial loan companies. Section 47 grants industrial loan  
8 companies the same real estate loan powers that are granted  
9 to banks and credit unions in other parts of the bill.  
10 Sections 48 and 49 add language to assure that the regulatory  
11 power granted to the auditor of state under the licensing  
12 law (chapter 536A) can be used if a licensee engages in a  
13 violation of chapter 536B, which regulates the issuance of  
14 certain securities by industrial loan companies and provides  
15 a guarantee fund to protect investors against certain losses.  
16 Section 50 modifies provisions which determine whether an  
17 industrial loan company is required to participate in the  
18 guaranty fund and whether it must register its securities  
19 with the department of insurance under chapter 502. Section  
20 51 is a technical amendment clarifying the meaning of a  
21 definition.

22 Section 52 amends a provision of the consumer credit code  
23 to increase the maximum price of goods that may be sold on  
24 the premises of a financial institution that makes supervised  
25 loans.

26 Section 53 is a transition provision giving the respective  
27 regulatory agencies time to adopt rules authorizing the  
28 expanded lending powers granted by the bill. The various  
29 modifications and repeal provisions subject the real estate  
30 lending powers of the institutions to prior rule making by  
31 the regulatory agencies, and the transition provision allows  
32 the institutions to continue to operate under existing laws  
33 for up to one year as the rule-making process is taking place.

34 Section 54 repeals numerous provisions of chapter 534 that  
35 are replaced by new provisions in the bill, and repeals chapter

1 535B, relating to the use of alternative mortgage instruments,  
2 as the additional authority granted elsewhere in the bill  
3 replaces chapter 535B.

4 The bill would take effect July 1 following enactment.

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

S-5278

SENATE FILE 2276

- 1 Amend Senate File 2276 as follows:  
2 1. By striking page 4, line 28 through page 5,  
3 line 6.  
4 2. By renumbering sections and correcting internal  
5 references.

S-5278 FILED  
MARCH 16, 1982

BY BERL E. PRIEBE  
JOHN W. JENSEN  
JACK W. HESTER

MICK LURA  
RICHARD VANDE HOEF

*Lost 3/24 (p. 892)  
Motion to renumber 3/25 (p. 919)*

S-5281

SENATE FILE 2276

- 1 Amend Senate File 2276 as follows:  
2 1. Page 42, by inserting after line 20 the  
3 following:  
4 "9. Nothing contained in this Act shall be  
5 construed to authorize an association to merge with  
6 or be acquired by a foreign institution unless all  
7 applicable laws and regulations of the United States  
8 would specifically authorize a merger with or  
9 acquisition by a foreign institution. For purposes  
10 of this subsection the term "foreign institution"  
11 means a foreign association, a federal association  
12 whose home office is located in another state, a bank  
13 whose home office is located in another state or a  
14 bank holding company which is with respect to the  
15 state of Iowa an "out-of-state bank holding company"  
16 as defined or referred to in 12 U.S.C. 1842(d), and  
17 for purposes of this subsection the words "acquire"  
18 or "acquisition" mean to directly or indirectly ac-  
19 quire ownership or control of more than twenty-five  
20 percent of the voting shares of any association or  
21 the power to control in any manner the election of  
22 a majority of the directors of any association."

S-5281 FILED  
MARCH 17, 1982

BY EDGAR H. HOLDEN

SENATE FILE 2276

S-5315

- 1 Amend Senate File 2276 as follows:  
2 1. Page 4, by striking lines 20 through 23 and  
3 inserting in lieu thereof the words "a fiduciary  
4 capacity with respect to these funds. A bank which  
5 maintains".  
6 2. Page 7, by striking lines 4 through 6 and  
7 inserting in lieu thereof the words "to these funds."  
8 3. Page 26, by striking lines 10 through 13 and  
9 inserting in lieu thereof the words "a fiduciary  
10 capacity with respect to these funds. An associa-".  
11 4. Page 44, by striking lines 19 through 21 and  
12 inserting in lieu thereof the word "funds."

S-5315 FILED  
MARCH 19, 1982

BY LUCAS J. DeKOSTER

*Lost 3/23 (p. 871) Motion to renumber 3/24*

SENATE FILE 2276

S-5319

1 Amend Senate File 2276 as follows:

2 1. Page 4, line 34, by inserting after the word  
3 "acquisition" the words "either (i)".

4 2. Page 5, line 3, by inserting after the comma  
5 the words "or (ii) the banks so owned or controlled  
6 by that bank holding company and all other bank holding  
7 companies would have, in the aggregate, more than  
8 fifty percent of the total deposits, both time and  
9 demand, of all banks in this state,".

S-5319 FILED  
MARCH 22, 1982

BY RICHARD COMITO

SENATE FILE 2276

S-5335

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 30, line 14, by striking the word
- 3 "cororation" and inserting in lieu thereof the word
- 4 "corporation".
- 5 2. Page 37, line 26, by striking the word "evelope"
- 6 and inserting in lieu thereof the word "envelope".

S-5335 FILED  
MARCH 23, 1982

BY EDGAR H. HOLDEN

SENATE FILE 2276

S-5336

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 5, line 1, by striking the words "~~eight~~
- 3 ten" and inserting in lieu thereof the word "eight".
- 4 2. Page 5, line 2, by inserting after the word
- 5 "banks" the words ", savings and loan associations
- 6 and credit unions".
- 7 3. Page 5, line 4, by inserting after the word
- 8 "banks" the words ", savings and loan associations
- 9 and credit unions".

S-5336 FILED  
MARCH 23, 1982

BY BOB RUSH

SIXTY-NINTH GENERAL ASSEMBLY  
1982 REGULAR SESSION

DAILY  
SENATE CLIP SHEET

WEDNESDAY, MARCH 24, 1982

SENATE FILE 2276

S-5332

1 Amend Senate File 2276 as follows:  
2 1. Page 22, line 18, by striking the word "estate."  
3 and inserting in lieu thereof the words "estate and  
4 shall not hold more than ten percent in current  
5 principal amount of its loans in consumer loans nor  
6 more than twenty percent in current principal amount  
7 of its loans in commercial loans. As used in this  
8 section, "consumer loan" means as defined in section  
9 537.1301, subsection 14, and "commercial loan" means  
10 a loan to a corporation or a loan to a natural person  
11 or partnership if the person or partnership uses the  
12 proceeds of the loan in the course of any commercial,  
13 service or industrial enterprise, including agriculture,  
14 carried on for profit, or for any investment activity,  
15 but "commercial loan" does not include any loan secured  
16 by residential real estate if the loan is not amortized  
17 and is made for a term of two years or less."

S-5332 FILED  
MARCH 23, 1982

BY MICK LURA  
TOM SLATER

SENATE FILE 2276

S-5333

1 Amend Senate File 2276 as follows:  
2 1. Page 34, by inserting after line 29 the following:  
3 "Sec. \_\_\_\_ Chapter 534, Code 1981, is amended by  
4 adding the following new section:  
5 NEW SECTION. MINIMUM CAPITALIZATION. An  
6 association shall at all times maintain aggregate net  
7 capital, in the form of capital stock, capital certificates  
8 or capitalized net earnings, equal to not less than  
9 five percent of the gross assets of the association.  
10 An association shall not accept any money for deposit or  
11 share accounts if, following receipt of the money, the  
12 net capital to assets ratio of the association would  
13 be less than as required by this section."

S-5333 FILED  
MARCH 23, 1982

BY TOM SLATER  
MICK LURA

S-5342

1 Amend Senate File 2276 as follows:

2 1. Page 9, by inserting after line 14 the  
3 following:

4 "Sec. \_\_\_\_ . Section 534.5, subsection 1, Code 1981,  
5 as amended by Acts of the Sixty-ninth General Assembly,  
6 1981 Session, chapter 175, section 1, is amended to  
7 read as follows:

8 1. EXCLUSIVENESS OF ACCESS. Every member shall  
9 have the right to inspect such books and records of  
10 an association as pertain to the member's loan or  
11 savings investment. Otherwise, the right of inspection  
12 and examination of the books and records shall be  
13 limited (a) to the supervisor or a duly authorized  
14 representative as provided in this chapter (b) to  
15 persons duly authorized to act for the association,  
16 and (c) to any federal instrumentality or agency  
17 authorized to inspect or examine the books and records  
18 of an insured association or of an uninsured member  
19 by the federal home loan bank. The accounts and loans  
20 of members shall be kept confidential by the  
21 association, its directors, officers and employees,  
22 and by the supervisor and the supervisor's examiners  
23 and representatives, provided that the association  
24 may, upon receipt of the written consent of a member,  
25 furnish information concerning that member's loans  
26 and savings investments to a person who the association  
27 has reason to believe intends to use the information  
28 in connection with a credit transaction involving  
29 the member on whom the information is to be furnished  
30 and involving the extension of credit to, or review  
31 or collection of an account of, the member. No member  
32 or any other person shall have access to the books  
33 and records ~~or shall possess a partial or complete~~  
34 ~~list of the members~~ except upon express action and  
35 authority of the board of directors. Every association  
36 shall compile prior to its annual meeting, and shall  
37 make available to any member upon request of the  
38 member, a list by name of the aggregate remuneration  
39 paid by the association during the preceding fiscal  
40 year to each of the association's five highest paid  
41 officers and to each director of the association.

42 Sec. \_\_\_\_ . Section 534.5, subsection 2, Code 1981,  
43 is amended to read as follows:

44 2. Communication with members. In the event,  
45 however, that any member or members desire to  
46 communicate with other members of the association  
47 with reference to any question pending or to be  
48 presented for consideration at a meeting of the  
49 members, the association shall make available for  
50 copying by any member, upon request of that member,

1 a list of the names and last known mailing addresses  
2 of each of the other members of the association, or,  
3 at the requesting member's discretion, shall furnish  
4 upon request a statement of the approximate number  
5 of members of the association at the time of such  
6 the request, and an estimate of the cost of forwarding  
7 such the communication. ~~The requesting~~ If the  
8 requesting member desires to have the communication  
9 forwarded by the association, the member or members  
10 shall then submit the communication to the supervisor  
11 who, ~~if he finds~~ upon finding it to be appropriate,  
12 truthful and in the best interests of the association  
13 and all its members, shall execute a certificate  
14 setting out such the findings, forward the certificate  
15 together with the communications to the association,  
16 and direct that the communication be prepared and  
17 mailed by the association to the members upon the  
18 requesting member's or members' payment ~~to it~~ of the  
19 expenses of such preparation and mailing."

20 2. Page 17, by inserting after line 7 the  
21 following:

22 "Sec. \_\_\_\_ . Section 534.12, subsection 1, Code  
23 1981, is amended to read as follows:

24 1. Voting. Each member shall have one vote for  
25 each one hundred dollars of net equity above share  
26 loans in his or her share account owned and held by  
27 him or her at any election, and may vote the same  
28 by proxy, but no person shall vote more than ten  
29 percent of the savings liability at the time of said  
30 election excepting that proxies held and voted by  
31 an individual member or a proxy committee shall not  
32 be included in said ten percent limitation. Every  
33 proxy shall be in writing and shall, ~~unless otherwise~~  
34 ~~specified in the proxy~~, continue in force for eleven  
35 months from the date thereof. No proxies shall be  
36 voted at any meeting unless such proxies have been  
37 on file with the secretary of the association for  
38 verification at least five days before the date of  
39 the meeting. Anyone depositing or transferring savings  
40 as collateral security shall be deemed the owner of  
41 such share account within the meaning of this section.  
42 Notice of the regular annual meeting of members of  
43 an association shall be given by publishing said  
44 notice in a newspaper of general circulation in the  
45 county in which the office of said association is  
46 located at least thirty days before the date set for  
47 said annual meeting. Proxies may be revoked by any  
48 member upon written notice to the secretary of an  
49 association; by execution of a written proxy to another  
50 agent; or by personal attendance by the member at

Page 3

1 the members' meetings. Each member as defined by  
2 section 534.2, subsection 8, shall, regardless of  
3 shares, be entitled to at least one vote at any  
4 members' meeting."

5 3. By renumbering sections and correcting internal  
6 references.

SENATE FILE 2276

S-5340

- 1 Amend Senate File 2276 as follows:  
2 1. Page 2, lines 6 and 7, by striking the words  
3 ", less the amount of debt secured by the  
4 investments,".  
5 2. Page 4, by striking line 28 through page 5,  
6 line 6 and inserting in lieu thereof the following:  
7 "Sec. \_\_\_\_ . Section 524.1802, Code 1981, is amended  
8 to read as follows:  
9 524.1802 LIMITATION. No bank holding company  
10 shall directly or indirectly acquire ownership or  
11 control of more than twenty-five percent of the voting  
12 shares of any bank or savings and loan association,  
13 or the power to control in any manner the election  
14 of a majority of the directors of any bank or savings  
15 and loan association, if upon such acquisition the  
16 banks and savings and loan associations so owned or  
17 controlled by the bank holding company would have,  
18 in the aggregate, more than eight percent of the total  
19 deposits, both time and demand, of all banks or savings  
20 and loan associations in this state, as determined  
21 by the superintendent on the basis of the most recent  
22 reports of the banks or savings and loan associations  
23 in the state to their supervisory authorities which  
24 are available at the time of the acquisition."  
25 3. Page 6, lines 1 and 2, by striking the words  
26 ", less the amount of debt secured by the  
27 investments,".  
28 4. Page 28, line 7, by striking the words ", less  
29 the debt secured by this investment,".

S-5340 FILED  
MARCH 23, 1982

BY EDGAR H. HOLDEN

SENATE 3  
MARCH 24, 1982

SENATE FILE 2276

S-5337

1 Amend Senate File 2276 as follows:  
2 1. Page 1, by inserting after line 30 the  
3 following:  
4 "Sec. \_\_\_\_ Chapter 524, Code 1981, is amended by  
5 adding the following new section:  
6 NEW SECTION. MINIMUM CAPITALIZATION. A state  
7 bank shall at all times maintain aggregate net  
8 capital, in the form of capital stock, capital  
9 certificates or capitalized net earnings, equal to  
10 not less than five percent of the gross assets of the  
11 bank. A bank shall not accept any money for deposit  
12 or share accounts if, following receipt of the money,  
13 the net capital to assets ratio of the bank would be  
14 less than as required by this section."

S-5337 FILED & ADOPTED  
MARCH 23, 1982 (g. 871)

BY TOM SLATER

SENATE FILE 2276

S-5338

1 Amend Senate File 2276 as follows:  
2 1. Page 2, by striking line 28 through Page 3,  
3 line 4.

S-5338 FILED  
MARCH 23, 1982

BY BERL E. PRIEBE  
ARNE WALDSTEIN

SENATE FILE 2276

S-5341

1 Amend Senate File 2276 as follows:  
2 1. Page 1, by striking line 31 through Page 2,  
3 line 7.  
4 2. Page 5, by striking line 26 through Page 6,  
5 line 3.  
6 3. Page 27, by striking line 26 through Page 28,  
7 line 8.

S-5341 FILED  
MARCH 23, 1982

BY ARNE WALDSTEIN  
ELVIE DREESZEN  
EMIL J. HUSAK NORMAN RODGERS  
BERL E. PRIEBE SUE YENGER

SENATE FILE 2276

S-5343

1 Amend Senate File 2276 as follows:  
2 1. Page 5, by striking lines 7 through 25.  
3 2. By renumbering sections and correcting internal  
4 references.

S-5343 FILED  
MARCH 23, 1982

BY PATRICK J. DELUHERY

S-5344

1 Amend Senate File 2276 as follows:

2 1. Page 2, lines 6 and 7, by striking the words  
3 ", less the amount of debt secured by the  
4 investments,".

5 2. Page 4, by striking line 28 through page 5,  
6 line 6 and inserting in lieu thereof the following:

7 "Sec. \_\_\_\_ . Section 524.1802, Code 1981, is amended  
8 to read as follows:

9 524.1802 LIMITATION. No bank holding company  
10 shall directly or indirectly acquire ownership or  
11 control of more than twenty-five percent of the voting  
12 shares of any bank or savings and loan association  
13 or credit union, or the power to control in any manner  
14 the election of a majority of the directors of any  
15 bank or savings and loan association or credit union,  
16 if upon such acquisition the banks and savings and  
17 loan associations and credit unions so owned or  
18 controlled by the bank holding company would have,  
19 in the aggregate, more than eight percent of the total  
20 deposits, both time and demand, of all banks or savings  
21 and loan associations or credit unions in this state,  
22 as determined by the superintendent on the basis of  
23 the most recent reports of the banks or savings and  
24 loan associations or credit unions in the state to  
25 their supervisory authorities which are available  
26 at the time of the acquisition."

27 3. Page 6, lines 1 and 2, by striking the words  
28 ", less the amount of debt secured by the  
29 investments,".

30 4. Page 28, line 7, by striking the words ", less  
31 the debt secured by this investment,".

S-5344 FILED *(Adopted 3/25 (p 903))* BY EDGAR H. HOLDEN  
MARCH 23, 1982 *(Motion to reconsider p. 920)*

## SENATE FILE 2276

S-5348

1 Amend Senate File 2276 as follows:

2 1. Page 4, line 20, by inserting after the word  
3 "and" the words "with respect to escrow agreements  
4 entered into on or after the effective date of this  
5 Act".

6 2. Page 7, line 4, by inserting after the word  
7 "and" the words "with respect to escrow agreements  
8 entered into on or after the effective date of this  
9 Act".

10 3. Page 26, line 10. by inserting after the word  
11 "and" the words "with respect to escrow agreements  
12 entered into on or after the effective date of this  
13 Act".

14 4. Page 44, line 19, by inserting after the word  
15 "and" the words "with respect to escrow agreements  
16 entered into on or after the effective date of this  
17 Act".

S-5348 FILED  
MARCH 23, 1982

BY BOB RUSH

S-5345

1 Amend Senate File 2276 as follows:

2 1. Page 4, line 20, by inserting after the word  
3 "and" the words "with respect to a loan as defined  
4 in section 535.8 entered into after the effective  
5 date of this Act".

6 2. Page 4, line 23, by inserting after the word  
7 "accounts" the words ", provided that the bank may  
8 deduct an amount which is a reasonable estimate of  
9 the expense of handling the escrow account".

10 3. Page 7, line 4, by inserting after the word  
11 "and" the words "with respect to a loan as defined  
12 in section 535.8 entered into after the effective  
13 date of this Act".

14 4. Page 7, line 6, by inserting after the word  
15 "deposits" the words ", provided that the credit union  
16 may deduct an amount which is a reasonable estimate  
17 of the expense of handling the escrow account".

18 5. Page 26, line 10, by inserting after the word  
19 "and" the words "with respect to a loan as defined  
20 in section 535.8 entered into after the effective  
21 date of this Act".

22 6. Page 26, line 13, by inserting after the word  
23 "accounts" the words ", provided that the association  
24 may deduct an amount which is a reasonable estimate  
25 of the expense of handling the escrow account".

26 7. Page 44, line 19, by inserting after the word  
27 "and" the words "with respect to a loan as defined  
28 in section 535.8 entered into after the effective  
29 date of this Act".

30 8. Page 44, line 21, by inserting after the word  
31 "company" the words ", provided that the company may  
32 deduct an amount which is a reasonable estimate of  
33 the expense of handling the escrow account".

S-5345 FILED  
MARCH 23, 1982

BY LUCAS J. DeKOSTER

## SENATE FILE 2276

S-5362

- 1 Amend Senate File 2276 as follows:  
 2 1. By striking page 2, line 28 through page 3,  
 3 line 4.  
 4 2. Page 28, by striking line 18.  
 5 3. Page 28, line 19, by striking the word "bank;".  
 6 4. Page 28, line 23, by striking the figure and  
 7 word "(7) in".  
 8 5. Page 28, by striking lines 24 through 29 and  
 9 inserting in lieu thereof the following: "(9) in  
 10 demand,".  
 11 6. Page 29, line 9, by striking the figure and  
 12 word "(13) in".  
 13 7. Page 29, by striking lines 10 through 12.  
 14 8. Page 29, line 13, by striking the word  
 15 "invest;".  
 16 9. By renumbering as necessary.

S-5362 FILED  
 MARCH 24, 1982

BY BERL E. PRIEBE

## SENATE FILE 2276

S-5363

- 1 Amend Senate File 2276 as follows:  
 2 1. Page 22, by striking line 17 and inserting  
 3 in lieu thereof the following: "of the assets of  
 4 the association in real estate loans".  
 5 2. Page 22, line 18, by inserting after the word  
 6 "estate." the following: "For purposes of this  
 7 subsection, property improvement loans and those  
 8 loans secured by a first lien or a first claim upon  
 9 real estate shall be considered real estate loans."

S-5363 FILED  
 MARCH 24, 1982

BY MICK LURA

## SENATE FILE 2276

S-5367

- 1 Amend Senate File 2276 as follows:  
 2 1. By striking page 1, line 31 through page 2,  
 3 line 7.  
 4 2. Page 2, by striking lines 28 through 34.  
 5 3. By striking page 5, line 26 through page 6,  
 6 line 3.  
 7 4. By striking page 27, line 35 through page 28,  
 8 line 8.  
 9 5. Page 28, by striking line 18.  
 10 6. Page 28, line 19, by striking the word "bank;".  
 11 7. Page 28, line 23, by striking the figure and  
 12 word "(7) in".  
 13 8. Page 28, by striking lines 24 through 29 and  
 14 inserting in lieu thereof the following: "(9) in  
 15 demand,".  
 16 9. By renumbering as necessary.

S-5367 FILED  
 MARCH 24, 1982

BY JOHN W. JENSEN

SENATE FILE 2276

S-5355

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 17, line 24, by striking the word "thirty"
- 3 and inserting in lieu thereof the words "~~thirty~~ sixty".
- 4 2. Page 17, line 26, by inserting after the word
- 5 "association" the words "and by giving a second notice
- 6 by ordinary first class mail that is deposited in
- 7 the mail not less than twenty days prior to the
- 8 redemption date. Each notice shall disclose, in the
- 9 manner prescribed by rule adopted by the supervisor,
- 10 that failure to redeem within the period prescribed
- 11 in this section results in a loss of the interest
- 12 or dividends as provided in this subsection".

S-5355 FILED  
MARCH 23, 1982

BY PATRICK J. DELUHERY

SENATE FILE 2276

S-5356

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 27, by striking lines 3 through 5.

S-5356 FILED  
MARCH 23, 1982

BY PATRICK J. DELUHERY

SENATE FILE 2276

S-5359

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 16, line 14, by inserting after the word
- 3 "the" the word "account".

S-5359 FILED  
MARCH 23, 1982

BY PATRICK J. DELUHERY

SENATE FILE 2276

S-5360

- 1 Amend Senate File 2276 as follows:
- 2 1. Page 25, by striking lines 25 through 28.

S-5360 FILED  
MARCH 23, 1982

BY PATRICK J. DELUHERY

SENATE FILE 2276

S-5366

- 1 Amend the Amendment S-5341 to Senate File 2276 as
- 2 follows:
- 3 1. Page 1, by inserting after line 7, the following:
- 4 "4. Page 46, line 32, by striking the figures
- 5 "534.17, 534.18," and inserting in lieu thereof the
- 6 figure "534.17, subsections 1 and 3, "."

S-5366 FILED  
MARCH 24, 1982

BY ARNE WALDSTEIN

SENATE FILE 2276

S-5372

1 Amend Senate File 2276 as follows:

5380 2 1. Page 43, by inserting after line 25 the  
3 following:

4 "Sec. \_\_\_\_ Chapter 534, Code 1981, is amended  
5 by adding the following new section:

6 NEW SECTION. COMPARABILITY TO FEDERAL ASSOCIATIONS.

7 Notwithstanding any other provision of this chapter  
8 or any law of this state or regulation thereunder,  
9 an association shall not exercise any right, power,  
10 authority, privilege, exemption or immunity granted  
11 by or under authority of this Act except during periods  
12 of time when federally chartered savings and loan  
13 associations operating in this state are granted a  
14 similar right, power, authority, privilege, exemption  
15 or immunity by express federal statute law describing  
16 the right, power, authority, privilege, exemption  
17 or immunity, and the state grant or authorization  
18 is subject to any rights and limitations imposed upon  
19 the federally chartered associations for the type  
20 of right, power, authority, privilege, exemption or  
21 immunity granted or authorized; provided, however,  
22 that this section does not apply to section 22, 33,  
5374 23 35, 37, 38, 41, 42, 43, 44, 45 or 46 of this Act."

24 2. Renumber sections and correct references as  
25 necessary.

S-5372 FILED  
MARCH 24, 1982

BY BILL HUTCHINS  
EMIL J. HUSAK  
MERLIN D. HULSE  
RICHARD F. DRAKE

S-5374

SENATE FILE 2276

1 Amend the Amendment S-5372 to Senate File 2276  
2 as follows:

3 1. Page 1, line 23, by inserting after the figure  
4 "38," the figures "39, 40,".

S-5374 FILED & ADOPTED  
MARCH 25, 1982 (p. 904)

BY BILL HUTCHINS

S-5368

1 Amend Senate File 2276 as follows:  
2 1. Page 5, by inserting after line 25 the  
3 following:  
4 "Sec. \_\_\_\_ . NEW SECTION. SERVICE CHARGES.  
5 1. As used in this section, "payor financial  
6 institution" means a bank, savings and loan association  
7 or credit union that is authorized by law to offer  
8 and offers to a customer or member the privilege of  
9 withdrawing funds held in an account to the credit  
10 of that customer or member by means of a draft; and  
11 "draft" includes a check, negotiable or nonnegotiable  
12 order of withdrawal, share draft, or similar  
13 instrument.  
14 2. If a payor financial institution dishonors  
15 a draft drawn against the institution because of  
16 insufficient funds in the account against which the  
17 draft is drawn, the institution may collect from the  
18 account holder a service charge of which the account  
19 holder had prior notice and which does not exceed  
20 the greater of the amount prescribed as the current  
21 minimum hourly wage by the Fair Labor Standards Act  
22 of 1938, 29 U.S.C. sec. 206(a)(1), or one percent  
23 of the amount of the draft.  
24 3. Notwithstanding the limitations otherwise  
25 specified in subsection 2, if a payor financial  
26 institution establishes to the satisfaction of the  
27 agency of this state by which the institution is  
28 regulated that the actual costs incurred by that  
29 institution in processing dishonored drafts cannot  
30 be recovered by the service charge authorized by  
31 subsection 2, the regulatory agency may authorize  
32 such greater charge for that institution as may be  
33 necessary to allow the recovery of the actual costs  
34 established for that institution.  
35 4. A payor financial institution that collects  
36 in connection with the dishonor of a draft any charge  
37 in an amount or in a manner other than permitted by  
38 this section shall be liable to the account holder  
39 for the excess amount collected, plus a penalty of  
40 one hundred dollars, plus attorney fees incurred in  
41 collecting these damages."  
42 2. By renumbering sections and correcting internal  
43 references as necessary.

S-5368 FILED  
MARCH 24, 1982

BY RICHARD COMITO  
RICHARD F. DRAKE  
GARY L. BAUGHER

S-5377

1 Amend amendment S-5344 to Senate File 2276, as  
2 follows:

3 1. Page 1, by striking lines 9 through 26 and  
4 inserting in lieu thereof the following:

5 "524.1802 LIMITATION. No bank holding company  
6 shall directly or indirectly acquire ownership or  
7 control of more than twenty-five percent of the voting  
8 shares of any bank, or the power to control in any  
9 manner the election of a majority of the directors  
10 of any bank, if upon such acquisition the banks so  
11 owned or controlled by the bank holding company would  
12 have, in the aggregate, more than eight percent of  
13 the total deposits, both time and demand, of all banks  
14 in this state, as determined by the superintendent  
15 on the basis of the most recent reports of the banks  
16 in the state to their supervisory authorities which  
17 are available at the time of the acquisition. No  
18 bank holding company shall directly or indirectly  
19 acquire ownership or control of more than twenty-five  
20 percent of the voting shares of any savings and loan  
21 association, or the power to control in any manner  
22 the election of a majority of the directors of any  
23 savings and loan association, if upon such acquisition  
24 the associations so owned or controlled by the bank  
25 holding company would have, in the aggregate, more  
26 than eight percent of the total deposits, both time  
27 and demand, of all associations in this state, as  
28 determined by the superintendent on the basis of the  
29 most recent reports of the associations in the state  
30 to their supervisory authorities which are available  
31 at the time of the acquisition. No bank holding  
32 company shall directly or indirectly acquire ownership  
33 or control of more than twenty-five percent of the  
34 voting shares of any credit union, or the power to  
35 control in any manner the election of a majority of  
36 the directors of any credit union, if upon such  
37 acquisition the credits unions so owned or controlled  
38 by the bank holding company would have, in the  
39 aggregate, more than eight percent of the total  
40 deposits, both time and demand, of all credit unions  
41 in this state, as determined by the superintendent  
42 on the basis of the most recent reports of the credit  
43 unions in the state to their supervisory authorities  
44 which are available at the time of the acquisition."

S-5377 FILED  
MARCH 25, 1982

BY MICK LURA

SENATE FILE 2276

S-5375

1 Amend amendment S-5344 to Senate File 2276 as  
2 follows:

- 3 1. Page 1, line 16, by inserting after the word  
4 "acquisition" the words "either (i)".  
5 2. Page 1, line 21, by inserting after the comma  
6 the words "or (ii) the banks and savings and loan  
7 associations and credit unions so owned or controlled  
8 by that bank holding company and all other bank holding  
9 companies would have, in the aggregate, more than  
10 fifty percent of the total deposits, both time and  
11 demand, of all banks and savings and loan associations  
12 and credit unions in this state."

S-5375 FILED & WITHDRAWN  
MARCH 25, 1982 (p. 903)

BY RICHARD COMITO

SENATE FILE 2276

S-5376

1 Amend Senate File 2276 as follows:

- 2 1. Page 39, by inserting after line 10 the  
3 following:  
4 " COMPETITION PRESERVED. A conversion of  
5 an association to a bank under this section shall  
6 not prevent the subsequent incorporation of another  
7 bank in the same community, and the superintendent  
8 of banking shall not find the existence of the bank  
9 resulting from the conversion to be grounds for  
10 disapproving the incorporation of another bank in  
11 the same community under section 524.305, subsection  
12 1, paragraph b or c. A conversion of an association  
13 to a bank under this section shall not prevent the  
14 subsequent incorporation of another association in  
15 the same community, and the supervisor shall not find  
16 the existence of the bank resulting from the conversion  
17 to be grounds for disapproving the incorporation of  
18 another association in the same community under this  
19 chapter."  
20 2. Page 42, by inserting after line 20 the  
21 following:  
22 " COMPETITION PRESERVED. A merger under this  
23 section shall not prevent the subsequent incorporation  
24 of another bank in the community in which the merged  
25 association is located, and the superintendent of  
26 banking shall not find the merger to be grounds for  
27 disapproving the incorporation of another bank in  
28 the same community under section 524.305, subsection  
29 1, paragraph b or c. A merger under this section  
30 shall not prevent the subsequent incorporation of  
31 another association in the community in which the  
32 merged association is located, and the supervisor  
33 shall not find the merger to be grounds for  
34 disapproving the incorporation of another association  
35 in the same community under this chapter."

S-5376 FILED

BY BERL E. PRIEBE

MARCH 25, 1982

SENATE FILE 2276

5380

1 Amend amendment S-5372 to Senate File 2276 as  
2 follows:

3 1. By striking lines 2 through 23 and inserting  
4 in lieu thereof the following:

5 "1. Page 20, line 25, by striking the word "sub-  
6 sections" and inserting in lieu thereof the word  
7 "subsection".

8 2. Page 20, by inserting after line 32 the  
9 following:

10 "Sec. \_\_\_\_ . Section 534.41, Code 1981, is amended  
11 by adding the following new subsection:".

12 3. Page 43, by inserting after line 25 the  
13 following:

14 "Sec. \_\_\_\_ . Chapter 534, Code 1981, is amended  
15 by adding the following new section:

16 NEW SECTION. LIMITATION ON POWERS. An association  
17 or other corporation shall not have or exercise any  
18 right, power, authority, privilege, exemption, or  
19 immunity established by any of the provisions of  
20 section 16, subsection 11, 12, 13, and 14 of this  
21 Act, and sections 19, 21, 23 and 29 of this Act,  
22 except during those periods of time, if any, when  
23 federally chartered savings and loan associations  
24 operating in this state have been granted and can  
25 exercise a similar right, power, authority, privilege,  
26 exemption, or immunity under a federal statute or  
27 a rule or regulation adopted and in effect under a  
28 federal statute expressly describing the right, power,  
29 authority, privilege, exemption or immunity, and the  
30 right, power, authority, privilege, exemption, or  
31 immunity established by any of those Code provisions  
32 is subject to all conditions and limitations imposed  
33 upon federally chartered associations for the type  
34 of right, power, authority, privilege, exemption or  
35 immunity granted by the federal statute or federal  
36 rule or regulation. However, nothing contained in  
37 this section shall be construed as a prohibition or  
38 condition of or as a limitation upon any right, power,  
39 authority, privilege, exemption, or immunity granted  
40 to an association or other corporation by the laws  
41 of this state or by rules adopted thereunder as those  
42 laws existed prior to the effective date of this  
43 Act."

S-5380 FILED  
MARCH 26, 1982

BY C. W. BILL HUTCHINS  
EMIL HUSAK  
RICHARD F. DRAKE  
MERLIN D. HULSE