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SENATE FILE 351

BY COMMITTEE ON COMMERCE

(Formerly SSB 101) *amended (p. 605)*

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the acquisition of an interest in banks
2 conducting a banking business in Iowa or bank holding
3 companies controlling one or more banks conducting a banking
4 business in Iowa by an out-of-state bank holding company.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 351

1 Section 1. Section 524.1805, Code 1987, is amended to read
2 as follows:

3 524.1805 OUT-OF-STATE HOLDING COMPANIES.

4 ~~Nothing in this division shall be construed to authorize a~~
5 ~~bank holding company which is with respect to the state of~~
6 ~~Iowa an An "out-of-state bank holding company", as defined or~~
7 ~~referred to in 12 U.S.C. § 1842(d), as amended to January 1,~~
8 ~~1971, to may directly or indirectly acquire any of the voting~~
9 ~~shares of, all or a portion of the voting securities or other~~
10 ~~capital stock of, or any interest in, all or substantially all~~
11 ~~of the assets of, or power to control in any manner the~~
12 ~~election of any of the directors of, any bank in this state,~~
13 ~~unless such bank holding company was on January 1, 1971~~
14 ~~registered with the federal reserve board as a bank holding~~
15 ~~company, and on that date owned at least two banks in this~~
16 ~~state one or more state banks or national banking associations~~
17 ~~conducting a banking business in this state or one or more~~
18 ~~bank holding companies located in this state controlling one~~
19 ~~or more state banks or national banks conducting a banking~~
20 ~~business in this state.~~

21 EXPLANATION

22 This bill eliminates the current prohibition contained in
23 section 524.1805 against interstate banking, and provides for
24 nationwide interstate banking.

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SENATE FILE 351

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1 Amend Senate File 351 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 525.1 SHORT TITLE.

5 This division, sections 525.1 through 525.11, may
6 be cited as the "Iowa Regional Interstate Banking
7 Act".

8 Sec. 2. NEW SECTION. 525.2 DEFINITIONS.

9 As used in this division, unless the context
10 requires otherwise:

11 1. "Acquire" means to do one or more of the
12 following:

13 a. Obtain control.

14 b. Obtain all or substantially all of the assets
15 of a bank or bank holding company.

16 c. Assume all liabilities for deposits of a bank.

17 d. Merge or consolidate with a bank or bank
18 holding company.

19 2. "Bank" means a bank, as that term is defined in
20 section 524.103, subsection 5, and includes national
21 banking associations.

22 3. "Bank holding company" means a bank holding
23 company as defined or referred to in the Bank Holding
24 Company Act of 1956, 12 U.S.C. § 1841 et seq., as
25 amended to January 1, 1971.

26 4. "Control" means the power, directly or
27 indirectly, to do one or more of the following:

28 a. Direct or exercise a controlling influence over
29 the management or policies of a bank or bank holding
30 company or the election of a majority of the directors
31 of a bank or bank holding company.

32 b. Vote twenty percent or more of any class of
33 voting securities of a bank or bank holding company.

34 5. "Department" means the department of commerce.

35 6. "Director" means the director of the
36 department.

37 7. "Division" means the division of banking of the
38 department.

39 8. "Equity capital" means the sum of common stock,
40 preferred stock, and surplus and undivided profits.

41 9. "Financial institution" means any of the
42 following:

43 a. A state bank organized in this state or another
44 state.

45 b. A national banking association.

46 c. A savings and loan association or other thrift
47 institution organized in this state or another state,
48 or under federal law.

49 d. A credit union organized in this state or
50 another state, or under federal law.

1 10. "Midwestern region" means the states of
2 Illinois, Kansas, Minnesota, Missouri, Nebraska, North
3 Dakota, South Dakota, Wisconsin, and Iowa.

4 11. "Out-of-state bank" means a bank whose
5 principal place of business is located in or whose
6 operations are principally conducted in a state other
7 than this state.

8 12. "Out-of-state bank holding company" means an
9 out-of-state bank holding company as defined or
10 referred to in 12 U.S.C. § 1842(d), as amended to
11 January 1, 1971.

12 13. "Principal place of business" means the state
13 in which operations are principally conducted.
14 Operations are principally conducted in the state
15 where the largest percentage of aggregate deposits of
16 a bank or all subsidiaries of a bank holding company
17 are held.

18 14. "Regional bank" means a bank located in the
19 midwestern region.

20 15. "Regional bank holding company" means a bank
21 holding company located in the midwestern region.

22 16. "Subsidiary" means a subsidiary as defined or
23 referred to in 12 U.S.C. § 1841(d), as amended to
24 January 1, 1987.

25 17. "Superintendent" means the superintendent of
26 the division of banking of the department.

27 Sec. 3. NEW SECTION. 525.3 OUT-OF-STATE BANK
28 HOLDING COMPANIES.

29 An out-of-state bank holding company shall not
30 acquire any of the voting shares of, any interest in,
31 all or substantially all of the assets of, or power to
32 control in any manner the election of any of the
33 directors of a bank in this state, except as provided
34 in sections 525.4 through 525.11, unless the out-of-
35 state bank holding company was on January 1, 1971,
36 registered with the federal reserve board as a bank
37 holding company, and on that date owned at least two
38 banks in this state.

39 Sec. 4. NEW SECTION. 525.4 REGIONAL RECIPROCAL
40 INTERSTATE BANKING.

41 1. A regional bank or regional bank holding
42 company may, upon the approval of the superintendent,
43 acquire a bank or bank holding company doing business
44 in this state, provided that all of the conditions of
45 this division are met.

46 2. A regional bank or regional bank holding
47 company seeking to acquire a bank or bank holding
48 company in this state must submit an application to
49 the superintendent, in a form approved by the
50 superintendent, containing all of the following

1 information:

2 a. The identity, personal history, business
3 background, and experience of each person by whom or
4 on whose behalf the acquisition is to be made,
5 including the person's material business activities
6 and affiliations during the past five years, and a
7 description of any material pending legal or
8 administrative proceedings in which the person is a
9 party and any criminal indictment or conviction of
10 that person by a state or federal court.

11 b. A statement of the assets and liabilities of
12 each person by whom or on whose behalf the acquisition
13 is to be made, as of the end of the fiscal year for
14 each of the five years immediately preceding the date
15 of the notice, together with related statements of
16 income, sources, and applications of funds for each of
17 the fiscal years then concluded, all prepared in
18 accordance with generally accepted accounting
19 principles consistently applied, and an interim
20 statement of the assets and liabilities for each
21 person, together with related statements of income,
22 sources, and applications of funds as of a date not
23 more than ninety days prior to the date of the filing
24 of the application.

25 c. The terms and conditions of the proposed
26 acquisition and the manner in which the acquisition is
27 to be made.

28 d. The identity, source, and amount of the funds
29 or other consideration to be used in making the
30 acquisition, and if any part of these funds or other
31 consideration has been or is to be borrowed or
32 otherwise obtained for the purpose of making the
33 acquisition, a description of the transaction, the
34 names of the parties, and any arrangements,
35 agreements, or understandings with those persons.

36 e. Any plans or proposals which an acquiring party
37 has to liquidate the bank, to sell its assets or merge
38 it, or make any other major change in its business or
39 corporate structure or management.

40 f. The identification of any person employed,
41 retained, or to be compensated by the acquiring party,
42 or by any person on the acquiring party's behalf, to
43 make solicitations or recommendations to stockholders
44 for the purpose of assisting in the acquisition, and a
45 brief description of the terms of the employment,
46 retainer, or arrangement for compensation.

47 g. Copies of all invitations, tenders, or
48 advertisements making tender offers to stockholders
49 for purchase of their stock to be used in connection
50 with the proposed acquisition.

1 h. A statement of how the acquisition will bring
2 "net new funds" to this state. The description of net
3 new funds must be filed with the application and
4 annually thereafter included in the annual disclosure
5 form described in section 525.24, and must state the
6 amount of capital funds, including the increase in
7 equity capital that will result from the acquisition.
8 The description must state the net increase in
9 loanable funds expressed as an increase in the total
10 loan to asset ratio of Iowa loans and assets. The
11 statement must also include a discussion of initial
12 capital investments, loan policy, investment policy,
13 dividend policy, and the general plan of business,
14 including the full range of consumer and business
15 services which will be offered by the bank or banks
16 owned by the bank holding company after the
17 acquisition.

18 i. Any additional relevant information in the form
19 the commissioner requires by rule or by specific
20 request in connection with any particular application.

21 j. Unless the applicant is a resident of Iowa, a
22 corporation organized in this state, or a foreign
23 corporation admitted to do business in this state, a
24 written consent to service of process on a resident of
25 this state in any action arising out of the
26 applicant's activities related to this state.

27 k. Evidence of the applicant's compliance in this
28 or other states with the Community Reinvestment Act of
29 1977, 12 U.S.C. § 2901, et seq., and any state
30 community reinvestment statutes or rules applicable to
31 any of the applicant's activities.

32 l. An applicant shall enter into an agreement with
33 the superintendent to provide reports and permit
34 examination of its records to the extent deemed
35 necessary by the superintendent to ensure compliance
36 with the provisions of this chapter and other relevant
37 provisions of the Code and any rules adopted under
38 those provisions. If the applicant or the resulting
39 bank or bank holding company is federally chartered,
40 the agreement may provide that compliance examination
41 information shall be provided by the federal agency
42 responsible for supervision of that bank or bank
43 holding company. The superintendent may specify the
44 information which requires verification, and shall be
45 provided a report of that status of compliance by the
46 federal agency.

47 m. An Iowa bank or Iowa bank holding company which
48 is to be acquired or held, shall have, on the date of
49 acquisition, and shall maintain a minimum equity
50 capital which the superintendent determines acceptable

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1 given the basic service area to be served and the
2 general plan of business; however, the equity capital
3 shall not be less than one million dollars. Equity
4 capital shall be maintained consistent with sound
5 banking practices.

6 5. An application to be considered for approval by
7 the superintendent must be accompanied by an
8 application fee of five thousand dollars, payable to
9 the treasurer of state. The application fee is to
10 compensate the superintendent for expenses incurred to
11 process the application.

12 Sec. 5. NEW SECTION. 525.5 SUPERINTENDENT OF
13 BANKING -- RESPONSIBILITIES.

14 1. If a regional bank holding company files an
15 application to acquire an Iowa bank or Iowa bank
16 holding company under this chapter, the superintendent
17 shall do one of the following within ten days of
18 receipt of the application:

19 a. Accept the application for processing.
20 b. Request additional information to complete the
21 application.
22 c. Return the application if it is substantially
23 incomplete.

24 2. If an application is accepted for processing,
25 the superintendent shall immediately notify the
26 applicant and the bank or bank holding company
27 proposed to be acquired of its acceptance of the
28 application and publish notice of the application in
29 the administrative bulletin.

30 3. Within forty days of acceptance of an
31 application for processing, the superintendent shall
32 conduct an investigation into the condition of the
33 applicant and the Iowa bank or Iowa bank holding
34 company to be acquired. The superintendent may
35 request additional information from the applicant and
36 require its production as a precondition to approval
37 of the application. The superintendent may accept
38 public comment on the acquisition.

39 4. In deciding whether to approve an acquisition
40 under this chapter, the superintendent shall condition
41 approval of the application upon a finding of the
42 restrictions in section 525.6 and any other
43 restrictions in this chapter, and all of the following
44 facts:

45 a. That the banks already controlled by the
46 applicant are operated in a safe, sound, and prudent
47 manner.

48 b. That the financial condition of the applicant
49 or any of its affiliates will not jeopardize the
50 financial stability of the Iowa bank or Iowa bank

1 holding company proposed to be acquired.

2 c. That the proposed merger or acquisition will
3 not result in an Iowa bank that has inadequate
4 capital, unsatisfactory management, or poor earnings
5 prospects.

6 d. That banks already controlled by the applicant
7 have provided adequate and appropriate services
8 including services contemplated by the Community
9 Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq.,
10 and any state or local community reinvestment statutes
11 or rules applicable to the applicant's operations, and
12 if subject to a rating, that the applicant's banks
13 have received ratings equivalent to at least the
14 minimum acceptable rating in section 525.27.

15 e. That the applicant proposes to provide adequate
16 and appropriate services, including services
17 contemplated by the Community Reinvestment Act of
18 1977, 12 U.S.C. § 2901 et seq., and the Iowa community
19 reinvestment Act, § 525.21 et seq.

20 f. That the management or other principals of the
21 applicant are qualified by character and financial
22 responsibility to control and operate in a legal and
23 proper manner the Iowa bank or Iowa bank holding
24 company proposed to be acquired.

25 g. That the interest of the depositors and
26 creditors of the Iowa bank or Iowa bank holding
27 company proposed to be acquired and the interest of
28 the general public will not be jeopardized by the
29 proposed acquisition.

30 h. That the applicant furnished all the
31 information the superintendent required in reaching
32 its decision.

33 i. That the applicant has a record of and proposes
34 adequate activities to ascertain the credit needs of
35 its community, including the extent of efforts to
36 communicate the availability of credit services
37 offered, especially marketing and special credit-
38 related programs to make members of the community
39 aware of the credit services offered.

40 j. That the applicant has no plans or practices
41 intended to discourage applications for types of
42 credit.

43 k. That there is no record of prohibited
44 discriminatory or other illegal practices by the
45 applicant.

46 l. That the applicant has a history of
47 participation, including investments, in local
48 community development and redevelopment projects or
49 programs.

50 m. That the applicant has a favorable history for

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1 origination of residential mortgage loans, housing
2 rehabilitation loans, home improvement loans, and
3 small business or family farm loans within its
4 community, or the purchase of such loans originated in
5 its community.

6 5. If the superintendent determines that the
7 applicant is qualified, the superintendent shall
8 review the laws of the state in which an applicant
9 maintains its principal place of business, and certify
10 the level of reciprocity granted an Iowa bank holding
11 company seeking to acquire a bank or bank holding
12 company in that state. The superintendent may approve
13 an application otherwise complying with this chapter
14 if the superintendent certifies that the state in
15 which the regional bank holding company is located
16 grants reciprocity to Iowa bank holding companies on
17 terms generally as favorable as permitted in this
18 chapter. If the superintendent certifies that the
19 reciprocity is on less favorable terms, then the bank
20 holding company located in a state with less favorable
21 terms shall only acquire an interest in an Iowa bank
22 or Iowa bank holding company to the same extent as an
23 Iowa bank holding company may acquire an interest in a
24 bank in the state where the regional bank holding
25 company is located.

26 6. The superintendent shall issue an order either
27 approving or disapproving an application. The order
28 shall include findings of fact based upon the
29 application, investigation, public comments, or other
30 submittals or evidence considered. An order
31 disapproving an application shall list the reasons for
32 disapproval. An order approving an application shall
33 include any reciprocity conditions or limitations
34 consistent with the superintendent's certification
35 under subsection 5.

36 7. Appeals from a decision of the superintendent
37 shall be pursuant to chapter 17A.

38 Sec 6. NEW SECTION. 525.6 RESTRICTIONS ON
39 ACQUISITIONS.

40 1. A regional bank holding company may not acquire
41 an Iowa bank or Iowa bank holding company under this
42 chapter if, following the acquisition, the acquired
43 bank or the Iowa banks controlled by the regional bank
44 holding company, and all Iowa affiliates of the
45 acquired bank or controlled banks, would hold a
46 percentage of the total deposits in all Iowa banks
47 larger than the percentage permitted under subsection
48 2.

49 2. The percentage referred to in subsection 1 is:
50 a. Ten percent before July 1, 1989.

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1 b. Eleven percent on or after July 1, 1989, and
2 before July 1, 1990.

3 c. Twelve percent on or after July 1, 1990.

4 3. A regional bank holding company shall not
5 acquire either of the following:

6 a. An Iowa bank under this chapter unless the Iowa
7 bank has been in existence and continuously operated
8 as a bank for five or more years.

9 b. An Iowa bank holding company under this chapter
10 unless each of the Iowa bank holding company's Iowa
11 bank subsidiaries has been in existence and
12 continuously operated as a bank for five or more
13 years.

14 4. However, for purposes of this section, a bank
15 shall be considered to have been in existence and
16 continuously operated as a bank for five or more years
17 if either of the following apply:

18 a. The bank is a new bank as a result of a
19 consolidation of banks each of which had been in
20 existence and continuously operated as a bank for five
21 or more years before the consolidation.

22 b. The bank was organized solely for the purpose
23 of facilitating the acquisition of another bank that
24 had been in existence and continuously operated as a
25 bank for five or more years before the acquisition.

26 5. This section does not apply to acquisitions of
27 a troubled bank. A troubled bank is a bank which the
28 superintendent reasonably believes will fail without
29 assistance or an acquisition, or a bank which has
30 failed.

31 Sec. 7. NEW SECTION. 525.7 BASIC SERVICES
32 TRANSACTION ACCOUNT.

33 A bank controlled by a regional bank or regional
34 bank holding company must offer a basic services
35 transaction account to eligible individuals. For
36 purposes of this section:

37 1. "Basic services transaction account" means a
38 transaction account that has no initial or periodic
39 service fees, allows at least six checks per month to
40 be drawn on the account without charge, and allows at
41 least six free electronic funds transfer transactions
42 per month; and for additional checks or electronic
43 funds transfer transactions, service fees must not
44 exceed the lowest fee for similar services charged by
45 the bank for other than basic accounts.

46 2. "Eligible individual" means a person whose
47 annual family income is less than the federal poverty
48 income guidelines as published annually in the Federal
49 Register.

50 Sec. 8. NEW SECTION. 525.8 DEVELOPMENTAL LOANS.

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1 A bank located in this state owned by a regional
2 bank holding company shall provide a level of
3 developmental loans as defined by the superintendent
4 by rule. "Developmental loans" include but are not
5 limited to the following:

6 1. Loans for low and moderate income housing,
7 loans to community development corporations, loans to
8 targeted small businesses, student education loans,
9 and alternative energy or energy conservation loans.

10 2. Loans within a distressed area or on an Indian
11 reservation for a commercial nonreal estate purpose,
12 home loans, home improvement loans, and operating
13 loans to family farmers. The director shall annually
14 designate distressed areas. A distressed area may be
15 made for a geographic region smaller than a county.
16 The determination of a distressed area should be made
17 on the area's unemployment rate, economic conditions,
18 and credit needs.

19 Sec. 9. NEW SECTION. 525.9 LOCAL ADVISORY BOARD.

20 A regional bank holding company acquiring an Iowa
21 bank or Iowa bank holding company pursuant to this
22 division shall establish a five-person advisory board
23 of directors for each bank acquired if the bank is not
24 continued as a separately organized or chartered bank
25 with its own board of directors. Members of the
26 advisory board or a majority of the members of the
27 board of directors of a bank continued as a separately
28 organized or chartered bank with its own board, shall
29 be appointed from the basic service area, as
30 determined under section 525.24, of the acquired bank.
31 The advisory board or the board of directors shall
32 make recommendations to the bank holding company
33 regarding policies to better serve the acquired bank's
34 basic service area.

35 Sec. 10. NEW SECTION. 525.10 PROHIBITIONS.

36 1. A person who violates a provision of this
37 division, or a rule adopted under this division, is
38 subject to a civil penalty of not more than one
39 thousand dollars per day for each day the violation
40 continues. The superintendent shall report the
41 violation and the results of any investigation to the
42 attorney general, who may institute a civil action on
43 behalf of the state to enforce this division in the
44 county in which the violation occurs or Polk county.

45 Sec. 11. NEW SECTION. 525.11 NONSEVERABILITY.

46 If it is ultimately determined that the reciprocity
47 limitation in section 525.4 is invalid, then all of
48 sections 525.4 through 525.10 are void and no
49 reciprocity is allowed. However, if sections 525.4
50 through 525.10 become void, a regional bank holding

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1 company which directly or indirectly owns voting
2 shares, an interest in, or control of a bank located
3 in Iowa may maintain the interest and may expand its
4 holdings not to exceed the limitations contained in
5 section 524.1802.

6 Sec. 12. NEW SECTION. 525.21 SHORT TITLE.

7 This division, sections 525.21 through 525.29, may
8 be cited as the "Iowa Community Reinvestment Act".

9 Sec. 13. NEW SECTION. 525.22 DEFINITIONS.

10 As used in this division, unless the context
11 requires otherwise:

12 1. "Basic service area" means the area determined
13 as provided in section 525.24.

14 2. "Department" means the department of commerce.

15 3. "Director" means the director of the
16 department.

17 4. "Financial institution" means a financial
18 institution as defined in section 525.2.

19 5. "Regulator" means one of the following:

20 a. The superintendent of the division of banking
21 of the department for banks organized or regulated
22 under chapter 524.

23 b. The superintendent of the division of savings
24 and loan associations of the department for savings
25 and loan associations organized or regulated under
26 chapter 534.

27 c. The superintendent of the division of credit
28 unions of the department for credit unions organized
29 or regulated under chapter 533.

30 Sec. 14. NEW SECTION. 525.23 COMMUNITY
31 REINVESTMENT RESPONSIBILITY.

32 A financial institution organized or regulated
33 under chapter 524, 533, or 534 shall meet the credit
34 needs of the community or communities in which it is
35 located, including low-income and moderate-income
36 neighborhoods, as determined under section 525.25, and
37 rural areas within the financial institution's basic
38 service area, consistent with safe and sound
39 operations of the financial institution.

40 Sec. 15. NEW SECTION. 525.24 ANNUAL COMMUNITY
41 REINVESTMENT DISCLOSURE REPORT AND PUBLIC NOTICE.

42 A financial institution organized or regulated
43 under chapter 524, 533, or 534, shall submit to the
44 director an annual report in a form determined by the
45 director, which describes the following:

46 1. The credit needs of the community served by the
47 financial institution, and the method by which this
48 determination was made. The director may by rule
49 stipulate a method to determine the credit needs of a
50 community served by a financial institution.

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2. The methods used to market to the community the credit services offered by the financial institution.

3. A description of how services actually provided by the financial institution satisfied the needs described under subsection 1.

4. The financial institution's participation in local, state, and federal business and economic development programs, small business assistance programs, programs addressing the financial needs of minorities, and programs that meet the specific credit needs of rural communities, including but not limited to the rural economic development program and the rural agricultural diversification linked-deposit program. The director may specify by rule which programs must be included in the report.

A financial institution shall delineate the local community or communities that comprise its basic service area. The basic service area so claimed is subject to the approval of the department. The department may order an expansion or contraction of a financial institution's basic service area if the department finds the claimed area does not correspond to the territory in fact served by the institution. The department shall adopt rules for determination of the basic service area based on a financial institution's facilities, business practices, and the location, distribution, and concentration of the institution's borrowers and depositors.

A financial institution shall provide a public notice in the lobby of each of its facilities which requests the public to submit comments to the financial institution regarding its community lending activities. Each institution shall maintain a file open to public inspection which contains the five most recent annual community reinvestment disclosure reports, public comments received on its community investment activities, and the institution's response to those comments.

Sec. 16. NEW SECTION. 525.25 COMMUNITY REINVESTMENT DISCLOSURE REQUIREMENTS.

A financial institution with more than ten million dollars of assets shall disclose as part of its annual community reinvestment disclosure report the following:

1. The number and aggregate dollar amount of housing, commercial, small business, agricultural, and consumer loans originated in the state in which the financial institution's principal place of business, as defined in section 525.2, is located.

2. The number and aggregate dollar amount of

1 housing, commercial, small business, agricultural, and
2 consumer loans originated in this state.

3 3. The number and aggregate dollar amount of
4 housing, commercial, small business, agricultural, and
5 consumer loans originated within low-income and
6 moderate-income neighborhoods within the institution's
7 basic service area. The department may by rule or
8 decision determine the geographic boundaries of low-
9 income and moderate-income neighborhoods within the
10 state, or criteria for designating low-income and
11 moderate-income neighborhoods within a financial
12 institution's basic service area.

13 Sec. 17. NEW SECTION. 525.26 REQUIREMENTS OF
14 FINANCIAL INSTITUTIONS NOT REGULATED BY IOWA STATUTES
15 FOR PARTICIPATION IN CERTAIN PROGRAMS.

16 A financial institution operating in Iowa and not
17 organized or regulated under chapter 524, 533, or 534,
18 shall meet the reporting requirements under sections
19 525.24 and 525.25, and the rating requirements under
20 section 525.27 to be eligible for participation in
21 programs identified in section 525.28.

22 Sec. 18. NEW SECTION. 525.27 COMMUNITY
23 REINVESTMENT RATING SYSTEM.

24 The director shall adopt rules, not later than
25 January 1, 1989, for a community reinvestment rating
26 system for financial institutions, to be based upon a
27 review of the information provided in a financial
28 institution's annual community reinvestment disclosure
29 report, and other information which the director finds
30 to be relevant. The system must at minimum provide
31 for an unacceptable community reinvestment rating, a
32 minimum acceptable community reinvestment rating, and
33 a top rating for exemplary community reinvestment, and
34 the information shall be public information. The
35 rating system may contain more steps than an
36 unacceptable rating, a minimum acceptable rating, and
37 an exemplary rating.

38 Sec. 19. NEW SECTION. 525.28 ELIGIBILITY FOR
39 PARTICIPATION IN CERTAIN STATE PROGRAMS CONDITIONED ON
40 COMMUNITY REINVESTMENT GUIDELINES.

41 After July 1, 1989, unconditional eligibility for
42 financial institutions to participate in the following
43 programs is conditioned upon achieving a minimum
44 acceptable community reinvestment rating under section
45 525.27 and preference is given for financial
46 institutions achieving higher ratings, with the
47 highest preferences given to financial institutions
48 with an exemplary rating:

49 1. Deposit of public funds, including state
50 treasury funds and the funds of political

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subdivisions.

2. State loan guarantee programs.

3. State interest rate buy-down programs.

4. Other financial programs offered through the use of state funds.

A financial institution not meeting a minimum acceptable community reinvestment rating may receive conditional approval for eligibility for such programs provided that the financial institution develops a proposal for improving its community reinvestment rating to an acceptable level within a period of no more than two years and the proposal is approved by the director.

After July 1, 1989, eligibility for a financial institution to extend its service territory, acquire or merge with another financial institution, build or acquire a new facility, transfer a home office, or take other action requiring approval of the financial institution's state regulator is conditioned upon achieving at least a minimum acceptable community reinvestment rating. The director may by rule condition approval or degree of approval for an action requiring a regulator's approval on higher community reinvestment ratings. However, the regulator may grant approval for an action of a financial institution receiving less than an acceptable community reinvestment rating if the regulator finds that the action is an essential part of a proposal approved by the director for improving the financial institution's community reinvestment rating to an acceptable level within a period of no more than two years.

Sec. 20. NEW SECTION. 525.29 COMMUNITY REINVESTMENT TASK FORCE ESTABLISHED.

A community reinvestment task force is established to recommend a community reinvestment rating system to the director which will encourage financial institutions to invest in their communities and to meet the requirements of this division. The task force shall also recommend appropriate uses of a rating system including incentives and disincentives for various levels of performance. The community reinvestment task force shall be composed of seven individuals selected for their knowledge of the financial needs of Iowa's business, farm, and consumer communities, with none having a financial interest in or position with a financial institution. The majority and minority leaders in the senate and the speaker and the minority leader in the house of representatives shall each appoint one member and the

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1 governor shall appoint three members of the task
2 force. The task force shall report its
3 recommendations to the director not later than July 1,
4 1988, and submit proposed rules to implement the
5 recommendations. The department and the legislative
6 service bureau shall provide staff support to the task
7 force.

8 Sec. 21. Section 524.1805, Code 1987, is repealed.

9 Sec. 22. The Code editor shall codify new sections
10 525.1 through 525.11 as division I of chapter 525, and
11 new sections 525.21 through 525.29 as division II of
12 chapter 525."

S-3358

Filed April 1, 1987

BY MICHAEL E. GRONSTAL

SENATE FILE 351

3360

1 Amend Senate File 351 as follows:

2 1. Page 1, by inserting after line 20 the
3 following:

4 "Sec. ____ . NEW SECTION. 525.10 BASIC SERVICES
5 TRANSACTION ACCOUNT.

6 A bank controlled by a regional bank or regional
7 bank holding company must offer a basic services
8 transaction account to eligible individuals. For
9 purposes of this section:

10 1. "Basic services transaction account" means a
11 transaction account that has no initial or periodic
12 service fees, allows at least six checks per month to
13 be drawn on the account without charge, and allows at
14 least six free electronic funds transfer transactions
15 per month; and for additional checks or electronic
16 funds transfer transactions, service fees must not
17 exceed the lowest fee for similar services charged by
18 the bank for other than basic accounts.

19 2. "Eligible individual" means a person whose
20 annual family income is less than the federal poverty
21 income guidelines as published annually in the Federal
22 Register.

23 Sec. ____ . NEW SECTION. 525.11 DEVELOPMENTAL
24 LOANS.

25 A bank located in this state owned by a regional
26 bank holding company shall provide a level of
27 developmental loans as defined by the superintendent
28 by rule. "Developmental loans" include but are not
29 limited to the following:

30 1. Loans for low and moderate income housing,
31 loans to community development corporations, loans to
32 targeted small businesses, student education loans,
33 and alternative energy or energy conservation loans.

34 2. Loans within a distressed area or on an Indian
35 reservation for a commercial nonreal estate purpose,
36 home loans, home improvement loans, and operating
37 loans to family farmers. The director shall annually
38 designate distressed areas. A distressed area may be
39 made for a geographic region smaller than a county.
40 The determination of a distressed area should be made
41 on the area's unemployment rate, economic conditions,
42 and credit needs.

43 Sec. ____ . NEW SECTION. 525.12 LOCAL ADVISORY
44 BOARD.

45 A regional bank holding company acquiring an Iowa
46 bank or Iowa bank holding company pursuant to section
47 524.1805 shall establish a five-person advisory board
48 of directors for each bank acquired if the bank is not
49 continued as a separately organized or chartered bank
50 with its own board of directors. Members of the

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1 advisory board or a majority of the members of the
2 board of directors of a bank continued as a separately
3 organized or chartered bank with its own board, shall
4 be appointed from the basic service area of the
5 acquired bank. The advisory board or the board of
6 directors shall make recommendations to the bank
7 holding company regarding policies to better serve the
8 acquired bank's basic service area.

9 Sec. ____ . NEW SECTION. 525.13 NET NEW FUNDS.

10 A regional bank holding company acquiring an Iowa
11 bank or bank holding company pursuant to section
12 524.1805 must file a statement of how the acquisition
13 will bring "net new funds" to this state. The
14 description of net new funds must be filed with the
15 superintendent prior to acquisition and annually
16 thereafter, and must state the amount of capital
17 funds, including the increase in equity capital that
18 will result from the acquisition. The description
19 must state the net increase in loanable funds
20 expressed as an increase in the total loan to asset
21 ratio of Iowa loans and assets. The statement must
22 also include a discussion of initial capital
23 investments, loan policy, investment policy, dividend
24 policy, and the general plan of business, including
25 the full range of consumer and business services which
26 will be offered by the bank or banks owned by the bank
27 holding company after the acquisition. Compliance
28 with this section is a condition for an acquisition
29 under section 524.1805. After acquisition, failure to
30 implement the net new funds plan shall be grounds for
31 the superintendent to order divestment of the Iowa
32 bank or bank holding company by the regional bank
33 holding company."

S-3360

Filed April 1, 1987

BY MICHAEL E. GRONSTAL

SENATE FILE 351

S-3361

1 Amend Senate File 351 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 525.1 SHORT TITLE.

5 This division, sections 525.1 through 525.9, may be
6 cited as the "Iowa Regional Interstate Banking Act".

7 Sec. 2. NEW SECTION. 525.2 DEFINITIONS.

8 As used in this division, unless the context
9 requires otherwise:

10 1. "Acquire" means to do one or more of the
11 following:

12 a. Obtain control.

13 b. Obtain all or substantially all of the assets
14 of a bank or bank holding company.

15 c. Assume all liabilities for deposits of a bank.

16 d. Merge or consolidate with a bank or bank
17 holding company.

18 2. "Bank" means a bank, as that term is defined in
19 section 524.103, subsection 5, and includes national
20 banking associations.

21 3. "Bank holding company" means a bank holding
22 company as defined or referred to in the Bank Holding
23 Company Act of 1956, 12 U.S.C. § 1841 et seq., as
24 amended to January 1, 1971.

25 4. "Control" means the power, directly or
26 indirectly, to do one or more of the following:

27 a. Direct or exercise a controlling influence over
28 the management or policies of a bank or bank holding
29 company or the election of a majority of the directors
30 of a bank or bank holding company.

31 b. Vote twenty percent or more of any class of
32 voting securities of a bank or bank holding company.

33 5. "Department" means the department of commerce.

34 6. "Director" means the director of the
35 department.

36 7. "Division" means the division of banking of the
37 department.

38 8. "Equity capital" means the sum of common stock,
39 preferred stock, and surplus and undivided profits.

40 9. "Financial institution" means any of the
41 following:

42 a. A state bank organized in this state or another
43 state.

44 b. A national banking association.

45 c. A savings and loan association or other thrift
46 institution organized in this state or another state,
47 or under federal law.

48 d. A credit union organized in this state or
49 another state, or under federal law.

50 10. "Midwestern region" means the states of

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1 Illinois, Kansas, Minnesota, Missouri, Nebraska, North
2 Dakota, South Dakota, Wisconsin, and Iowa.

3 11. "Out-of-state bank" means a bank whose
4 principal place of business is located in or whose
5 operations are principally conducted in a state other
6 than this state.

7 12. "Out-of-state bank holding company" means an
8 out-of-state bank holding company as defined or
9 referred to in 12 U.S.C. § 1842(d), as amended to
10 January 1, 1971.

11 13. "Principal place of business" means the state
12 in which operations are principally conducted.
13 Operations are principally conducted in the state
14 where the largest percentage of aggregate deposits of
15 a bank or all subsidiaries of a bank holding company
16 are held.

17 14. "Regional bank" means a bank located in the
18 midwestern region.

19 15. "Regional bank holding company" means a bank
20 holding company located in the midwestern region.

21 16. "Subsidiary" means a subsidiary as defined or
22 referred to in 12 U.S.C. § 1841(d), as amended to
23 January 1, 1987.

24 17. "Superintendent" means the superintendent of
25 the division of banking of the department.

26 Sec. 3. NEW SECTION. 525.3 OUT-OF-STATE BANK
27 HOLDING COMPANIES.

28 An out-of-state bank holding company shall not
29 acquire any of the voting shares of, any interest in,
30 all or substantially all of the assets of, or power to
31 control in any manner the election of any of the
32 directors of a bank in this state, except as provided
33 in sections 525.4 through 525.8, unless the out-of-
34 state bank holding company was on January 1, 1971,
35 registered with the federal reserve board as a bank
36 holding company, and on that date owned at least two
37 banks in this state.

38 Sec. 4. NEW SECTION. 525.4 REGIONAL RECIPROCAL
39 INTERSTATE BANKING.

40 1. A regional bank or regional bank holding
41 company may, upon the approval of the superintendent,
42 acquire a bank or bank holding company doing business
43 in this state, provided that all of the conditions of
44 this division are met.

45 2. A regional bank or regional bank holding
46 company seeking to acquire a bank or bank holding
47 company in this state must submit an application to
48 the superintendent, in a form approved by the
49 superintendent, containing all of the following
50 information:

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- 1 a. The identity, personal history, business
2 background, and experience of each person by whom or
3 on whose behalf the acquisition is to be made,
4 including the person's material business activities
5 and affiliations during the past five years, and a
6 description of any material pending legal or
7 administrative proceedings in which the person is a
8 party and any criminal indictment or conviction of
9 that person by a state or federal court.
- 10 b. A statement of the assets and liabilities of
11 each person by whom or on whose behalf the acquisition
12 is to be made, as of the end of the fiscal year for
13 each of the five years immediately preceding the date
14 of the notice, together with related statements of
15 income, sources, and applications of funds for each of
16 the fiscal years then concluded, all prepared in
17 accordance with generally accepted accounting
18 principles consistently applied, and an interim
19 statement of the assets and liabilities for each
20 person, together with related statements of income,
21 sources, and applications of funds as of a date not
22 more than ninety days prior to the date of the filing
23 of the application.
- 24 c. The terms and conditions of the proposed
25 acquisition and the manner in which the acquisition is
26 to be made.
- 27 d. The identity, source, and amount of the funds
28 or other consideration to be used in making the
29 acquisition, and if any part of these funds or other
30 consideration has been or is to be borrowed or
31 otherwise obtained for the purpose of making the
32 acquisition, a description of the transaction, the
33 names of the parties, and any arrangements,
34 agreements, or understandings with those persons.
- 35 e. Any plans or proposals which an acquiring party
36 has to liquidate the bank, to sell its assets or merge
37 it, or make any other major change in its business or
38 corporate structure or management.
- 39 f. The identification of any person employed,
40 retained, or to be compensated by the acquiring party,
41 or by any person on the acquiring party's behalf, to
42 make solicitations or recommendations to stockholders
43 for the purpose of assisting in the acquisition, and a
44 brief description of the terms of the employment,
45 retainer, or arrangement for compensation.
- 46 g. Copies of all invitations, tenders, or
47 advertisements making tender offers to stockholders
48 for purchase of their stock to be used in connection
49 with the proposed acquisition.
- 50 h. Any additional relevant information in the form

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1 the Commissioner requires by rule or by specific
2 request in connection with any particular application.

3 i. Unless the applicant is a resident of Iowa, a
4 corporation organized in this state, or a foreign
5 corporation admitted to do business in this state, a
6 written consent to service of process on a resident of
7 this state in any action arising out of the
8 applicant's activities related to this state.

9 j. Evidence of the applicant's compliance in this
10 or other states with the Community Reinvestment Act of
11 1977, 12 U.S.C. § 2901, et seq., and any state
12 community reinvestment statutes or rules applicable to
13 any of the applicant's activities.

14 3. An applicant shall enter into an agreement with
15 the superintendent to provide reports and permit
16 examination of its records to the extent deemed
17 necessary by the superintendent to ensure compliance
18 with the provisions of this chapter and other relevant
19 provisions of the Code and any rules adopted under
20 those provisions. If the applicant or the resulting
21 bank or bank holding company is federally chartered,
22 the agreement may provide that compliance examination
23 information shall be provided by the federal agency
24 responsible for supervision of that bank or bank
25 holding company. The superintendent may specify the
26 information which requires verification, and shall be
27 provided a report of that status of compliance by the
28 federal agency.

29 4. An Iowa bank or Iowa bank holding company which
30 is to be acquired or held, shall have, on the date of
31 acquisition, and shall maintain a minimum equity
32 capital which the superintendent determines acceptable
33 given the basic service area to be served and the
34 general plan of business; however, the equity capital
35 shall not be less than one million dollars. Equity
36 capital shall be maintained consistent with sound
37 banking practices.

38 5. An application to be considered for approval by
39 the superintendent must be accompanied by an
40 application fee of five thousand dollars, payable to
41 the treasurer of state. The application fee is to
42 compensate the superintendent for expenses incurred to
43 process the application.

44 Sec. 5. NEW SECTION. 525.5 SUPERINTENDENT OF
45 BANKING -- RESPONSIBILITIES.

46 1. If a regional bank holding company files an
47 application to acquire an Iowa bank or Iowa bank
48 holding company under this chapter, the superintendent
49 shall do one of the following within ten days of
50 receipt of the application:

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- 1 a. Accept the application for processing.
- 2 b. Request additional information to complete the
3 application.
- 4 c. Return the application if it is substantially
5 incomplete.
- 6 2. If an application is accepted for processing,
7 the superintendent shall immediately notify the
8 applicant and the bank or bank holding company
9 proposed to be acquired of its acceptance of the
10 application and publish notice of the application in
11 the administrative bulletin.
- 12 3. Within forty days of acceptance of an
13 application for processing, the superintendent shall
14 conduct an investigation into the condition of the
15 applicant and the Iowa bank or Iowa bank holding
16 company to be acquired. The superintendent may
17 request additional information from the applicant and
18 require its production as a precondition to approval
19 of the application. The superintendent may accept
20 public comment on the acquisition.
- 21 4. In deciding whether to approve an acquisition
22 under this chapter, the superintendent shall condition
23 approval of the application upon a finding of the
24 restrictions in section 525.6 and any other
25 restrictions in this chapter, and all of the following
26 facts:
 - 27 a. That the banks already controlled by the
28 applicant are operated in a safe, sound, and prudent
29 manner.
 - 30 b. That the financial condition of the applicant
31 or any of its affiliates will not jeopardize the
32 financial stability of the Iowa bank or Iowa bank
33 holding company proposed to be acquired.
 - 34 c. That the proposed merger or acquisition will
35 not result in an Iowa bank that has inadequate
36 capital, unsatisfactory management, or poor earnings
37 prospects.
 - 38 d. That banks already controlled by the applicant
39 have provided adequate and appropriate services
40 including services contemplated by the Community
41 Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq.,
42 and any state or local community reinvestment statutes
43 or rules applicable to the applicant's operations, and
44 if subject to a rating.
 - 45 e. That the applicant proposes to provide adequate
46 and appropriate services, including services
47 contemplated by the Community Reinvestment Act of
48 1977, 12 U.S.C. § 2901 et seq.
 - 49 f. That the management or other principals of the
50 applicant are qualified by character and financial

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1 responsibility to control and operate in a legal and
2 proper manner the Iowa bank or Iowa bank holding
3 company proposed to be acquired.

4 g. That the interest of the depositors and
5 creditors of the Iowa bank or Iowa bank holding
6 company proposed to be acquired and the interest of
7 the general public will not be jeopardized by the
8 proposed acquisition.

9 h. That the applicant furnished all the
10 information the superintendent required in reaching
11 its decision.

12 i. That the applicant has a record of and proposes
13 adequate activities to ascertain the credit needs of
14 its community, including the extent of efforts to
15 communicate the availability of credit services
16 offered, especially marketing and special credit-
17 related programs to make members of the community
18 aware of the credit services offered.

19 j. That the applicant has no plans or practices
20 intended to discourage applications for types of
21 credit.

22 k. That there is no record of prohibited
23 discriminatory or other illegal practices by the
24 applicant.

25 l. That the applicant has a history of
26 participation, including investments, in local
27 community development and redevelopment projects or
28 programs.

29 m. That the applicant has a favorable history for
30 origination of residential mortgage loans, housing
31 rehabilitation loans, home improvement loans, and
32 small business or family farm loans within its
33 community, or the purchase of such loans originated in
34 its community.

35 5. If the superintendent determines that the
36 applicant is qualified, the superintendent shall
37 review the laws of the state in which an applicant
38 maintains its principal place of business, and certify
39 the level of reciprocity granted an Iowa bank holding
40 company seeking to acquire a bank or bank holding
41 company in that state. The superintendent may approve
42 an application otherwise complying with this chapter
43 if the superintendent certifies that the state in
44 which the regional bank holding company is located
45 grants reciprocity to Iowa bank holding companies on
46 terms generally as favorable as permitted in this
47 chapter. If the superintendent certifies that the
48 reciprocity is on less favorable terms, then the bank
49 holding company located in a state with less favorable
50 terms shall only acquire an interest in an Iowa bank

1 or Iowa bank holding company to the same extent as an
2 Iowa bank holding company may acquire an interest in a
3 bank in the state where the regional bank holding
4 company is located.

5 6. The superintendent shall issue an order either
6 approving or disapproving an application. The order
7 shall include findings of fact based upon the
8 application, investigation, public comments, or other
9 submittals or evidence considered. An order
10 disapproving an application shall list the reasons for
11 disapproval. An order approving an application shall
12 include any reciprocity conditions or limitations
13 consistent with the superintendent's certification
14 under subsection 5.

15 7. Appeals from a decision of the superintendent
16 shall be pursuant to chapter 17A.

17 Sec. 6. NEW SECTION. 525.6 RESTRICTIONS ON
18 ACQUISITIONS.

19 1. A regional bank holding company may not acquire
20 an Iowa bank or Iowa bank holding company under this
21 chapter if, following the acquisition, the acquired
22 bank or the Iowa banks controlled by the regional bank
23 holding company, and all Iowa affiliates of the
24 acquired bank or controlled banks, would hold a
25 percentage of the total deposits in all Iowa banks
larger than the percentage permitted under subsection
2.

26 2. The percentage referred to in subsection 1 is:

- 27 a. Ten percent before July 1, 1989.
28 b. Eleven percent on or after July 1, 1989, and
29 before July 1, 1990.
30 c. Twelve percent on or after July 1, 1990.

31 3. A regional bank holding company shall not
32 acquire either of the following:

33 a. An Iowa bank under this chapter unless the Iowa
34 bank has been in existence and continuously operated
35 as a bank for five or more years.

36 b. An Iowa bank holding company under this chapter
37 unless each of the Iowa bank holding company's Iowa
38 bank subsidiaries has been in existence and
39 continuously operated as a bank for five or more
40 years.

41 4. However, for purposes of this section, a bank
42 shall be considered to have been in existence and
43 continuously operated as a bank for five or more years
44 if either of the following apply:

45 a. The bank is a new bank as a result of a
46 consolidation of banks each of which had been in
47 existence and continuously operated as a bank for five
48 or more years before the consolidation.

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1 b. The bank was organized solely for the purpose
2 of facilitating the acquisition of another bank that
3 had been in existence and continuously operated as a
4 bank for five or more years before the acquisition.

5 5. This section does not apply to acquisitions of
6 a troubled bank. A troubled bank is a bank which the
7 superintendent reasonably believes will fail without
8 assistance or an acquisition, or a bank which has
9 failed.

10 Sec. 7. NEW SECTION. 525.7 LOCAL ADVISORY BOARD.

11 A regional bank holding company acquiring an Iowa
12 bank or Iowa bank holding company pursuant to this
13 division shall establish a five-person advisory board
14 of directors for each bank acquired if the bank is not
15 continued as a separately organized or chartered bank
16 with its own board of directors. Members of the
17 advisory board or a majority of the members of the
18 board of directors of a bank continued as a separately
19 organized or chartered bank with its own board, shall
20 be appointed from the basic service area of the
21 acquired bank. The advisory board or the board of
22 directors shall make recommendations to the bank
23 holding company regarding policies to better serve the
24 acquired bank's basic service area.

25 Sec. 8. NEW SECTION. 525.8 PROHIBITIONS.

26 1. A person who violates a provision of this
27 division, or a rule adopted under this division, is
28 subject to a civil penalty of not more than one
29 thousand dollars per day for each day the violation
30 continues. The superintendent shall report the
31 violation and the results of any investigation to the
32 attorney general, who may institute a civil action on
33 behalf of the state to enforce this division in the
34 county in which the violation occurs or Polk county.

35 Sec. 9. NEW SECTION. 525.9 NONSEVERABILITY.

36 If it is ultimately determined that the reciprocity
37 limitation in section 525.4 is invalid, then all of
38 sections 525.1 through 525.8 are void and no
39 reciprocity is allowed. However, if sections 525.1
40 through 525.8 become void, a regional bank holding
41 company which directly or indirectly owns voting
42 shares, an interest in, or control of a bank located
43 in Iowa may maintain the interest and may expand its
44 holdings not to exceed the limitations contained in
45 section 524.1802.

46 Sec. 10. Section 524.1805, Code 1987, is repealed.

47 Sec. 11. CODIFICATION. The Code editor shall
48 codify new sections 525.1 through 525.9 as division I
49 of chapter 525."

SENATE FILE 351

500

1 Amend Senate File 351 as follows:

2 1. Page 1, by inserting after line 20 the
3 following:

4 "1. Public funds of the state shall not be
5 deposited in a financial institution which does not
6 demonstrate a commitment to serve the needs of the
7 local community in which it does business. These
8 needs include credit services as well as deposit
9 services.

10 2. The superintendent shall require an out-of-
11 state bank holding company seeking to acquire or which
12 has acquired a bank or bank holding company in this
13 state, pursuant to this section, to comply with all
14 applicable community reinvestment requirements,
15 including but not limited to, the federal Community
16 Reinvestment Act, 12 U.S.C. § 2901, et seq. and
17 regulations adopted pursuant to the Act, as amended to
18 January 1, 1984, and section 453.6A. The
19 superintendent may order divestment of the Iowa bank
20 or bank holding company for failure to comply.

21 The superintendent shall require a bank operating
22 in this state to annually file a written statement
23 that the bank has a commitment to community
24 reinvestment consistent with the safety and sound
25 operation of a financial institution. To qualify for
26 the deposit of public funds under subsection 1, a bank
27 must demonstrate a continuing commitment to meet the
28 credit needs of the local community or communities in
29 which it operates.

30 3. The superintendent shall develop procedures to
31 ensure that the financial institution's statement is
32 available and accessible for examination by citizens.
33 The committee shall adopt procedures for both of the
34 following:

35 a. To receive information relating to a bank's
36 commitment to community reinvestment.

37 b. To receive challenges from any person to a
38 bank's continued eligibility to receive state public
39 funds.

40 4. At least once a year the superintendent shall
41 review any challenges that have been filed pursuant to
42 subsection 3. The superintendent may hold a public
43 hearing to consider the challenge. In considering a
44 challenge, the committee shall review documents filed
45 with federal regulatory authorities pursuant to the
46 Federal Community Reinvestment Act, 12 U.S.C. § 2901,
47 et seq. and regulations adopted pursuant to the Act,
48 as amended to January 1, 1984. In addition,
49 consistent with the confidentiality of bank records
50 the committee shall consider, and the bank's annual

1 statement shall contain, other factors including, but
2 not limited to, the following:

- 3 a. Activities conducted to determine the credit
4 needs of the community.
- 5 b. Marketing and special credit-related programs
6 to make citizens in the community aware of the credit
7 services offered.
- 8 c. Practices intended to discourage application
9 for types of credit set forth in the community
10 reinvestment statement required by the federal
11 Community Reinvestment Act.
- 12 d. Geographic distribution of credit extensions,
13 credit applications, and credit denials.
- 14 e. Evidence of prohibited discriminatory or other
15 illegal credit practices.
- 16 f. Participation in local community development
17 and redevelopment projects.
- 18 g. Origination or purchase of residential mortgage
19 loans, housing rehabilitation loans, home improvement
20 loans, and business or farm loans within the
21 community.
- 22 h. Ability to meet various community credit needs
23 based on financial condition, size, legal impediments,
24 and local economic conditions."

25 2. By renumbering as necessary.

SENATE FILE 351

S-3499

1 Amend the amendment, S-3358, to Senate File 351 as
2 follows:

3 1. Page 10, line 34 by inserting after the word
4 "needs" the following: "and deposit needs".

5 2. Page 10, line 44 by striking the word "report"
6 and inserting the following: "statement".

7 3. Page 10, line 45 by striking the words "
8 which describes the following:" and inserting the
9 following: ". The regulator shall develop procedures
10 to ensure that the financial institution's statement
11 is available and accessible for examination by
12 citizens. The regulator shall adopt procedures for
13 receiving information related to a financial
14 institution's commitment to community reinvestment and
15 for receiving challenges from any person to a
16 financial institution's continued eligibility under
17 sections 453.6A and 525.28.

18 At least once a year the regulator shall review any
19 challenges that have been filed concerning a financial
20 institution's continued eligibility. The regulator
21 may hold a public hearing to consider the challenge.

22 In considering a challenge, the regulator shall review
23 documents filed with federal regulatory authorities
24 pursuant to the federal Community Reinvestment Act, 12
25 U.S.C. § 2901 et seq. and regulations adopted pursuant
26 to the Act, as amended to January 1, 1984, and
27 documents filed with the state, by financial
28 institutions and other persons, pursuant to sections
29 525.21 through 525.29.

30 1. The annual statement filed with the state shall
31 be called the "annual community reinvestment
32 disclosure report". The annual community reinvestment
33 disclosure report form adopted by the regulator shall
34 substitute for the written statement required by
35 section 453.6A. The report shall contain the bank's
36 statement describing the following activities for the
37 past year:

38 a. Activities conducted to determine the credit
39 needs of the community.

40 b. Marketing and special credit-related programs
41 to make citizens in the community aware of the credit
42 services offered.

43 c. Practices intended to discourage application
44 for types of credit set forth in the annual community
45 reinvestment disclosure report.

46 d. Geographic distribution of credit extensions,
47 credit applications, and credit denials.

48 e. Evidence of prohibited discriminatory or other
49 illegal credit practices.

50 f. Participation in local community development

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1 and redevelopment projects.

2 g. Origination or purchase of residential mortgage
3 loans, housing rehabilitation loans, home improvement
4 loans, and business or farm loans within the
5 community.

6 h. Ability to meet various community credit needs
7 based on financial condition, size, legal impediments,
8 and local economic conditions.

9 The annual community reinvestment disclosure report
10 shall additionally describe the following:"

11 2. By renumbering as necessary.

S-3499

Filed April 10, 1987

BY PATRICK J. DELUHERY

File 4/27 (j 1553)

SENATE FILE 351

S-3480

1 Amend amendment S-3362 to Senate File 351 as

2 follows:

3 1. Page 3, by striking lines 19 through 27.

S-3480

Filed April 9, 1987

BY EDGAR H. HOLDEN

SENATE FILE 351

S-3481

1 Amend amendment S-3358 to Senate File 351 as

2 follows:

3 1. Page 12, by striking lines 13 through 21.

S-3481

Filed April 9, 1987

BY EDGAR H. HOLDEN

(Adopted 4/27/87 (j 1553))

SENATE FILE 351

S-3494

1 Amend amendment S-3358 to Senate File 351 as

2 follows:

3 1. Page 9, lines 1 and 2, by striking the words
4 "owned by a regional bank holding company".

S-3494

Filed April 9, 1987

BY CALVIN O. HULTMAN

ADOPTED(j 1194)

SENATE FILE 351

S-3436

- 1 Amend amendment, S-3358, to Senate File 351 as
- 2 follows:
- 3 1. Page 1, by striking lines 34 through 36.
- 4 2. Page 1, line 50, by inserting after the word
- 5 "law" the following: "if a community charter has been
- 6 granted by the superintendent of credit unions".
- 7 3. Page 4, line 19, by striking the word
- 8 "commissioner" and inserting the following:
- 9 "superintendent".
- 10 4. Page 10, by striking lines 14 through 16.
- 11 5. Page 10, lines 32 and 33, by striking the
- 12 words and figures "organized or regulated under
- 13 chapter 524, 533, or 534".
- 14 6. Page 10, lines 42 and 43, by striking the
- 15 words and figures "organized or regulated under
- 16 chapter 524, 533, or 534,".
- 17 7. Page 10, line 43, by striking the word "the"
- 18 and inserting the following: "their".
- 19 8. Page 10, line 44, by striking the word
- 20 "director" and inserting the following: "regulator".
- 21 9. Page 10, line 45, by striking the word
- 22 "director" and inserting the following: "regulator".
- 23 10. Page 10, line 48, by striking the word
- 24 "director" and inserting the following: "regulator".
- 25 11. Page 11, line 6, by inserting after the word
- 26 "participation" the following: ", if eligible to
- 27 participate,".
- 28 12. Page 11, line 14, by striking the word
- 29 "director" and inserting the following: "regulator".
- 30 13. Page 11, line 19, by striking the word
- 31 "department" and inserting the following:
- 32 "regulator".
- 33 14. Page 11, line 20, by striking the word
- 34 "department" and inserting the following:
- 35 "regulator".
- 36 15. Page 11, line 22, by striking the word
- 37 "department" and inserting the following:
- 38 "regulator".
- 39 16. Page 11, line 24, by striking the word
- 40 "department" and inserting the following:
- 41 "regulator".
- 42 17. Page 11, line 44, by inserting after the word
- 43 "following" the following: "if and to the extent the
- 44 financial institution is permitted to engage in the
- 45 listed activity".
- 46 18. Page 12, line 7, by striking the word
- 47 "department" and inserting the following:
- 48 "regulator".
- 49 19. Page 12, line 24, by striking the word
- 50 "director" and inserting the following: "regulator".

S-3436 pg. 2

- 1 20. Page 12, line 29, by striking the word
- 2 "director" and inserting the following: "regulator".
- 3 21. Page 13, line 13, by striking the word
- 4 "director" and inserting the following: "regulator".
- 5 22. Page 13, by striking lines 21 through 24, and
- 6 inserting the following: "reinvestment rating. The
- 7 regulator may condition approval or degree of approval
- 8 on higher community reinvestment ratings, and may".
- 9 23. Page 13, line 29, by striking the word
- 10 "director" and inserting the following: "regulator".
- 11 24. Page 13, line 37, by striking the word
- 12 "director" and inserting the following: "regulators".
- 13 25. Page 14, line 3, by striking the word
- 14 "director" and inserting the following: "regulators".
- 15 26. Page 14, line 4, by inserting after the word
- 16 "to" the following: "each division to".
- 17 27. By renumbering as necessary.

S-3436

Filed April 6, 1987

Adopted 4/7/87 (p 1193)

BY MICHAEL E. GRONSTAL

SENATE FILE 351

S-3475

- 1 Amend amendment, S-3358, to Senate File 351 as
- 2 follows:
- 3 1. Page 2, by striking lines 3 and 3 and
- 4 inserting the following: "Illinois, Indiana, Iowa,
- 5 Kansas, Michigan, Minnesota, Missouri, Nebraska, North
- 6 Dakota, Ohio, South Dakota, and Wisconsin."
- 7 2. By striking page 4, line 50 through page 5,
- 8 line 3 and inserting the following: "capital of not
- 9 less than one million dollars. Equity".

S-3475

Filed April 8, 1987

Lost 4/9 (p 1194)

BY MICHAEL E. GRONSTAL

SENATE FILE 351

S-3362

1 Amend Senate File 351 as follows:

2 i. Page 1, by inserting after line 20 the
3 following:

4 "Sec. ____ . NEW SECTION. 525.1 SHORT TITLE.

5 This division, sections 525.1 through 525.9, may be
6 cited as the "Iowa Community Reinvestment Act".

7 Sec. ____ . NEW SECTION. 525.2 DEFINITIONS.

8 As used in this division, unless the context
9 requires otherwise:

10 1. "Basic service area" means the area determined
11 as provided in section 525.4.

12 2. "Department" means the department of commerce.

13 3. "Director" means the director of the
14 department.

15 4. "Financial institution" means any of the
16 following:

17 a. A state bank organized in this state or another
18 state.

19 b. A national banking association.

20 c. A savings and loan association or other thrift
21 institution organized in this state or another state,
22 or under federal law.

23 d. A credit union organized in this state or
24 another state, or under federal law.

25 5. "Regulator" means one of the following:

26 a. The superintendent of the division of banking
27 of the department for banks organized or regulated
28 under chapter 524.

29 b. The superintendent of the division of savings
30 and loan associations of the department for savings
31 and loan associations organized or regulated under
32 chapter 534.

33 c. The superintendent of the division of credit
34 unions of the department for credit unions organized
35 or regulated under chapter 533.

36 Sec. ____ . NEW SECTION. 525.3 COMMUNITY
37 REINVESTMENT RESPONSIBILITY.

38 A financial institution organized or regulated
39 under chapter 524, 533, or 534 shall meet the credit
40 needs of the community or communities in which it is
41 located, including low-income and moderate-income
42 neighborhoods, as determined under section 525.5, and
43 rural areas within the financial institution's basic
44 service area, consistent with safe and sound
45 operations of the financial institution.

46 Sec. ____ . NEW SECTION. 525.4 ANNUAL COMMUNITY
47 REINVESTMENT DISCLOSURE REPORT AND PUBLIC NOTICE.

48 A financial institution organized or regulated
49 under chapter 524, 533, or 534, shall submit to the
50 director an annual report in a form determined by the

S-3362 pg. 2

1 director, which describes the following:

2 1. The credit needs of the community served by the
3 financial institution, and the method by which this
4 determination was made. The director may by rule
5 stipulate a method to determine the credit needs of a
6 community served by a financial institution.

7 2. The methods used to market to the community the
8 credit services offered by the financial institution.

9 3. A description of how services actually provided
10 by the financial institution satisfied the needs
11 described under subsection 1.

12 4. The financial institution's participation in
13 local, state, and federal business and economic
14 development programs, small business assistance
15 programs, programs addressing the financial needs of
16 minorities, and programs that meet the specific credit
17 needs of rural communities, including but not limited
18 to the rural economic development program and the
19 rural agricultural diversification linked-deposit
20 program. The director may specify by rule which
21 programs must be included in the report.

22 A financial institution shall delineate the local
23 community or communities that comprise its basic
24 service area. The basic service area so claimed is
25 subject to the approval of the department. The
26 department may order an expansion or contraction of a
27 financial institution's basic service area if the
28 department finds the claimed area does not correspond
29 to the territory in fact served by the institution.
30 The department shall adopt rules for determination of
31 the basic service area based on a financial
32 institution's facilities, business practices, and the
33 location, distribution, and concentration of the
34 institution's borrowers and depositors.

35 A financial institution shall provide a public
36 notice in the lobby of each of its facilities which
37 requests the public to submit comments to the
38 financial institution regarding its community lending
39 activities. Each institution shall maintain a file
40 open to public inspection which contains the five most
41 recent annual community reinvestment disclosure
42 reports, public comments received on its community
43 investment activities, and the institution's response
44 to those comments.

45 Sec. ____ . NEW SECTION. 525.5 COMMUNITY
46 REINVESTMENT DISCLOSURE REQUIREMENTS.

47 A financial institution with more than ten million
48 dollars of assets shall disclose as part of its annual
49 community reinvestment disclosure report the
50 following:

1 1. The number and aggregate dollar amount of
2 housing, commercial, small business, agricultural, and
3 consumer loans originated in the state in which the
4 financial institution's principal place of business is
5 located.

6 2. The number and aggregate dollar amount of
7 housing, commercial, small business, agricultural, and
8 consumer loans originated in this state.

9 3. The number and aggregate dollar amount of
10 housing, commercial, small business, agricultural, and
11 consumer loans originated within low-income and
12 moderate-income neighborhoods within the institution's
13 basic service area. The department may by rule or
14 decision determine the geographic boundaries of low-
15 income and moderate-income neighborhoods within the
16 state, or criteria for designating low-income and
17 moderate-income neighborhoods within a financial
18 institution's basic service area.

19 Sec. ____ . NEW SECTION. 525.6 REQUIREMENTS OF
20 FINANCIAL INSTITUTIONS NOT REGULATED BY IOWA STATUTES
21 FOR PARTICIPATION IN CERTAIN PROGRAMS.

22 A financial institution operating in Iowa and not
23 organized or regulated under chapter 524, 533, or 534,
24 shall meet the reporting requirements under sections
25 525.4 and 525.5, and the rating requirements under
26 section 525.7 to be eligible for participation in
27 programs identified in section 525.8.

28 Sec. ____ . NEW SECTION. 525.7 COMMUNITY
29 REINVESTMENT RATING SYSTEM.

30 The director shall adopt rules, not later than
31 January 1, 1989, for a community reinvestment rating
32 system for financial institutions, to be based upon a
33 review of the information provided in a financial
34 institution's annual community reinvestment disclosure
35 report, and other information which the director finds
36 to be relevant. The system must at minimum provide
37 for an unacceptable community reinvestment rating, a
38 minimum acceptable community reinvestment rating, and
39 a top rating for exemplary community reinvestment, and
40 the information shall be public information. The
41 rating system may contain more steps than an
42 unacceptable rating, a minimum acceptable rating, and
43 an exemplary rating.

44 Sec. ____ . NEW SECTION. 525.8 ELIGIBILITY FOR
45 PARTICIPATION IN CERTAIN STATE PROGRAMS CONDITIONED ON
46 COMMUNITY REINVESTMENT GUIDELINES.

47 After July 1, 1989, unconditional eligibility for
48 financial institutions to participate in the following
49 programs is conditioned upon achieving a minimum
50 acceptable community reinvestment rating under section

S-3362 pg. 4

1 525.7 and preference is given for financial
2 institutions achieving higher ratings, with the
3 highest preferences given to financial institutions
4 with an exemplary rating:

5 1. Deposit of public funds, including state
6 treasury funds and the funds of political
7 subdivisions.

8 2. State loan guarantee programs.

9 3. State interest rate buy-down programs.

10 4. Other financial programs offered through the
11 use of state funds.

12 A financial institution not meeting a minimum
13 acceptable community reinvestment rating may receive
14 conditional approval for eligibility for such programs
15 provided that the financial institution develops a
16 proposal for improving its community reinvestment
17 rating to an acceptable level within a period of no
18 more than two years and the proposal is approved by
19 the director.

20 After July 1, 1989, eligibility for a financial
21 institution to extend its service territory, acquire
22 or merge with another financial institution, build or
23 acquire a new facility, transfer a home office, or
24 take other action requiring approval of the financial
25 institution's state regulator is conditioned upon
26 achieving at least a minimum acceptable community
27 reinvestment rating. The director may by rule
28 condition approval or degree of approval for an action
29 requiring a regulator's approval on higher community
30 reinvestment ratings. However, the regulator may
31 grant approval for an action of a financial
32 institution receiving less than an acceptable
33 community reinvestment rating if the regulator finds
34 that the action is an essential part of a proposal
35 approved by the director for improving the financial
36 institution's community reinvestment rating to an
37 acceptable level within a period of no more than two
38 years.

39 Sec. ____ . NEW SECTION. 525.9 COMMUNITY
40 REINVESTMENT TASK FORCE ESTABLISHED.

41 A community reinvestment task force is established
42 to recommend a community reinvestment rating system to
43 the director which will encourage financial
44 institutions to invest in their communities and to
45 meet the requirements of this division. The task
46 force shall also recommend appropriate uses of a
47 rating system including incentives and disincentives
48 for various levels of performance. The community
49 reinvestment task force shall be composed of seven
50 individuals selected for their knowledge of the

-3362

1 financial needs of Iowa's business, farm, and consumer
2 communities, with none having a financial interest in
3 or position with a financial institution. The
4 majority and minority leaders in the senate and the
5 speaker and the minority leader in the house of
6 representatives shall each appoint one member and the
7 governor shall appoint three members of the task
8 force. The task force shall report its
9 recommendations to the director not later than July 1,
10 1988, and submit proposed rules to implement the
11 recommendations. The department and the legislative
12 service bureau shall provide staff support to the task
13 force.
14 Sec. ____ . CODIFICATION. The Code editor shall
15 codify new sections 525.1 through 525.9 as division I
16 of chapter 525."

S-3362

Filed April 1, 1987

BY MICHAEL E. GRONSTAL

SENATE FILE 351

S-4032

- 1 Amend amendment, S-3358, to Senate File 351 as
2 follows:
3 1. Page 1, lines 2 and 3, by striking the words
4 "By striking everything after the enacting clause and
5 inserting the following:" and inserting the following:
6 "Page 1, by striking lines 1 through 20 and
7 inserting the following:".
8 2. Page 9, line 34, by striking the word "area."
9 and inserting the following: "area."
10 3. Page 9, by inserting after line 34 the
11 following:
12 "____. Page 1, by inserting after line 20 the
13 following:"
14 4. Page 9, line 35, by striking the word "Sec."
15 and inserting the following: ""Sec."
16 5. Page 10, line 5, by striking the word and
17 figure "section 524.1802." and inserting the
18 following: "section 524.1802."
19 6. Page 10, by inserting after line 5 the
20 following:
21 "____. Page 1, by inserting after line 20 the
22 following:".
23 7. Page 10, line 6, by striking the word "Sec."
24 and inserting the following: ""Sec."
25 8. Page 14, line 7 by striking the word "force."
26 and inserting the following: "force."
27 9. Page 14, by inserting after line 7 the
28 following:
29 "____. Page 1, by inserting after line 20 the
30 following:"
31 10. Page 14, line 8, by striking the word "Sec."
32 and inserting the following: ""Sec."
33 11. Page 14, by inserting after line 8 the
34 following:
35 "Sec. _____. The Code editor shall codify new
36 sections 525.1 through 525.11 as division I of chapter
37 525."
38 12. Page 14, by inserting after line 8 the
39 following:
40 "Sec. _____. The Code editor shall codify new
41 sections 525.21 through 525.29 as division II of
42 chapter 525."
43 13. Page 14, by striking lines 9 through 12.

S-4032

Filed May 7, 1987

BY JACK RIFE

SENATE FILE 351

S-3900

- 1 Amend amendment, S-3358, to Senate File 351 as
2 follows:
3 1. By striking page 1, line 4 through page 10,
4 line 5.
5 2. By striking page 10, line 8 through page 12,
6 line 12.
7 3. By striking page 12, line 22 through page 14,
8 line 7.
9 4. By striking page 14, line 8.
10 5. Page 14, by inserting after line 8 the follow-
11 ing:
12 "Sec. _____. The Code editor shall codify new
13 sections 525.1 through 525.11 as division I of chapter
14 525."
15 6. Page 14, by inserting after line 8 the follow-
16 ing:
17 "Sec. _____. The Code editor shall codify new
18 sections 525.21 through 525.29 as division II of
19 chapter 525."
20 7. Page 14, by striking lines 9 through 12.

S-3900

Filed April 29, 1987

BY JACK RIFE

SENATE FILE 351

S-3987

- 1 Amend amendment, S-3358, to Senate File 351 as
2 follows:
3 1. By striking page 1, line 4 through page 1,
4 line 33.
5 2. By striking page 1, line 37 through page 10,
6 line 5.
7 3. By striking page 10, line 6 through page 10,
8 line 13.
9 4. By striking page 10, line 17 through page 12,
10 line 12.
11 5. By striking page 12, line 22 through page 14,
12 line 7.
13 6. By striking page 14, line 8.
14 7. Page 14, by inserting after line 8 the follow-
15 ing:
16 "Sec. _____. The Code editor shall codify new
17 sections 525.1 through 525.11 as division I of chapter
18 525."
19 8. Page 14, by inserting after line 8 the follow-
20 ing:
21 "Sec. _____. The Code editor shall codify new
22 sections 525.21 through 525.29 as division II of
23 chapter 525."
24 9. Page 14, by striking lines 9 through 12.

S-3987

Filed May 4, 1987

BY JACK RIFE

SENATE FILE 351

3748

1 Amend the amendment, S-3358, to Senate File 351 as
2 follows:

3 1. Page 4, line 2 by inserting after the word
4 "state." the following: "As a condition of an
5 acquisition pursuant to this section, an out-of-state
6 bank holding company must file a statement with the
7 superintendent describing how the acquisition will
8 make available a minimum of one hundred million
9 dollars of net new funds to this state. The statement
10 must state the amount of capital funds, including the
11 increase in equity capital that will result from the
12 acquisition. The statement must also include a
13 discussion of initial capital investments, loan
14 policy, investment policy, dividend policy, and the
15 general plan of business, including the full range of
16 consumer and business services which will be offered
17 by the bank or banks owned by the bank holding company
18 after the acquisition. A description of compliance or
19 progress towards compliance with the net new funds
20 statement filed at the time of acquisition must be
21 filed with the superintendent annually after an
22 acquisition. The description must state the increase
23 in net new funds for both the last year of operations
24 and since the acquisition. For the purposes of this
25 section, "net new funds" means an increase in loanable
26 funds expressed as an increase in the total loan to
27 asset ratio of Iowa loans and assets of the acquired
28 bank or acquiring bank or bank holding company. If
29 the superintendent finds that the acquisition will not
30 make available one hundred million dollars in net new
31 funds to this state, the superintendent shall disallow
32 the acquisition."

S-3748

Filed April 23, 1987

Done 4/27 (p 1552)

BY FORREST SCHWENGELS

SENATE FILE 351

03

- 1 Amend amendment, S-3358, to Senate File 351 as
2 follows:
3 1. Page 1, lines 2 and 3, by striking the words
4 "By striking everything after the enacting clause and
5 inserting the following:" and inserting the following:
6 "Page 1, by striking lines 1 through 20 and
7 inserting the following":
8 2. Page 10, line 5, by striking the word and
9 figure "section 524.1802." and inserting the
10 following: "section 524.1802."
11 3. Page 10, by inserting after line 5 the
12 following:
13 "____. Page 1, by inserting after line 20 the
14 following":
15 4. Page 10, line 6, by striking the word "Sec."
16 and inserting the following: ""Sec."
17 5. Page 14, line 7 by striking the word "force."
18 and inserting the following: "force."
19 6. Page 14, by inserting after line 7 the
20 following:
21 "____. Page 1, by inserting after line 20 the
22 following":
23 7. Page 14, line 8, by striking the word "Sec."
24 and inserting the following: ""Sec."
25 8. Page 14, by inserting after line 8 the follow-
26 ing:
27 "Sec. _____. The Code editor shall codify new
28 sections 525.1 through 525.11 as division I of chapter
29 525."
30 9. Page 14, by inserting after line 8 the follow-
31 ing:
32 "Sec. _____. The Code editor shall codify new
33 sections 525.21 through 525.29 as division II of
34 chapter 525."
35 10. Page 14, by striking lines 9 through 12.

S-4003
Filed May 5, 1987

BY JACK RIFE

S-3991

1 Amend the amendment, S-3358, to Senate File 351 as
2 follows:

3 1. Page 4, line 2 by inserting after the word
4 "state." the following: "As a condition of an
5 acquisition pursuant to this section, an out-of-state
6 bank holding company must file a statement with the
7 superintendent describing how the acquisition will
8 make available a minimum of fifty million dollars of
9 net new funds to this state. The statement must state
10 the amount of capital funds, including the increase in
11 equity capital that will result from the acquisition.
12 The statement must also include a discussion of
13 initial capital investments, loan policy, investment
14 policy, dividend policy, and the general plan of
15 business, including the full range of consumer and
16 business services which will be offered by the bank or
17 banks owned by the bank holding company after the
18 acquisition. A description of compliance or progress
19 towards compliance with the net new funds statement
20 filed at the time of acquisition must be filed with
21 the superintendent annually after an acquisition. The
22 description must state the increase in net new funds
23 for both the last year of operations and since the
24 acquisition. For the purposes of this section, "net
25 new funds" means an increase in loanable funds
26 expressed as an increase in the total loan to asset
27 ratio of Iowa loans and assets of the acquired bank or
28 acquiring bank or bank holding company. If the
29 superintendent finds that the acquisition will not
30 make available fifty million dollars in net new funds
31 to this state, the superintendent shall disallow the
32 acquisition."

S-3991

Filed May 5, 1987

BY FORREST V. SCHWENGELS

SSB #101
Commerce

SENATE FILE _____
BY (PROPOSED SENATE COMMERCE
COMMITTEE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the acquisition of an interest in banks
2 conducting a banking business in Iowa or bank holding
3 companies controlling one or more banks conducting a banking
4 business in Iowa by an out-of-state bank holding company.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUB COMMITTEE ASSIGNMENTS
CHAIR: *Rife Palmer* 2/11/87
COMMITTEE: *Commerce*
2/10/87

1 Section 1. Section 524.1805, Code 1987, is amended to read
2 as follows:

3 524.1805 OUT-OF-STATE HOLDING COMPANIES.

4 ~~Nothing in this division shall be construed to authorize a~~
5 ~~bank holding company which is with respect to the state of~~
6 ~~Iowa an~~ An "out-of-state bank holding company", as defined or
7 referred to in 12 U.S.C. § 1842(d), as amended to January 1,
8 1971, to may directly or indirectly acquire any of the voting
9 shares of, all or a portion of the voting securities or other
10 capital stock of, or any interest in, all or substantially all
11 of the assets of, or power to control in any manner the
12 election of any of the directors of, any bank in this state,
13 unless such bank holding company was on January 1, 1971
14 registered with the federal reserve board as a bank holding
15 company, and on that date owned at least two banks in this
16 state one or more state banks or national banking associations
17 conducting a banking business in this state or one or more
18 bank holding companies located in this state controlling one
19 or more state banks or national banks conducting a banking
20 business in this state.

21 EXPLANATION

22 This bill eliminates the current prohibition contained in
23 section 524.1805 against interstate banking, and provides for
24 nationwide interstate banking.

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