

FILED FEB 01 1988

SENATE FILE 2108
BY COMMITTEE ON COMMERCE
(formerly SSB 2050)
(approved by SSB)

Amended
Passed Senate, Date 2/5/88 (S.S.B.) Passed House, Date _____
Vote: Ayes 23 Nays 25 Vote: Ayes _____ Nays _____

Approved _____

*Amended to conform to S.S.B. 2050 as presented in the
Senate also S.S.B. 409
- 6 - 2 - 2*

A BILL FOR

1 An Act relating to the acquisition of an interest in a bank
2 located in Iowa or a bank holding company located in Iowa
3 owning or controlling one or more banks in Iowa by an out-of-
4 state regional bank holding company, and making penalties
5 applicable.

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

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SF 2108

1 Section 1. NEW SECTION. 524.1851 DEFINITIONS.

2 As used in this division, unless the context otherwise
3 requires:

4 1. "Bank holding company" means a bank holding company as
5 defined or referred to in the federal Bank Holding Company Act
6 of 1956, 12 U.S.C. § 1841 et seq., as amended to January 1,
7 1987.

8 2. "Community Reinvestment Act" means the federal
9 Community Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq.,
10 as amended to January 1, 1987.

11 3. "Midwestern region" means the states of Illinois,
12 Indiana, Iowa, Kansas, Minnesota, Missouri, Michigan,
13 Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

14 4. "Out-of-state bank holding company" means an out-of-
15 state bank holding company as defined or referred to in the
16 federal Bank Holding Company Act of 1956, 12 U.S.C. § 1842(d),
17 as amended to January 1, 1987.

18 5. "Regional bank holding company" means an out-of-state
19 bank holding company located in the midwestern region.

20 Sec. 2. NEW SECTION. 524.1852 RECIPROCITY.

21 A regional bank holding company may directly or indirectly
22 acquire all or a portion of the voting securities or other
23 capital stock of, or any interest in all or substantially all
24 of the assets of, or power to control in any manner the
25 election of any of the directors of, one or more banks
26 conducting a banking business in this state or one or more
27 bank holding companies located in this state and controlling
28 one or more banks conducting a banking business in this state
29 if the state in which the regional bank holding company is
30 located would allow a bank holding company located in Iowa to
31 acquire banks located in that state, provided that all of the
32 requirements of this division are met.

33 Sec. 3. NEW SECTION. 524.1853 APPLICATION.

34 A regional bank holding company, other than a bank holding
35 company authorized to make an acquisition by section 524.1805,

1 which desires to make an acquisition as authorized by this
2 division, shall file an application with the superintendent
3 accompanied by an application fee of five thousand dollars
4 payable to the treasurer of state. The application shall
5 contain such information as the superintendent may prescribe
6 by rule as necessary or appropriate. The applicant shall
7 furnish to the superintendent all of the following:

8 1. Information establishing that the acquisition will
9 promote the safety and soundness of the bank or bank holding
10 company proposed to be acquired, including the subsidiary
11 banks of the bank holding company proposed to be acquired.

12 2. Information demonstrating that the applicant intends to
13 adequately meet the convenience and needs of the communities
14 served by the bank or subsidiary banks of the bank holding
15 company proposed to be acquired in accordance with the
16 Community Reinvestment Act including, where applicable,
17 information relating to the following:

18 a. Procedures proposed to be carried out by the banks or
19 subsidiary banks of the bank holding company proposed to be
20 acquired to ascertain the credit needs of the communities
21 served by the banks or subsidiary banks of the bank holding
22 company proposed to be acquired, including the extent of
23 proposed efforts to communicate to such communities the credit
24 services proposed to be provided by the banks or subsidiary
25 banks of the bank holding company proposed to be acquired.

26 b. The extent of the proposed marketing and special
27 credit-related programs to be conducted by the banks or
28 subsidiary banks of the bank holding company proposed to be
29 acquired to make the communities served by the banks or
30 subsidiary banks of the bank holding company proposed to be
31 acquired aware of the credit services proposed to be offered
32 by them.

33 c. The extent of proposed participation by the board of
34 directors of the bank or subsidiary banks of the bank holding
35 company proposed to be acquired in formulating the policies

1 and reviewing the performance of the bank or subsidiary banks
2 of the bank holding company proposed to be acquired in meeting
3 the purposes of the Community Reinvestment Act.

4 d. The expected geographic distribution of credit
5 extensions, credit applications, and credit denials of the
6 bank or subsidiary banks of the bank holding company proposed
7 to be acquired.

8 e. The proposed participation, including investments by
9 the bank or subsidiary banks of the bank holding company
10 proposed to be acquired in local community development and
11 redevelopment projects or programs.

12 f. The expected ability of the bank or subsidiary banks of
13 the bank holding company proposed to be acquired to meet
14 various credit needs of the communities served by the banks or
15 subsidiary banks of the bank holding company proposed to be
16 acquired.

17 3. Proposed capital investment, loan, and dividend
18 policies of the applicant, including a discussion of the range
19 of consumer and business services which are proposed to be
20 offered by the bank or subsidiary banks of the bank holding
21 company proposed to be acquired and how the bank or subsidiary
22 banks of the bank holding company proposed to be acquired
23 proposes to meet the credit needs of individuals, small
24 business, and agriculture in the communities served by them.

25 4. Any plans of the applicant to merge, sell the assets
26 of, or liquidate the bank, bank holding company or the
27 subsidiary banks of the bank holding company proposed to be
28 acquired, or make any other major change in their business or
29 corporate structure or management.

30 5. Information on how the proposed acquisition will result
31 in net new benefits to Iowa or the communities served by the
32 bank or subsidiary banks of the bank holding company proposed
33 to be acquired.

34 6. Evidence of compliance by the subsidiary banks of the
35 applicant in the states in which they are located with the

1 Community Reinvestment Act and any applicable state community
2 reinvestment statutes or rules.

3 Sec. 4. NEW SECTION. 524.1854 SUPERINTENDENT OF BANKING
4 -- RESPONSIBILITIES.

5 1. The superintendent, within ten days of receipt of an
6 application by a regional bank holding company to make an
7 acquisition as authorized by this division, shall do one of
8 the following:

9 a. Accept the application for processing if it is
10 substantially complete.

11 b. Request such additional information as may be necessary
12 to complete the application.

13 c. Return the application if it is substantially
14 incomplete.

15 2. If an application is accepted for processing, the
16 superintendent shall immediately notify the applicant that the
17 application is accepted for processing and publish notice of
18 the application in the administrative bulletin.

19 3. Within thirty days of acceptance of an application for
20 processing, the superintendent shall conduct an investigation
21 into the condition of the applicant and the bank or bank
22 holding company proposed to be acquired. The superintendent
23 may request additional information from the applicant and
24 require its production as a condition of approval of the
25 application.

26 4. The superintendent shall approve or disapprove an
27 application within sixty days after the filing of the complete
28 application. If the superintendent fails to approve or
29 disapprove the application within sixty days after the filing
30 of the complete application it shall be deemed approved.

31 5. In deciding whether to approve an application for an
32 acquisition under this division, the superintendent shall
33 consider all of the following:

34 a. Whether the subsidiary banks of the applicant are
35 operated in a satisfactory manner.

1 b. Whether the financial condition of the applicant
2 regional bank holding company or any of its subsidiary banks
3 would jeopardize the financial stability of the bank or bank
4 holding company proposed to be acquired.

5 c. Whether the proposed acquisition would result in a bank
6 that has inadequate capital or poor earnings prospects.

7 d. Whether the subsidiary banks of the applicant have
8 provided adequate and appropriate banking services in their
9 communities, including services contemplated by the Community
10 Reinvestment Act and any similar applicable state or local
11 community reinvestment statutes.

12 e. Whether the applicant proposes to provide adequate
13 banking services to meet the needs for banking services of the
14 communities served by the bank or the subsidiary banks of the
15 bank holding company proposed to be acquired, including
16 services contemplated by the Community Reinvestment Act.

17 f. Whether the applicant proposes adequate activities to
18 ascertain and adequately meet the credit needs of the
19 communities served by the bank or the subsidiary banks of the
20 bank holding company proposed to be acquired, including the
21 extent of efforts to communicate the availability of all
22 credit services offered.

23 g. Whether the applicant regional bank holding company has
24 plans or practices which would discourage applications for
25 specific types of loans.

26 h. Whether there is a record of prohibited discriminatory
27 or other illegal practices by the subsidiary banks of the
28 applicant regional bank holding company.

29 6. The superintendent shall issue an order either ap-
30 proving or disapproving an application. The order shall
31 include findings of fact based upon the application, in-
32 vestigation, public comments, or other submittals or evidence
33 considered. An order disapproving an application shall list
34 the specific reasons for disapproval.

35 7. Appeals from a decision of the superintendent shall be

1 pursuant to chapter 17A.

2 Sec. 5. NEW SECTION. 524.1855 RESTRICTIONS ON ACQUI-
3 TIONS.

4 1. A regional bank holding company shall not acquire a
5 bank or bank holding company under this division if, following
6 the acquisition, the Iowa banks owned or controlled by the
7 regional bank holding company would have, in the aggregate,
8 more than ten percent of the total time and demand deposits of
9 all banks in this state, as determined by the superintendent
10 on the basis of the most recent reports of the banks in the
11 state to their supervisory authorities which are available at
12 the time of the acquisition.

13 2. A regional bank holding company shall not under this
14 division acquire any of the following:

15 a. A bank unless the bank has been in existence and
16 continuously operated as a bank for five or more years.

17 b. A bank holding company unless each of its subsidiary
18 banks has been in existence and continuously operated as a
19 bank for five or more years.

20 3. For purposes of subsection 2, a bank shall be con-
21 sidered to have been in existence and continuously operated as
22 a bank for five or more years if either of the following
23 apply:

24 a. The bank is a new bank as a result of a consolidation
25 of banks each of which had been in existence and continuously
26 operated as a bank for five or more years before the
27 consolidation.

28 b. The bank was organized solely for the purpose of
29 facilitating the acquisition of another bank that had been in
30 existence and continuously operated as a bank for five or more
31 years before the acquisition.

32 4. For purposes of subsection 2, "subsidiary bank" does
33 not include a bank which is not empowered to accept deposits
34 or to make loans or to do both.

35 5. This section does not apply to acquisitions by a

1 regional bank holding company of a troubled bank. A troubled
2 bank is a bank which has been closed by a regulatory authority
3 or which the superintendent reasonably believes may be closed
4 by a regulatory authority.

5 Sec. 6. NEW SECTION. 524.1856 BASIC SERVICES TRANSACTION
6 ACCOUNT.

7 A bank owned or controlled by a regional bank holding com-
8 pany shall offer a basic services transaction account to
9 eligible individuals. For purposes of this section:

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

18 2. "Eligible individual" means a person whose annual
19 family income is less than the federal poverty income guide-
20 lines as published annually in the federal register by the
21 United States department of health and human services.

22 Sec. 7. NEW SECTION. 524.1857 DEVELOPMENTAL LOANS.

23 A bank owned or controlled by a regional bank holding
24 company shall provide, within its community, a level of
25 developmental loans as defined by the superintendent by rule.
26 "Developmental loans" includes but is not limited to the
27 following:

28 1. Loans for low and moderate income housing, loans to
29 community development corporations, loans to small businesses,
30 student education loans, and energy conservation loans.

31 2. Loans within a distressed area for commercial purposes,
32 home loans, home improvement loans, and operating loans to
33 family farmers. The superintendent shall annually designate
34 distressed areas. A distressed area may be designated for a
35 geographic region smaller than a county. In designating a

1 distressed area, the superintendent shall consider the
2 unemployment rate, economic conditions, and credit needs of
3 the area.

4 Sec. 8. Sections 524.1851 through 524.1899 are established
5 as a new division entitled "REGIONAL BANKING" to be added
6 following division XVIII. The Code editor may renumber exist-
7 ing division XIX as division XX and renumber the sections in
8 the divisions following division XVIII consistent with the
9 numbering of other divisions in chapter 524.

10 EXPLANATION

11 This bill provides for the acquisition of an Iowa bank or
12 Iowa bank holding company by an out-of-state bank holding
13 company from the midwestern region in certain circumstances if
14 certain conditions are satisfied.

15 Section 1 provides key definitions including the definition
16 of the "midwestern region" as the states of Illinois, Indiana,
17 Iowa, Kansas, Minnesota, Missouri, Michigan, Nebraska, North
18 Dakota, Ohio, South Dakota, and Wisconsin.

19 Section 2 permits a regional bank holding company to
20 directly or indirectly acquire all or a portion of one or more
21 Iowa banks or Iowa bank holding companies provided the state
22 in which the acquirer is located grants reciprocal acquisition
23 rights to Iowa-based bank holding companies.

24 Section 3 details the required contents of an application
25 for approval by the superintendent of banking.

26 Section 4 details the authority of the superintendent of
27 banking in accepting, reviewing, approving, or disapproving an
28 application for acquisition by a regional bank holding
29 company. Criteria for review include, but are not limited to,
30 the financial condition of the applicant, the adequacy of
31 capital of the acquired bank, compliance with the federal
32 Community Reinvestment Act and provision of adequate and
33 appropriate services to communities served by the applicant,
34 and the existence of a record of prohibited discriminatory or
35 other illegal practices by the applicant or its subsidiaries.

1 Section 5 places certain restrictions on acquisitions. A
2 bank holding company is prohibited from making an acquisition
3 if it would result in the acquirer or its subsidiaries
4 controlling more than ten percent of the total time and demand
5 deposits of all banks in the state. Acquired banks and bank
6 holding companies must have been in existence and continuously
7 operated as a bank or bank holding company for five or more
8 years, except that a troubled bank in existence for less than
9 five years may be acquired.

10 Section 6 requires a bank owned or controlled by a regional
11 bank holding company to offer a basic services transaction
12 account to a person whose annual income is less than federal
13 poverty income guidelines. A basic services transaction
14 account means a transaction account that has no initial
15 periodic service fees, allows at least six checks per month to
16 be drawn on the account without charge, and allows at least
17 six free electronic funds transfer transactions per month.
18 The service fees for additional checks or electronic funds
19 transfer transactions shall not exceed the lowest fee for
20 similar services charged by the bank for accounts other than
21 basic accounts.

22 Section 7 requires a bank owned or controlled by a regional
23 bank holding company to provide a certain level of
24 developmental loans within the bank's community.

25 Section 8 provides instructions to the Code editor for
26 integrating the bill into Code chapter 524.

27 SUCCESSOR TO SSB 2050 (LSB 7737SC)

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SENATE FILE 2108

S-5039

1 Amend Senate File 2108 as follows:
2 1. Page 8, by inserting before line 4 the
3 following:
4 "Sec. ____ . NEW SECTION. 525.1 SHORT TITLE.
5 This chapter may be cited as the "Iowa Community
6 Reinvestment Act".
7 Sec. ____ . NEW SECTION. 525.2 DEFINITIONS.
8 As used in this chapter, 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. "Superintendent" means the superintendent of
14 the division of banking of the department for banks
15 organized or regulated under chapter 524.
16 Sec. ____ . NEW SECTION. 525.3 COMMUNITY
17 REINVESTMENT RESPONSIBILITY.
18 A bank acquired pursuant to sections 524.1851
19 through 524.1857 shall meet the credit needs of the
20 community or communities in which it is located,
21 including low-income and moderate-income
22 neighborhoods, as determined under section 525.5, and
23 rural areas within the bank's basic service area,
24 consistent with safe and sound operations of the bank.
25 Sec. ____ . NEW SECTION. 525.4 ANNUAL COMMUNITY
26 REINVESTMENT DISCLOSURE REPORT AND PUBLIC NOTICE.
27 A bank acquired pursuant to sections 524.1851
28 through 524.1857 shall submit to the superintendent an
29 annual report in a form determined by the
30 superintendent, which describes the following:
31 1. The credit needs of the community served by the
32 bank, and the method by which this determination was
33 made. The superintendent may by rule stipulate a
34 method to determine the credit needs of a community
35 served by a bank.
36 2. The methods used to market to the community the
37 credit services offered by the bank.
38 3. A description of how services actually provided
39 by the bank satisfied the needs described under
40 subsection 1.
41 4. The bank's participation in local, state, and
42 federal business and economic development programs,
43 small business assistance programs, programs
44 addressing the financial needs of minorities, and
45 programs that meet the specific credit needs of rural
46 communities, including but not limited to the rural
47 economic development program and the rural
48 agricultural diversification linked-deposit program.
49 The superintendent may specify by rule which programs
50 must be included in the report.

1 A bank shall delineate the local community or
2 communities that comprise its basic service area. The
3 basic service area so claimed is subject to the
4 approval of the superintendent. The superintendent
5 may order an expansion or contraction of a bank's
6 basic service area if the superintendent finds the
7 claimed area does not correspond to the territory in
8 fact served by the bank. The superintendent shall
9 adopt rules for determination of the basic service
10 area based on a bank's facilities, business practices,
11 and the location, distribution, and concentration of
12 the bank's borrowers and depositors.

13 A bank shall provide a public notice in the lobby
14 of each of its facilities which requests the public to
15 submit comments to the bank regarding its community
16 lending activities. Each bank shall maintain a file
17 open to public inspection which contains the five most
18 recent annual community reinvestment disclosure
19 reports, public comments received on its community
20 investment activities, and the bank's response to
21 those comments.

22 Sec. ____ . NEW SECTION. 525.5 COMMUNITY
23 REINVESTMENT DISCLOSURE REQUIREMENTS.

24 A bank acquired pursuant to sections 524.1851
25 through 524.1857, with more than ten million dollars
26 of assets, shall disclose as part of its annual
27 community reinvestment disclosure report the
28 following:

29 1. The number and aggregate dollar amount of
30 housing, commercial, small business, agricultural, and
31 consumer loans originated in the state in which the
32 bank's principal place of business is located.

33 2. The number and aggregate dollar amount of
34 housing, commercial, small business, agricultural, and
35 consumer loans originated in this state.

36 3. The number and aggregate dollar amount of
37 housing, commercial, small business, agricultural, and
38 consumer loans originated within low-income and
39 moderate-income neighborhoods within the bank's basic
40 service area. The superintendent may by rule or
41 decision determine the geographic boundaries of low-
42 income and moderate-income neighborhoods within the
43 state, or criteria for designating low-income and
44 moderate-income neighborhoods within a bank's basic
45 service area.

46 Sec. ____ . NEW SECTION. 525.6 COMMUNITY
47 REINVESTMENT RATING SYSTEM.

48 The superintendent shall adopt rules, not later
49 than January 1, 1990, for a community reinvestment
50 rating system for banks acquired pursuant to sections

1 524.1851 through 524.1857, to be based upon a review
2 of the information provided in a bank's annual
3 community reinvestment disclosure report, and other
4 information which the superintendent finds to be
5 relevant. The system must at minimum provide for an
6 unacceptable community reinvestment rating, a minimum
7 acceptable community reinvestment rating, and a top
8 rating for exemplary community reinvestment, and the
9 information shall be public information. The rating
10 system may contain more steps than an unacceptable
11 rating, a minimum acceptable rating, and an exemplary
12 rating.

13 Sec. ____ . NEW SECTION. 525.7 ELIGIBILITY FOR
14 PARTICIPATION IN CERTAIN STATE PROGRAMS CONDITIONED ON
15 COMMUNITY REINVESTMENT GUIDELINES.

16 After July 1, 1990, unconditional eligibility for
17 banks acquired pursuant to sections 524.1851 through
18 524.1897 to participate in the following programs is
19 conditioned upon achieving a minimum acceptable
20 community reinvestment rating under section 525.6 and
21 preference between banks acquired pursuant to sections
22 524.1851 through 524.1857 is given for banks achieving
23 higher ratings, with the highest preferences given to
24 banks with an exemplary rating:

- 25 1. Deposit of public funds, including state
- 26 treasury funds and the funds of political
- 27 subdivisions.
- 28 2. State loan guarantee programs.
- 29 3. State interest rate buy-down programs.
- 30 4. Other financial programs offered through the
- 31 use of state funds.

32 A bank not meeting a minimum acceptable community
33 reinvestment rating may receive conditional approval
34 for eligibility for such programs provided that the
35 bank develops a proposal for improving its community
36 reinvestment rating to an acceptable level within a
37 period of no more than two years and the proposal is
38 approved by the superintendent.

39 After July 1, 1990, eligibility for a bank acquired
40 pursuant to sections 524.1851 through 524.1857 to
41 extend its service territory, acquire or merge with
42 another financial institution, build or acquire a new
43 facility, transfer a home office, or take other action
44 requiring approval of the superintendent is
45 conditioned upon achieving at least a minimum
46 acceptable community reinvestment rating. The
47 superintendent may by rule condition approval or
48 degree of approval for an action requiring the
49 superintendent's approval on higher community
50 reinvestment ratings. However, the superintendent may

S-5039 Page 4

1 grant approval for an action of a bank receiving less
2 than an acceptable community reinvestment rating if
3 the superintendent finds that the action is an
4 essential part of a proposal approved by the
5 superintendent for improving the bank's community
6 reinvestment rating to an acceptable level within a
7 period of no more than two years.

8 Sec. ____ . NEW SECTION. 525.8 COMMUNITY
9 REINVESTMENT TASK FORCE ESTABLISHED.

10 A community reinvestment task force is established
11 to recommend a community reinvestment rating system to
12 the superintendent which will encourage financial
13 institutions to invest in their communities and to
14 meet the requirements of this chapter. The task force
15 shall also recommend appropriate uses of a rating
16 system including incentives and disincentives for
17 various levels of performance. The community
18 reinvestment task force shall be composed of seven
19 individuals selected for their knowledge of the
20 financial needs of Iowa's business, farm, and consumer
21 communities, with none having a financial interest in
22 or position with a financial institution. The
23 majority and minority leaders in the senate and the
24 speaker and the minority leader in the house of
25 representatives shall each appoint one member and the
26 governor shall appoint three members of the task
27 force. The task force shall report its
28 recommendations to the superintendent not later than
29 July 1, 1988, and submit proposed rules to implement
30 the recommendations. The banking division of the
31 department of commerce and the legislative service
32 bureau shall provide staff support to the task force."

33 2. By renumbering as necessary.

S-5039

Filed February 4, 1988

ADOPTED (p. 267)
*Chair voted in order
to break tie*

BY CHARLES BRUNER
TOM MANN, JR.

SENATE FILE 2108

S-5050

1 Amend Senate File 2108 as follows:
2 1. Page 4, by striking lines 26 through 30 and
3 inserting the following:
4 "4. The superintendent shall approve or disapprove
5 an application within a reasonable period of time."

S-5050

Filed February 5, 1988

A/D 2/15 (p. 350)

BY BERL E. PRIEBE

SENATE FILE #2108

S-5044

1 Amend Senate File 2108 as follows:

2 1. Page 7, by inserting after line 4 the
3 following:

4 "Sec. ____ . NEW SECTION. 524.1855A SERVICES
5 PRESERVED.

6 A regional bank holding company that acquires an
7 interest in a bank or bank holding company under this
8 ~~division shall not~~ transfer that interest to another
9 person, and shall not close, or take any other action
10 which would have the effect of materially reducing the
11 availability of any of the types of services offered
12 previous to the acquisition by, a bank or bank office
13 whose ownership or control is affected by the
14 acquisition, for a period of five years after the
15 effective date of the acquisition. The superintendent
16 may commence an action in the district court to
17 restrain or enjoin a regional bank holding company
18 from any violation of this subsection or to obtain
19 such equitable relief as may be necessary to nullify
20 the effects of a violation."

21 2. By renumbering as necessary.

S-5044

Filed February 4, 1988
Loft 2/10/88 by [unclear]

BY JOHN A. PETERSON

S-5046

1 Amend Senate File 2108 as follows:

2 1. Page 1, by inserting after line 19 the
3 following:

4 "Sec. ____ . NEW SECTION. 524.1851A CONCENTRATION
5 OF FINANCIAL CONTROL LIMITED.

6 A regional bank holding company shall not acquire
7 any interest in a bank or bank holding company as
8 otherwise permitted by this division if upon that
9 acquisition all state banks and national banks that
10 are located in this state and directly or indirectly
11 owned or controlled by resident and nonresident
12 multibank holding companies would have, in the
13 aggregate, more than fifty percent of the total time
14 and demand deposits of all state banks and national
15 banks located in this state, as determined by the
16 superintendent on the basis of the most recent reports
17 submitted to the supervisory authorities of those
18 depository institutions."

19 2. By renumbering as necessary.

S-5046

Filed February 4, 1988
Loft 2/10/88 by [unclear]

BY JOHN A. PETERSON

SENATE FILE 2108

S-5037

- 1 Amend Senate File 2108 as follows:
2 1. Page 4, line 27, by striking the word "sixty"
3 and inserting the following: "one hundred twenty".
4 2. Page 4, line 29, by striking the word "sixty"
5 and inserting the following: "one hundred twenty".

S-5037

Filed February 4, 1988 ADOPTED (p. 200) BY LEE HOLT

SENATE FILE 2108

S-5038

- 1 Amend Senate File 2108 as follows:
2 1. Page 6, line 13, by inserting after the word
3 "company" the following: ", other than a bank holding
4 company authorized to make an acquisition by section
5 524.1805,".
6 2. Page 7, lines 7 and 8, by inserting after the
7 word "company" the following: ", other than a bank
8 holding company authorized to make an acquisition by
9 section 524.1805,".
10 3. Page 7, line 24, by inserting after the word
11 "company" the following: ", other than a bank holding
12 company authorized to make an acquisition by section
13 524.1805,".
14 4. Page 8, by inserting after line 3 the
15 following:
16 "Sec. NEW SECTION. 524.1858
17 NONSEVERABILITY.
18 If it is ultimately determined that the reciprocity
19 limitation in section 524.1852 is invalid, all
20 provisions of sections 524.1851 through 524.1857 are
21 void. However, if before sections 524.1851 through
22 524.1857 became void, a regional bank holding company
23 directly or indirectly acquired an interest in or
24 control of a bank located in Iowa under sections
25 524.1851 through 524.1857, the regional bank holding
26 company may maintain the interest and may expand its
27 holdings not to exceed the limitations contained in
28 section 524.1802."
29 5. By renumbering as necessary.

S-5038

Filed February 4, 1988 ADOPTED (p. 200) BY EDGAR H. HOLDEN

SENATE FILE 2108

S-5068

1 Amend Senate File 2108 as follows:

2 1. Page 7, by inserting after line 4 the
3 following:

4 "Sec. ____ . NEW SECTION. 524.1855A PROBATIONARY
5 PERIOD.

6 An acquisition by a regional bank holding company
7 under this division shall be for a probationary period
8 of five years, during which period the superintendent
9 shall closely monitor and evaluate the regional bank
10 holding company and its subsidiaries with respect to
11 adherence to the requirements of this chapter. Within
12 one hundred twenty days immediately prior to the
13 expiration of the five-year probationary period, the
14 superintendent shall conduct a public hearing at which
15 representatives of the banking division, the regional
16 bank holding company, and other interested persons
17 shall be afforded the opportunity to present evidence.
18 If the superintendent determines that by a
19 preponderance of the evidence the regional bank
20 holding company and its bank subsidiaries have
21 performed satisfactorily according to the requirements
22 of this chapter, the superintendent shall issue an
23 order declaring that the acquisition shall be
24 permanent. If the superintendent determines that by a
25 preponderance of the evidence the regional bank
26 holding company and its bank subsidiaries have failed
27 to perform satisfactorily, the superintendent shall
28 issue an order requiring the regional bank holding
29 company to divest itself of all interests in the
30 acquired bank or banks. The regional bank holding
31 company shall divest itself of the bank or banks
32 within one year following the effective date of the
33 order, and if it fails to do so the superintendent
34 shall petition the district court for appointment as
35 receiver to dispose of the regional bank holding
36 company's interests in the bank or banks in any
37 commercially reasonable manner."

38 2. By renumbering as necessary.

S-5068

Filed February 15, 1988 WITHDRAWN (p. 5) BY JOHN JENSEN

1 Amend Senate File 2108 as follows:

2 1. Page 1, by inserting after line 19 the

3 following:

4 "6. "State in which the regional bank holding
5 company is located" means the state in which the
6 operations of the banking subsidiaries of the regional
7 bank holding company are "principally conducted" as
8 defined in the federal Bank Holding Company Act of
9 1956, 12 U.S.C. § 1842(d), as amended to January 1,
10 1987."

11 2. Page 2, line 4, by striking the words
12 "treasurer of state" and inserting the following:
13 "superintendent".

S-5065

Filed February 12, 1988

Adopted 2/15/88 by 35-3

BY WILLIAM PALMER

SENATE FILE 2108
BY COMMITTEE ON COMMERCE

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 18, 1988)

_____ - New Language by the Senate

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 a bank
2 located in Iowa or a bank holding company located in Iowa
3 owning or controlling one or more banks in Iowa by an out-of-
4 state regional bank holding company, and making penalties
5 applicable.

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

SF 2108

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1 Section 1. NEW SECTION. 524.1851 DEFINITIONS.

2 As used in this division, unless the context otherwise
3 requires:

4 1. "Bank holding company" means a bank holding company as
5 defined or referred to in the federal Bank Holding Company Act
6 of 1956, 12 U.S.C. § 1841 et seq., as amended to January 1,
7 1987.

8 2. "Community Reinvestment Act" means the federal
9 Community Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq.,
10 as amended to January 1, 1987.

11 3. "Midwestern region" means the states of Illinois,
12 Indiana, Iowa, Kansas, Minnesota, Missouri, Michigan,
13 Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

14 4. "Out-of-state bank holding company" means an out-of-
15 state bank holding company as defined or referred to in the
16 federal Bank Holding Company Act of 1956, 12 U.S.C. § 1842(d),
17 as amended to January 1, 1987.

18 5. "Regional bank holding company" means an out-of-state
19 bank holding company located in the midwestern region.

20 6. "State in which the regional bank holding company is
21 located" means the state in which the operations of the
22 banking subsidiaries of the regional bank holding company are
23 "principally conducted" as defined in the federal Bank Holding
24 Company Act of 1956, 12 U.S.C. § 1842(d), as amended to
25 January 1, 1987.

26 Sec. 2. NEW SECTION. 524.1852 RECIPROCITY.

27 A regional bank holding company may directly or indirectly
28 acquire all or a portion of the voting securities or other
29 capital stock of, or any interest in all or substantially all
30 of the assets of, or power to control in any manner the
31 election of any of the directors of, one or more banks
32 conducting a banking business in this state or one or more
33 bank holding companies located in this state and controlling
34 one or more banks conducting a banking business in this state
35 if the state in which the regional bank holding company is

1 located would allow a bank holding company located in Iowa to
2 acquire banks located in that state, provided that all of the
3 requirements of this division are met.

4 Sec. 3. NEW SECTION. 524.1853 APPLICATION.

5 A regional bank holding company, other than a bank holding
6 company authorized to make an acquisition by section 524.1805,
7 which desires to make an acquisition as authorized by this
8 division, shall file an application with the superintendent
9 accompanied by an application fee of five thousand dollars
10 payable to the superintendent. The application shall contain
11 such information as the superintendent may prescribe by rule
12 as necessary or appropriate. The applicant shall furnish to
13 the superintendent all of the following:

14 1. Information establishing that the acquisition will
15 promote the safety and soundness of the bank or bank holding
16 company proposed to be acquired, including the subsidiary
17 banks of the bank holding company proposed to be acquired.

18 2. Information demonstrating that the applicant intends to
19 adequately meet the convenience and needs of the communities
20 served by the bank or subsidiary banks of the bank holding
21 company proposed to be acquired in accordance with the
22 Community Reinvestment Act including, where applicable,
23 information relating to the following:

24 a. Procedures proposed to be carried out by the banks or
25 subsidiary banks of the bank holding company proposed to be
26 acquired to ascertain the credit needs of the communities
27 served by the banks or subsidiary banks of the bank holding
28 company proposed to be acquired, including the extent of
29 proposed efforts to communicate to such communities the credit
30 services proposed to be provided by the banks or subsidiary
31 banks of the bank holding company proposed to be acquired.

32 b. The extent of the proposed marketing and special
33 credit-related programs to be conducted by the banks or
34 subsidiary banks of the bank holding company proposed to be
35 acquired to make the communities served by the banks or

1 subsidiary banks of the bank holding company proposed to be
2 acquired aware of the credit services proposed to be offered
3 by them.

4 c. The extent of proposed participation by the board of
5 directors of the bank or subsidiary banks of the bank holding
6 company proposed to be acquired in formulating the policies
7 and reviewing the performance of the bank or subsidiary banks
8 of the bank holding company proposed to be acquired in meeting
9 the purposes of the Community Reinvestment Act.

10 d. The expected geographic distribution of credit
11 extensions, credit applications, and credit denials of the
12 bank or subsidiary banks of the bank holding company proposed
13 to be acquired.

14 e. The proposed participation, including investments by
15 the bank or subsidiary banks of the bank holding company
16 proposed to be acquired in local community development and
17 redevelopment projects or programs.

18 f. The expected ability of the bank or subsidiary banks of
19 the bank holding company proposed to be acquired to meet
20 various credit needs of the communities served by the banks or
21 subsidiary banks of the bank holding company proposed to be
22 acquired.

23 3. Proposed capital investment, loan, and dividend
24 policies of the applicant, including a discussion of the range
25 of consumer and business services which are proposed to be
26 offered by the bank or subsidiary banks of the bank holding
27 company proposed to be acquired and how the bank or subsidiary
28 banks of the bank holding company proposed to be acquired
29 proposes to meet the credit needs of individuals, small
30 business, and agriculture in the communities served by them.

31 4. Any plans of the applicant to merge, sell the assets
32 of, or liquidate the bank, bank holding company or the
33 subsidiary banks of the bank holding company proposed to be
34 acquired, or make any other major change in their business or
35 corporate structure or management.

1 5. Information on how the proposed acquisition will result
2 in net new benefits to Iowa or the communities served by the
3 bank or subsidiary banks of the bank holding company proposed
4 to be acquired.

5 6. Evidence of compliance by the subsidiary banks of the
6 applicant in the states in which they are located with the
7 Community Reinvestment Act and any applicable state community
8 reinvestment statutes or rules.

9 Sec. 4. NEW SECTION. 524.1854 SUPERINTENDENT OF BANKING
10 -- RESPONSIBILITIES.

11 1. The superintendent, within ten days of receipt of an
12 application by a regional bank holding company to make an
13 acquisition as authorized by this division, shall do one of
14 the following:

15 a. Accept the application for processing if it is
16 substantially complete.

17 b. Request such additional information as may be necessary
18 to complete the application.

19 c. Return the application if it is substantially
20 incomplete.

21 2. If an application is accepted for processing, the
22 superintendent shall immediately notify the applicant that the
23 application is accepted for processing and publish notice of
24 the application in the administrative bulletin.

25 3. Within thirty days of acceptance of an application for
26 processing, the superintendent shall conduct an investigation
27 into the condition of the applicant and the bank or bank
28 holding company proposed to be acquired. The superintendent
29 may request additional information from the applicant and
30 require its production as a condition of approval of the
31 application.

32 4. The superintendent shall approve or disapprove an
33 application within one hundred twenty days after the filing of
34 the complete application. If the superintendent fails to
35 approve or disapprove the application within one hundred

1 twenty days after the filing of the complete application it
2 shall be deemed approved.

3 5. In deciding whether to approve an application for an
4 acquisition under this division, the superintendent shall
5 consider all of the following:

6 a. Whether the subsidiary banks of the applicant are
7 operated in a satisfactory manner.

8 b. Whether the financial condition of the applicant
9 regional bank holding company or any of its subsidiary banks
10 would jeopardize the financial stability of the bank or bank
11 holding company proposed to be acquired.

12 c. Whether the proposed acquisition would result in a bank
13 that has inadequate capital or poor earnings prospects.

14 d. Whether the subsidiary banks of the applicant have
15 provided adequate and appropriate banking services in their
16 communities, including services contemplated by the Community
17 Reinvestment Act and any similar applicable state or local
18 community reinvestment statutes.

19 e. Whether the applicant proposes to provide adequate
20 banking services to meet the needs for banking services of the
21 communities served by the bank or the subsidiary banks of the
22 bank holding company proposed to be acquired, including
23 services contemplated by the Community Reinvestment Act.

24 f. Whether the applicant proposes adequate activities to
25 ascertain and adequately meet the credit needs of the
26 communities served by the bank or the subsidiary banks of the
27 bank holding company proposed to be acquired, including the
28 extent of efforts to communicate the availability of all
29 credit services offered.

30 g. Whether the applicant regional bank holding company has
31 plans or practices which would discourage applications for
32 specific types of loans.

33 h. Whether there is a record of prohibited discriminatory
34 or other illegal practices by the subsidiary banks of the
35 applicant regional bank holding company.

1 6. The superintendent shall issue an order either ap-
2 proving or disapproving an application. The order shall
3 include findings of fact based upon the application, in-
4 vestigation, public comments, or other submittals or evidence
5 considered. An order disapproving an application shall list
6 the specific reasons for disapproval.

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

9 Sec. 5. NEW SECTION. 524.1855 RESTRICTIONS ON ACQUISSI-
10 TIONS.

11 1. A regional bank holding company shall not acquire a
12 bank or bank holding company under this division if, following
13 the acquisition, the Iowa banks owned or controlled by the
14 regional bank holding company would have, in the aggregate,
15 more than ten percent of the total time and demand deposits of
16 all banks in this state, as determined by the superintendent
17 on the basis of the most recent reports of the banks in the
18 state to their supervisory authorities which are available at
19 the time of the acquisition.

20 2. A regional bank holding company, other than a bank
21 holding company authorized to make an acquisition by section
22 524.1805, shall not under this division acquire any of the
23 following:

24 a. A bank unless the bank has been in existence and
25 continuously operated as a bank for five or more years.

26 b. A bank holding company unless each of its subsidiary
27 banks has been in existence and continuously operated as a
28 bank for five or more years.

29 3. For purposes of subsection 2, a bank shall be con-
30 sidered to have been in existence and continuously operated as
31 a bank for five or more years if either of the following
32 apply:

33 a. The bank is a new bank as a result of a consolidation
34 of banks each of which had been in existence and continuously
35 operated as a bank for five or more years before the

1 consolidation.

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

6 4. For purposes of subsection 2, "subsidiary bank" does
7 not include a bank which is not empowered to accept deposits
8 or to make loans or to do both.

9 5. This section does not apply to acquisitions by a
10 regional bank holding company of a troubled bank. A troubled
11 bank is a bank which has been closed by a regulatory authority
12 or which the superintendent reasonably believes may be closed
13 by a regulatory authority.

14 Sec. 6. NEW SECTION. 524.1856 BASIC SERVICES TRANSACTION
15 ACCOUNT.

16 A bank owned or controlled by a regional bank holding com-
17 pany, other than a bank holding company authorized to make an
18 acquisition by section 524.1805, shall offer a basic services
19 transaction account to eligible individuals. For purposes of
20 this section:

21 1. "Basic services transaction account" means a transac-
22 tion account that has no initial periodic service fees, allows
23 at least six checks per month to be drawn on the account
24 without charge, and allows at least six free electronic funds
25 transfer transactions per month. The service fees for addi-
26 tional checks or electronic funds transfer transactions shall
27 not exceed the lowest fee for similar services charged by the
28 bank for accounts other than basic accounts.

29 2. "Eligible individual" means a person whose annual
30 family income is less than the federal poverty income guide-
31 lines as published annually in the federal register by the
32 United States department of health and human services.

33 Sec. 7. NEW SECTION. 524.1857 DEVELOPMENTAL LOANS.

34 A bank owned or controlled by a regional bank holding
35 company, other than a bank holding company authorized to make

1 an acquisition by section 524.1805, shall provide, within its
2 community, a level of developmental loans as defined by the
3 superintendent by rule. "Developmental loans" includes but is
4 not limited to the following:

5 1. Loans for low and moderate income housing, loans to
6 community development corporations, loans to small businesses,
7 student education loans, and energy conservation loans.

8 2. Loans within a distressed area for commercial purposes,
9 home loans, home improvement loans, and operating loans to
10 family farmers. The superintendent shall annually designate
11 distressed areas. A distressed area may be designated for a
12 geographic region smaller than a county. In designating a
13 distressed area, the superintendent shall consider the
14 unemployment rate, economic conditions, and credit needs of
15 the area.

16 Sec. 8. NEW SECTION. 524.1858 NONSEVERABILITY.

17 If it is ultimately determined that the reciprocity
18 limitation in section 524.1852 is invalid, all provisions of
19 sections 524.1851 through 524.1857 are void. However, if
20 before sections 524.1851 through 524.1857 became void, a
21 regional bank holding company directly or indirectly acquired
22 an interest in or control of a bank located in Iowa under
23 sections 524.1851 through 524.1857, the regional bank holding
24 company may maintain the interest and may expand its holdings
25 not to exceed the limitations contained in section 524.1802.

26 Sec. 9. NEW SECTION. 525.1 SHORT TITLE.

27 This chapter may be cited as the "Iowa Community
28 Reinvestment Act".

29 Sec. 10. NEW SECTION. 525.2 DEFINITIONS.

30 As used in this chapter, unless the context requires
31 otherwise:

32 1. "Basic service area" means the area determined as
33 provided in section 525.4.

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

35 3. "Superintendent" means the superintendent of the

1 division of banking of the department for banks organized or
2 regulated under chapter 524.

3 Sec. 11. NEW SECTION. 525.3 COMMUNITY REINVESTMENT
4 RESPONSIBILITY.

5 A bank acquired pursuant to sections 524.1851 through
6 524.1857 shall meet the credit needs of the community or
7 communities in which it is located, including low-income and
8 moderate-income neighborhoods, as determined under section
9 525.5, and rural areas within the bank's basic service area,
10 consistent with safe and sound operations of the bank.

11 Sec. 12. NEW SECTION. 525.4 ANNUAL COMMUNITY
12 REINVESTMENT DISCLOSURE REPORT AND PUBLIC NOTICE.

13 A bank acquired pursuant to sections 524.1851 through
14 524.1857 shall submit to the superintendent an annual report
15 in a form determined by the superintendent, which describes
16 the following:

17 1. The credit needs of the community served by the bank,
18 and the method by which this determination was made. The
19 superintendent may by rule stipulate a method to determine the
20 credit needs of a community served by a bank.

21 2. The methods used to market to the community the credit
22 services offered by the bank.

23 3. A description of how services actually provided by the
24 bank satisfied the needs described under subsection 1.

25 4. The bank's participation in local, state, and federal
26 business and economic development programs, small business
27 assistance programs, programs addressing the financial needs
28 of minorities, and programs that meet the specific credit
29 needs of rural communities, including but not limited to the
30 rural economic development program and the rural agricultural
31 diversification linked-deposit program. The superintendent
32 may specify by rule which programs must be included in the
33 report.

34 A bank shall delineate the local community or communities
35 that comprise its basic service area. The basic service area

1 so claimed is subject to the approval of the superintendent.
2 The superintendent may order an expansion or contraction of a
3 bank's basic service area if the superintendent finds the
4 claimed area does not correspond to the territory in fact
5 served by the bank. The superintendent shall adopt rules for
6 determination of the basic service area based on a bank's
7 facilities, business practices, and the location,
8 distribution, and concentration of the bank's borrowers and
9 depositors.

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

18 Sec. 13. NEW SECTION. 525.5 COMMUNITY REINVESTMENT
19 DISCLOSURE REQUIREMENTS.

20 A bank acquired pursuant to sections 524.1851 through
21 524.1857, with more than ten million dollars of assets, shall
22 disclose as part of its annual community reinvestment
23 disclosure report the following:

24 1. The number and aggregate dollar amount of housing,
25 commercial, small business, agricultural, and consumer loans
26 originated in the state in which the bank's principal place of
27 business is located.

28 2. The number and aggregate dollar amount of housing,
29 commercial, small business, agricultural, and consumer loans
30 originated in this state.

31 3. The number and aggregate dollar amount of housing,
32 commercial, small business, agricultural, and consumer loans
33 originated within low-income and moderate-income neighborhoods
34 within the bank's basic service area. The superintendent may
35 by rule or decision determine the geographic boundaries of

1 low-income and moderate-income neighborhoods within the state,
2 or criteria for designating low-income and moderate-income
3 neighborhoods within a bank's basic service area.

4 Sec. 14. NEW SECTION. 525.6 COMMUNITY REINVESTMENT
5 RATING SYSTEM.

6 The superintendent shall adopt rules, not later than
7 January 1, 1990, for a community reinvestment rating system
8 for banks acquired pursuant to sections 524.1851 through
9 524.1857, to be based upon a review of the information
10 provided in a bank's annual community reinvestment disclosure
11 report, and other information which the superintendent finds
12 to be relevant. The system must at minimum provide for an
13 unacceptable community reinvestment rating, a minimum
14 acceptable community reinvestment rating, and a top rating for
15 exemplary community reinvestment, and the information shall be
16 public information. The rating system may contain more steps
17 than an unacceptable rating, a minimum acceptable rating, and
18 an exemplary rating.

19 Sec. 15. NEW SECTION. 525.7 ELIGIBILITY FOR
20 PARTICIPATION IN CERTAIN STATE PROGRAMS CONDITIONED ON
21 COMMUNITY REINVESTMENT GUIDELINES.

22 After July 1, 1990, unconditional eligibility for banks
23 acquired pursuant to sections 524.1851 through 524.1857 to
24 participate in the following programs is conditioned upon
25 achieving a minimum acceptable community reinvestment rating
26 under section 525.6 and preference between banks acquired
27 pursuant to sections 524.1851 through 524.1857 is given for
28 banks achieving higher ratings, with the highest preferences
29 given to banks with an exemplary rating:

- 30 1. Deposit of public funds, including state treasury funds
31 and the funds of political subdivisions.
- 32 2. State loan guarantee programs.
- 33 3. State interest rate buy-down programs.
- 34 4. Other financial programs offered through the use of
35 state funds.

1 A bank not meeting a minimum acceptable community
2 reinvestment rating may receive conditional approval for
3 eligibility for such programs provided that the bank develops
4 a proposal for improving its community reinvestment rating to
5 an acceptable level within a period of no more than two years
6 and the proposal is approved by the superintendent.

7 After July 1, 1990, eligibility for a bank acquired
8 pursuant to sections 524.1851 through 524.1857 to extend its
9 service territory, acquire or merge with another financial
10 institution, build or acquire a new facility, transfer a home
11 office, or take other action requiring approval of the
12 superintendent is conditioned upon achieving at least a
13 minimum acceptable community reinvestment rating. The
14 superintendent may by rule condition approval or degree of
15 approval for an action requiring the superintendent's approval
16 on higher community reinvestment ratings. However, the
17 superintendent may grant approval for an action of a bank
18 receiving less than an acceptable community reinvestment
19 rating if the superintendent finds that the action is an
20 essential part of a proposal approved by the superintendent
21 for improving the bank's community reinvestment rating to an
22 acceptable level within a period of no more than two years.

23 Sec. 16. NEW SECTION. 525.8 COMMUNITY REINVESTMENT TASK
24 FORCE ESTABLISHED.

25 A community reinvestment task force is established to
26 recommend a community reinvestment rating system to the
27 superintendent which will encourage financial institutions to
28 invest in their communities and to meet the requirements of
29 this chapter. The task force shall also recommend appropriate
30 uses of a rating system including incentives and disincentives
31 for various levels of performance. The community reinvestment
32 task force shall be composed of seven individuals selected for
33 their knowledge of the financial needs of Iowa's business,
34 farm, and consumer communities, with none having a financial
35 interest in or position with a financial institution. The

1 majority and minority leaders in the senate and the speaker
2 and the minority leader in the house of representatives shall
3 each appoint one member and the governor shall appoint three
4 members of the task force. The task force shall report its
5 recommendations to the superintendent not later than July 1,
6 1988, and submit proposed rules to implement the
7 recommendations. The banking division of the department of
8 commerce and the legislative service bureau shall provide
9 staff support to the task force.

10 Sec. 17. Sections 524.1851 through 524.1899 are
11 established as a new division entitled "REGIONAL BANKING" to
12 be added following division XVIII. The Code editor may
13 renumber existing division XIX as division XX and renumber the
14 sections in the divisions following division XVIII consistent
15 with the numbering of other divisions in chapter 524.

16 SUCCESSOR TO SSB 2050 (LSB 7737SC)

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SENATE FILE 2108

H-6426

1 Amend the Senate amendment, H-5251, to Senate File
2 2108, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, line 4, by inserting after the word
5 "clause" the following: "and inserting the following:

6 "Section 1. Section 524.1805, Code 1987, is
7 amended to read as follows:

8 524.1805 OUT-OF-STATE BANK HOLDING COMPANIES.

9 ~~Nothing in this division shall be construed to~~ This
10 chapter does not authorize a bank holding company
11 which is with respect to the state of Iowa an "out-of-
12 state bank holding company", as defined or referred to
13 in 12 U.S.C. } 1842(d), as amended to January 1, 1971
14 1988, to acquire any of the voting shares of, any
15 interest in, all or substantially all of the assets
16 of, or power to control in any manner the election of
17 any of the directors of any bank in this state, unless
18 such one of the following specifically applies:

19 1. The bank holding company was on January 1,
20 1971, registered with the federal reserve board as a
21 bank holding company, and on that date owned at least
22 two banks in this state, provided that this subsection
23 does not authorize an out-of-state bank holding
24 company satisfying these conditions to acquire an Iowa
25 bank or a bank holding company owning one or more Iowa
26 banks on or after the effective date of this Act
27 unless an application for approval of that acquisition
28 was filed with the federal reserve board prior to the
29 date of enactment of this Act.

30 2. The acquisition is authorized by and approved
31 by the superintendent as provided in this chapter.

32 Sec. 2. NEW SECTION. 524.1901 DEFINITIONS.

33 As used in this division, unless the context
34 otherwise requires:

35 1. "Bank holding company" means a bank holding
36 company as defined or referred to in the federal Bank
37 Holding Company Act of 1956, 12 U.S.C. } 1841 et seq.,
38 as amended to January 1, 1988.

39 2. "Community Reinvestment Act" means the federal
40 Community Reinvestment Act of 1977, 12 U.S.C. } 2901
41 et seq., as amended to January 1, 1988.

42 3. "Iowa bank" means a state or national bank that
43 has its principal place of business in this state.

44 4. "Out-of-state bank holding company" means an
45 out-of-state bank holding company as defined or
46 referred to in the federal Bank Holding Company Act of
47 1956, 12 U.S.C. } 1842(d), as amended to January 1,
48 1988.

49 Sec. 3. NEW SECTION. 524.1902 LIMITATIONS.

50 1. This chapter authorizes, subject to

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Page 2

1 limitations, conditions, and prior approval by the
2 superintendent, the acquisition of an Iowa bank or a
3 bank holding company owning or controlling one or more
4 Iowa banks by an out-of-state bank holding company
5 that is located in Minnesota or Nebraska. This
6 chapter does not authorize the direct or indirect
7 ownership or control, within the meaning of section
8 524.1801, of an Iowa bank or a bank holding company
9 owning or controlling one or more Iowa banks by an
10 out-of-state bank holding company that is located,
11 within the meaning of 12 U.S.C. } 1842(d), in any
12 other state or that is itself owned or controlled
13 directly or indirectly by an out-of-state bank holding
14 company located in any other state.

15 2. This chapter does not authorize an out-of-state
16 bank holding company that pursuant to this chapter has
17 directly or indirectly acquired ownership or control
18 of an Iowa bank or a bank holding company owning or
19 controlling one or more Iowa banks to retain the
20 interests so acquired if the state in which the out-
21 of-state bank holding company is located changes to a
22 state from which the out-of-state bank holding company
23 would not have been authorized by this chapter to make
24 that acquisition, or if the out-of-state bank holding
25 company is acquired directly or indirectly by another
26 bank holding company that is located, within the
27 meaning of 12 U.S.C. } 1842(d), in a state from which
28 it would not have been authorized by this chapter to
29 make that acquisition.

30 3. For purposes of this chapter, an out-of-state
31 bank holding company is deemed to be located in that
32 state in which the aggregate deposits of its
33 subsidiary commercial banks are greatest. A bank
34 holding company that is itself directly or indirectly
35 owned or controlled by another bank holding company is
36 deemed to be located in that state in which the
37 aggregate deposits of all subsidiary commercial banks
38 directly or indirectly owned or controlled by the
39 parent bank holding company are greatest.

40 Sec. 4. NEW SECTION. 524.1903 RESTRICTIONS.

41 1. An out-of-state bank holding company shall not
42 acquire a bank or bank holding company if, following
43 the acquisition, the Iowa banks owned or controlled by
44 the out-of-state bank holding company would have, in
45 the aggregate more than ten percent of the total time
46 and demand deposits of all banks in this state, as
47 determined by the superintendent on the basis of the
48 most recent reports of the banks in the state to their
49 supervisory authorities which are available at the
50 time of the acquisition.

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Page 3

1 2. An out-of-state bank holding company shall not
2 acquire any of the following:

3 a. A bank unless the bank has been in existence
4 and continuously operated as a bank for five or more
5 years.

6 b. A bank holding company unless each of its
7 subsidiary banks has been in existence and
8 continuously operated as a bank for five or more
9 years.

10 c. An institution chartered as a bank under state
11 or federal law unless the institution so acquired is
12 authorized by law and by its articles of incorporation
13 and its bylaws to and does in fact receive demand
14 deposits, pay checks, and make commercial loans.

15 3. For purposes of subsection 2, a bank shall be
16 considered to have been in existence and continuously
17 operated as a bank for five or more years if either of
18 the following apply:

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

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

27 4. An Iowa bank that is acquired by an out-of-
28 state bank holding company under the authority of
29 section 524.1905 shall not engage directly or through
30 a subsidiary or affiliate in the activity of providing
31 insurance or real estate services if it was not
32 engaged in that activity prior to the acquisition,
33 unless the superintendent grants a waiver of this
34 restriction.

35 Sec. 5. NEW SECTION. 524.1904 PROTECTION FROM
36 HOSTILE TAKEOVERS.

37 1. The board of directors of an Iowa bank or a
38 bank holding company owning or controlling one or more
39 Iowa banks may approve and file with the
40 superintendent a resolution of the board of directors
41 declaring that the bank or bank holding company is
42 ineligible for acquisition by an out-of-state bank
43 holding company. The resolution shall be effective
44 from the time of filing and until the board of
45 directors approves and files with the superintendent a
46 resolution rescinding the resolution of ineligibility.
47 No out-of-state bank holding company shall make an
48 offer to purchase or acquire, directly or indirectly,
49 voting shares of a bank or bank holding company for
50 which a resolution of ineligibility is in effect, or

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1 voting shares of a bank holding company which owns or
2 controls a bank for which a resolution of
3 ineligibility is in effect, and any such offer shall
4 be void.

5 2. An out-of-state bank holding company shall not
6 acquire, directly or indirectly, any of the voting
7 shares of an Iowa bank or a bank holding company
8 owning or controlling one or more Iowa banks unless,
9 before the acquisition, the board of directors of the
10 bank or bank holding company has expressly recommended
11 the acquisition to its shareholders.

12 Sec. 6. NEW SECTION. 524.1905 INTERSTATE
13 ACQUISITIONS.

14 1. An out-of-state bank holding company that is
15 located in Minnesota or Nebraska may directly or
16 indirectly acquire all or a portion of the voting
17 securities or other capital stock of, or any interest
18 in all or substantially all of the assets of, or power
19 to control in any manner the election of any of the
20 directors of an Iowa bank or a bank holding company
21 owning or controlling one or more Iowa banks if the
22 laws of the state in which the out-of-state bank
23 holding company is located authorize a bank holding
24 company located in Iowa to acquire banks and bank
25 holding companies located in that state.

26 2. An acquisition under this section is subject to
27 application and approval requirements under sections
28 524.1906 and 524.1907.

29 Sec. 7. NEW SECTION. 524.1906 APPLICATION.

30 An out-of-state bank holding company which desires
31 to make an acquisition as authorized by section
32 524.1905 shall file an application with the
33 superintendent. The applicant shall pay to the
34 superintendent an application fee to reimburse the
35 banking division for costs and expenses incurred by
36 the division and its employees in processing the
37 application. The amount of the fee or the basis for
38 determining the fee shall be as provided by the
39 superintendent in rules adopted under chapter 17A.
40 The superintendent may require a deposit or partial
41 payment of the total fee at the time an application is
42 submitted. The application shall contain such
43 information as the superintendent may prescribe by
44 rule as necessary or appropriate. The applicant shall
45 furnish to the superintendent all of the following:

46 1. Information establishing that the acquisition
47 will promote the safety and soundness of the bank or
48 bank holding company proposed to be acquired,
49 including the subsidiary banks of the bank holding
50 company proposed to be acquired.

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1 2. Information demonstrating that the applicant
2 intends to adequately meet the convenience and needs
3 of the communities served by the bank or subsidiary
4 banks of the bank holding company proposed to be
5 acquired in accordance with the Community Reinvestment
6 Act including, where applicable, information relating
7 to the following:

8 a. Procedures proposed to be carried out by the
9 banks or subsidiary banks of the bank holding company
10 proposed to be acquired to ascertain the credit needs
11 of the communities served by the banks or subsidiary
12 banks of the bank holding company proposed to be
13 acquired, including the extent of proposed efforts to
14 communicate to such communities the credit services
15 proposed to be provided by the banks or subsidiary
16 banks of the bank holding company proposed to be
17 acquired.

18 b. The extent of the proposed marketing and
19 special credit-related programs to be conducted by the
20 banks or subsidiary banks of the bank holding company
21 proposed to be acquired to make the communities served
22 by the banks or subsidiary banks of the bank holding
23 company proposed to be acquired aware of the credit
24 services proposed to be offered by them.

25 c. The extent of proposed participation by the
26 board of directors of the bank or subsidiary banks of
27 the bank holding company proposed to be acquired in
28 formulating the policies and reviewing the performance
29 of the bank or subsidiary banks of the bank holding
30 company proposed to be acquired in meeting the
31 purposes of the Community Reinvestment Act.

32 d. The expected geographic distribution of credit
33 extensions, credit applications, and credit denials of
34 the bank or subsidiary banks of the bank holding
35 company proposed to be acquired.

36 e. The proposed participation, including
37 investments by the bank or subsidiary banks of the
38 bank holding company proposed to be acquired in local
39 community development and redevelopment projects or
40 programs.

41 f. The expected ability of the bank or subsidiary
42 banks of the bank holding company proposed to be
43 acquired to meet various credit needs of the
44 communities served by the banks or subsidiary banks of
45 the bank holding company proposed to be acquired.

46 3. Proposed capital investment, loan, and dividend
47 policies of the applicant, including a discussion of
48 the range of consumer and business services which are
49 proposed to be offered by the bank or subsidiary banks
50 of the bank holding company proposed to be acquired

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1 and how the bank or subsidiary banks of the bank
2 holding company proposed to be acquired proposes to
3 meet the credit needs of individuals, small business,
4 and agriculture in the communities served by them.

5 4. Any plans of the applicant to merge, sell the
6 assets of, or liquidate the bank, bank holding
7 company, or subsidiary banks of the bank holding
8 company proposed to be acquired, or make any other
9 major change in their business or corporate structure
10 or management.

11 5. Information on how the proposed acquisition
12 will result in net new benefits to Iowa or the
13 communities served by the bank or subsidiary banks of
14 the bank holding company proposed to be acquired.

15 6. Evidence of compliance by the subsidiary banks
16 of the applicant in the states in which they are
17 located with the Community Reinvestment Act and any
18 applicable state community reinvestment statutes or
19 rules.

20 Sec. 8. NEW SECTION. 524.1907 SUPERINTENDENT OF
21 BANKING -- RESPONSIBILITIES.

22 1. The superintendent, within ten days of receipt
23 of an application by a regional bank holding company
24 to make an acquisition authorized by section 524.1905,
25 shall do one of the following:

26 a. Accept the application for processing if it is
27 substantially complete.

28 b. Request additional information necessary to
29 complete the application.

30 c. Return the application if it is substantially
31 incomplete.

32 2. If an application is accepted for processing,
33 the superintendent shall immediately notify the
34 applicant that the application is accepted for
35 processing and publish notice of the application in
36 the Iowa administrative bulletin.

37 3. a. Consideration of an application under this
38 section shall be according to procedures adopted by
39 the superintendent in rules under chapter 17A. The
40 rules shall require an evidentiary hearing that is
41 open to the public and shall permit interested persons
42 other than the parties to the application to intervene
43 for purposes of submitting testimony and other
44 evidence for the record. Reasonable prior notice of
45 the hearing shall be published in the Iowa
46 administrative bulletin. The rules may provide that a
47 hearing be adjourned from time to time and reconvened
48 at various locations within the state to accommodate
49 the appearance of interested persons. Procedures
50 governing an application under this section may be

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1 patterned after or incorporate laws and rules
2 governing contested cases. A person who intervenes
3 with respect to an application under this section
4 shall have standing with respect to any appeal from
5 the final decision.

6 b. The superintendent may investigate the books,
7 records, and financial affairs of the applicant and
8 any affiliate of the applicant, and may make
9 examinations, investigations, and inquiries as
10 necessary to permit the consideration of an
11 application under this section. The results of any
12 examination, investigation, or inquiry shall be
13 admissible at the hearing.

14 4. The superintendent shall disapprove an
15 application unless the laws of the state in which the
16 applicant is located satisfy the reciprocity
17 requirement of section 524.1905.

18 5. The superintendent shall disapprove an
19 application unless all of the subsidiary banks of the
20 applicant satisfy the minimum capital requirements for
21 banks as established by the federal reserve board for
22 member banks and in effect on the date of the
23 application, and unless those minimum capital
24 requirements will be satisfied by all subsidiary
25 banks, including all Iowa banks to be acquired, if the
26 application were to be approved.

27 6. In deciding whether to approve an application
28 for an acquisition under this division, the
29 superintendent shall consider all of the following:

30 a. Whether the subsidiary banks of the applicant
31 are operated in a satisfactory manner.

32 b. Whether the financial condition of the
33 applicant regional bank holding company or any of its
34 subsidiary banks would jeopardize the financial
35 stability of the bank or bank holding company proposed
36 to be acquired.

37 c. Whether the proposed acquisition would result
38 in a bank that has inadequate capital or poor earnings
39 prospects.

40 d. Whether the subsidiary banks of the applicant
41 have provided adequate and appropriate banking
42 services in their communities, including services
43 contemplated by the Community Reinvestment Act and any
44 similar applicable state or local community
45 reinvestment statutes.

46 e. Whether the applicant proposes to provide
47 adequate banking services to meet the needs for
48 banking services of the communities served by the bank
49 or the subsidiary banks of the bank holding company
50 proposed to be acquired, including services

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1 contemplated by the Community Reinvestment Act.

2 f. Whether the applicant proposes adequate
3 activities to ascertain and adequately meet the credit
4 needs of the communities served by the bank or the
5 subsidiary banks of the bank holding company proposed
6 to be acquired, including the extent of efforts to
7 communicate the availability of all credit services
8 offered.

9 g. Whether the applicant has plans or practices
10 which would discourage applications for specific types
11 of loans.

12 h. Whether there is a record of prohibited
13 discriminatory or other illegal practices by the
14 subsidiary banks of the applicant.

15 7. The superintendent shall issue an order either
16 approving or disapproving an application. The order
17 shall include findings of fact based upon the
18 application, investigation, testimony and other
19 evidence introduced at the hearing, and other evidence
20 considered. The order must be justified by the
21 findings of fact.

22 8. Appeals from a decision of the superintendent
23 shall be pursuant to chapter 17A.

24 Sec. 9. NEW SECTION. 524.1908 BASIC SERVICES
25 TRANSACTION ACCOUNT.

26 An Iowa bank directly or indirectly acquired by an
27 out-of-state bank holding company on or after the
28 effective date of this Act shall offer, on and after
29 July 1, 1989, a basic services transaction account to
30 eligible individuals. For purposes of this section:

31 1. "Basic services transaction account" means a
32 transaction account that has no initial periodic
33 service fees, allows at least six checks per month to
34 be drawn on the account without charge, and allows at
35 least six free electronic funds transfer transactions
36 per month. The service fees for additional checks or
37 electronic funds transfer transactions shall not
38 exceed the lowest fee for similar services charged by
39 the bank for accounts other than basic accounts.

40 2. "Eligible individual" means a person whose
41 annual family income is less than the federal poverty
42 income guidelines as published annually in the federal
43 register by the United States department of health and
44 human services.

45 The superintendent shall adopt rules under chapter
46 17A to implement this section. The rules shall
47 specify the means by which eligible individuals shall
48 establish their identity and their eligibility under
49 this section for purposes of requesting a basic
50 services transaction account at a bank. A bank shall

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1 post a notice in the lobby of the bank disclosing the
2 availability of accounts required by this section, and
3 shall provide basic service transaction accounts when
4 requested by those persons who establish their
5 identity and eligibility as required by rules adopted
6 under this section.

7 Sec. 10. NEW SECTION. 524.1909 DEVELOPMENTAL
8 LOANS.

9 An Iowa bank directly or indirectly acquired by an
10 out-of-state bank holding company on or after the
11 effective date of this Act shall provide, on and after
12 July 1, 1989, and within its community, a level of
13 developmental loans as defined by the superintendent
14 by rule. "Developmental loans" includes but is not
15 limited to the following:

16 1. Loans for low and moderate income housing,
17 loans to community development corporations, loans to
18 small businesses, student education loans, and energy
19 conservation loans.

20 2. Loans within a distressed area for commercial
21 purposes, home loans, home improvement loans, and
22 operating loans to family farmers. The superintendent
23 shall annually designate distressed areas. A
24 distressed area may be designated for a geographic
25 region smaller than a county. In designating a
26 distressed area, the superintendent shall consider the
27 unemployment rate, economic conditions, and credit
needs of the area.

28 Sec. 11. NEW SECTION. 524.1910 NONSEVERABILITY.

29 Sections 524.1902 through 524.1909 are enacted in
30 the exercise of the police powers of this state, and
31 the provisions of those sections are not severable.
32 If any court, administrative agency, or agency of this
33 state or of the United States determines that any
34 condition or requirement of those sections is invalid
35 or is unenforceable as against a bank or bank holding
36 company for any reason, then sections 524.1902 through
37 524.1909 shall be void, and any pending or subsequent
38 acquisition based upon the authority of section
39 524.1905 shall be ineffective. An acquisition
40 consummated under the authority of section 524.1905
41 prior to such a determination shall be effective
42 according to the terms and conditions of those
43 sections as they existed at the time of the
44 acquisition.

45 Sec. 12. NEW SECTION. 525.1 SHORT TITLE.

46 This chapter may be cited as the "Iowa Community
47 Reinvestment Act".

48 Sec. 13. NEW SECTION. 525.2 DEFINITIONS.

49 As used in this chapter, unless the context
50

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1 requires otherwise:

2 1. "Basic service area" means the area determined
3 as provided in section 525.4.

4 2. "Iowa bank" means a state or national bank that
5 has its principal place of business in this state.

6 3. "Superintendent" means the superintendent of
7 banking appointed under chapter 524.

8 4. "Low-income" means an amount less than or equal
9 to one hundred fifty percent of the then current
10 poverty level as published by the federal department
11 of health and human services in the federal register.

12 5. "Moderate-income" means an amount less than or
13 equal to three hundred percent of the then current
14 poverty level as published by the federal department
15 of health and human services in the federal register.

16 Sec. 14. NEW SECTION. 525.3 COMMUNITY
17 REINVESTMENT RESPONSIBILITY.

18 An Iowa bank directly or indirectly acquired by an
19 out-of-state bank holding company on or after the ef-
20 fective date of this Act shall meet, on and after July
21 1, 1989, the credit needs of the community or
22 communities in which it is located, including low-
23 income and moderate-income neighborhoods, as
24 determined under section 525.5, and rural areas within
25 the bank's basic service area, consistent with safe
26 and sound operations of the bank.

27 Sec. 15. NEW SECTION. 525.4 ANNUAL COMMUNITY
28 REINVESTMENT DISCLOSURE REPORT AND PUBLIC NOTICE.

29 An Iowa bank directly or indirectly acquired by an
30 out-of-state bank holding company on or after the
31 effective date of this Act shall submit to the
32 superintendent, for periods of time commencing July 1,
33 1989, an annual report in a form determined by the
34 superintendent, which describes the following:

35 1. The credit needs of the community served by the
36 bank, and the method by which this determination was
37 made. The superintendent may by rule stipulate a
38 method to determine the credit needs of a community
39 served by a bank.

40 2. The methods used to market to the community the
41 credit services offered by the bank.

42 3. A description of how services actually provided
43 by the bank satisfied the needs described under
44 subsection 1.

45 4. The bank's participation in local, state, and
46 federal business and economic development programs,
47 small business assistance programs, programs
48 addressing the financial needs of minorities, and
49 programs that meet the specific credit needs of rural
50 communities, including but not limited to the rural

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1 economic development program and the rural
2 agricultural diversification linked-deposit program.
3 The superintendent may specify by rule which programs
4 must be included in the report.

5 A bank shall delineate the local community or
6 communities that comprise its basic service area. The
7 basic service area so claimed is subject to the
8 approval of the superintendent. The superintendent
9 may order an expansion or contraction of a bank's
10 basic service area if the superintendent finds the
11 claimed area does not correspond to the territory in
12 fact served by the bank. The superintendent shall
13 adopt rules for determination of the basic service
14 area based on a bank's facilities, business practices,
15 and the location, distribution, and concentration of
16 the bank's borrowers and depositors.

17 A bank shall provide a public notice in the lobby
18 of each of its facilities which requests the public to
19 submit comments to the bank regarding its community
20 lending activities. Each bank shall maintain a file
21 open to public inspection which contains the five most
22 recent annual community reinvestment disclosure
23 reports, public comments received on its community
24 investment activities, and the bank's response to
25 those comments.

26 Sec. 16. NEW SECTION. 525.5 COMMUNITY
REINVESTMENT DISCLOSURE REQUIREMENTS.

27 An Iowa bank directly or indirectly acquired by an
28 out-of-state bank holding company on or after the
29 effective date of this Act and having more than ten
30 million dollars of assets, shall disclose as part of
31 its annual community reinvestment disclosure report
32 required by section 525.4 the following:

34 1. The number and aggregate dollar amount of
35 housing, commercial, small business, agricultural, and
36 consumer loans originated in the state in which the
37 bank's principal place of business is located.

38 2. The number and aggregate dollar amount of
39 housing, commercial, small business, agricultural, and
40 consumer loans originated in this state.

41 3. The number and aggregate dollar amount of
42 housing, commercial, small business, agricultural, and
43 consumer loans originated within low-income and
44 moderate-income neighborhoods within the bank's basic
45 service area. The superintendent may by rule or
46 decision determine criteria for designating particular
47 census tracts as low-income or moderate-income
48 neighborhoods consistent with the definitions of low-
49 income and moderate-income in this chapter.

50 4. Average loan to deposit ratio for the year of

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1 the report.

2 Sec. 17. NEW SECTION. 525.6 COMMUNITY

3 REINVESTMENT RATING SYSTEM.

4 The superintendent shall adopt rules, not later
5 than January 1, 1990, for a community reinvestment
6 rating system for Iowa banks directly or indirectly
7 acquired by out-of-state bank holding companies on or
8 after the effective date of this Act, to be based upon
9 a review of the information provided in a bank's
10 annual community reinvestment disclosure report, and
11 other information which the superintendent finds to be
12 relevant. The system must at minimum provide for an
13 unacceptable community reinvestment rating, a minimum
14 acceptable community reinvestment rating, and a top
15 rating for exemplary community reinvestment, and the
16 information shall be public information. The rating
17 system may contain more steps than an unacceptable
18 rating, a minimum acceptable rating, and an exemplary
19 rating.

20 Sec. 18. NEW SECTION. 525.7 ELIGIBILITY FOR
21 PARTICIPATION IN CERTAIN STATE PROGRAMS CONDITIONED ON
22 COMMUNITY REINVESTMENT GUIDELINES.

23 After July 1, 1990, unconditional eligibility for
24 an Iowa bank acquired by an out-of-state bank holding
25 company on or after the effective date of this Act to
26 participate in the following programs is conditioned
27 upon achieving a minimum acceptable community
28 reinvestment rating under section 525.6 and preference
29 as between those banks so acquired shall be given to
30 banks achieving higher ratings, with the highest
31 preferences given to banks with an exemplary rating:

32 1. Deposit of public funds, including state
33 treasury funds and the funds of political
34 subdivisions.

35 2. State loan guarantee programs.

36 3. State interest rate buy-down programs.

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

39 A bank not meeting a minimum acceptable community
40 reinvestment rating may receive conditional approval
41 for eligibility for such programs provided that the
42 bank develops a proposal for improving its community
43 reinvestment rating to an acceptable level within a
44 period of no more than two years and the proposal is
45 approved by the superintendent.

46 After July 1, 1990, eligibility for a bank acquired
47 by an out-of-state bank holding company on or after
48 the effective date of this Act to extend its service
49 territory, acquire or merge with another financial
50 institution, build or acquire a new facility, transfer

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1 a home office, or take other action requiring approval
2 of the superintendent is conditioned upon achieving at
3 least a minimum acceptable community reinvestment
4 rating. The superintendent may by rule condition
5 approval or degree of approval for an action requiring
6 the superintendent's approval on higher community
7 reinvestment ratings. However, the superintendent may
8 grant approval for an action of a bank receiving less
9 than an acceptable community reinvestment rating if
10 the superintendent finds that the action is an
11 essential part of a proposal approved by the
12 superintendent for improving the bank's community
13 reinvestment rating to an acceptable level within a
14 period of no more than two years.

15 Sec. 19. NEW SECTION. 525.8 COMMUNITY
16 REINVESTMENT TASK FORCE ESTABLISHED.

17 A community reinvestment task force is established
18 to recommend a uniform community reinvestment rating
19 system to the superintendent of banking, the
20 superintendent of savings and loan associations, and
21 the superintendent of credit unions that will
22 encourage those financial institutions to invest in
23 their communities and to meet the requirements of this
24 chapter. The task force shall also recommend
25 appropriate uses of a rating system including
26 incentives and disincentives for various levels of
27 performance. The community reinvestment task force
28 shall be composed of seven individuals selected for
29 their knowledge of the financial needs of Iowa's
30 business, farm, and consumer communities, with none
31 having a financial interest in or position with a
32 financial institution. The majority and minority
33 leaders in the senate and the speaker and the minority
34 leader in the house of representatives shall each
35 appoint one member and the governor shall appoint
36 three members of the task force. The task force shall
37 report its recommendations to the superintendent of
38 banking, the superintendent of savings and loan
39 associations, and the superintendent of credit unions
40 not later than July 1, 1989, and submit proposed rules
41 to implement the recommendations. The superintendent
42 of banking, the superintendent of savings and loan
43 associations, the superintendent of credit unions, and
44 the legislative service bureau shall provide staff
45 support to the task force.

46 Sec. 20. The superintendent of banking shall adopt
47 rules under chapter 17A as required by this Act
48 according to the following priorities:

49 1. Rules necessary to facilitate and process ap-
50 plications under sections 524.1905, 524.1906, and

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1 524.1907, to take effect as soon as possible after the
2 effective date of this Act.

3 2. Rules implementing sections 524.1908 and
4 524.1909, to take effect July 1, 1989.

5 3. Rules implementing sections 525.1 through
6 525.7, to take effect July 1, 1989, or such later date
7 as provided in those sections.

8 Sec. 21. Section 524.1907, subsection 5, of this
9 Act does not apply to any bank which is acquired under
10 the authority of this Act and which was subject to or
11 contemplated within a contract entered into on or
12 before July 1, 1984, pursuant to which an out-of-state
13 bank holding company directly or indirectly acquired
14 voting shares, an interest in all or substantially all
15 of the assets, or control of the bank or of a bank
16 holding company owning or controlling the bank.

17 Sec. 22. Sections 524.1901 through 524.1910 of
18 this Act are enacted as a new division XIX of chapter
19 524 of the Code, to be entitled "INTERSTATE BANK
20 OWNERSHIP". The Code editor shall redesignate chapter
21 524, division XIX, Code 1987, as chapter 524, division
22 XX, and shall renumber sections 524.1901 and 524.1902,
23 Code 1987, as sections 524.2001 and 524.2002,
24 respectively."

25 2. Title page, line 4, by striking the word
26 "regional".

27 3. Title page, line 4, by inserting after the
28 word company," the following: "providing community
29 reinvestment standards, requiring a community
30 reinvestment study,".

By PARKER of Jasper
SKOW of Guthrie

H-6426 FILED APRIL 13, 1988

SENATE FILE 2108

H-5237

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 2, line 9, by striking the word "five"
4 and inserting the following: "twenty-five".

H-5237 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5238

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 8, by inserting after line 15 the fol-
4 lowing:

5 "3. A developmental loan shall not provide for an
6 interest rate more than one and one-half percent above
7 the then current United States treasury note interest
8 rate at the time the loan is made."

9 2. By renumbering as necessary.

H-5238 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5239

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 6, by inserting after line 28 the fol-
4 lowing:

5 "c. A bank holding company owning a bank, or a
6 bank, that is currently engaged in a business other
7 than banking business."

8 2. By renumbering and relettering as necessary.

H-5239 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5240

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

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

5 "A bank holding company shall not acquire a bank
6 located in a county with more than six existing banks,
7 and shall not acquire a bank holding company owning a
8 bank located in an Iowa county with more than six
9 existing banks."

H-5240 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5235

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 6, by inserting after line 28 the follow-
4 ing:

5 "c. A bank holding company owning a bank, or a
6 bank, located in a county with a population in excess
7 of fifty thousand."

8 2. By renumbering and relettering as necessary.

H-5235 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5236

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 6, by inserting after line 28 the follow-
4 ing:

5 "c. A bank holding company owning a bank, or a
6 bank, located in a county with more than six existing
7 banks."

8 2. By renumbering and relettering as necessary.

H-5236 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5246

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 7, by inserting after line 13, the
4 following:

5 "Sec. . . . NEW SECTION. 524.1855A LOCAL
6 RESIDENTS REQUIRED ON ACQUIRED BANK'S BOARD.

7 The following bank board of directors members and
8 bank officers of a bank acquired by a regional bank
9 holding company pursuant to this division must be
10 residents of the community where the bank's (and not
11 the bank holding company's) principal place of
12 business is located for at least ten years after the
13 date of acquisition:

14 1. Chairperson of the board of directors.

15 2. A member of the board of directors.

16 3. The president.

17 For the purposes of this section, "community" means
18 the county in which the bank has its principal place
19 of business and adjacent Iowa counties."

20 2. Renumber as necessary.

H-5246 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5247

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 6, line 25, by striking the word "five"
4 and inserting the following: "twenty".

5 2. Page 6, line 28, by striking the word "five"
6 and inserting the following: "twenty".

7 3. Page 6, line 31, by striking the word "five"
8 and inserting the following: "twenty".

9 4. Page 6, line 35, by striking the word "five"
10 and inserting the following: "twenty".

11 5. Page 7, line 4, by striking the word "five"
12 and inserting the following: "twenty".

H-5247 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5248

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 31, by inserting after the word
4 "banks" the following: "located in a county or
5 counties with six or fewer existing banks, and".

6 2. Page 1, line 34, by inserting after the word
7 "banks" the following: "located in a county or
8 counties with six or fewer existing banks, and".

H-5248 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5241

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 4, line 33, by striking the words "one
4 hundred twenty" and inserting the following: "ten".

H-5241 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5242

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 4, line 35, by striking the words "one
4 hundred".

5 2. Page 5, line 1, by striking the word "twenty"
6 and inserting the following: "ten".

H-5242 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5243

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 19, by inserting after the word
4 "region" the following: ", provided that no more than
5 fifty percent of the bank holding company's stock may
6 be owned by out-of-state stockholders".

H-5243 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5244

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 12, by striking the word
4 "Indiana,".

H-5244 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5245

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 12, by striking the word
4 "Kansas,".

H-5245 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5253

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 13, by striking the words "North
4 Dakota,".

H-5253 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5254

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 13, by striking the word "Ohio,".

H-5254 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5255

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 12, by striking the word
4 "Michigan,".

H-5255 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5256

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 13, by striking the word
4 "Nebraska,".

H-5256 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5257

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 13, by striking the words "South
4 Dakota, and Wisconsin" and inserting the following:
5 "and South Dakota".

H-5257 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5258

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 13, by striking the words "South
4 Dakota,".

H-5258 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5249

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 31, by inserting after the word
4 "banks" the following: ", located in counties with a
5 population in excess of fifty thousand and,".

6 2. Page 1, line 34, by inserting after the word
7 "banks" the following: ", located solely in counties
8 with populations in excess of fifty thousand and,".

H-5249 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5250

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 31, by inserting after the word
4 "banks" the following: ", located in incorporated
5 cities with a population in excess of one hundred
6 thousand, and".

7 2. Page 1, line 34, by inserting after the word
8 "banks" the following: ", located solely in
9 incorporated cities with a population in excess of one
10 hundred thousand and,".

H-5250 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5251

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause.

H-5251 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5252

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 2, line 3, by inserting after the word
4 "met" the following: ", but the regional bank holding
5 company owned bank shall only participate in banking
6 business. A bank owned by a regional bank holding
7 company shall not participate in legal, securities,
8 real estate, or insurance business, and shall not
9 receive a fee or a commission for these prohibited
10 activities".

H-5252 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5264

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the follow-
4 ing:

5 "Section 1. Section 422.63, Code 1987, is amended
6 by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Notwithstanding any
8 other provision in this section, the franchise tax is
9 imposed annually upon a bank owned by a regional bank
10 holding company in an amount equal to ten percent of
11 the net income received or accrued during the taxable
12 year."

13 2. Renumber as necessary.

H-5264 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5265

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Before an application is approved for the first
6 bank holding company from a specific state within the
7 midwestern region seeking to acquire an Iowa bank or
8 bank holding company, the superintendent shall
9 negotiate with the other state's counterpart banking
10 regulator to, so much as possible, establish uniform
11 rules or protocols for the reciprocal interstate
12 acquisition of a bank or bank holding company by a
13 bank holding company located in one of the two states
14 by a bank holding company located in the other state.
15 The rules or protocols shall establish, so much as
16 possible, common requirements and procedures for
17 acquisitions in either state. The rules or protocols
18 shall be published in the administrative bulletin, and
19 shall apply to the first and subsequent applications
20 from that specific midwestern region state. The time
21 limit for the superintendent's approval of an
22 application may be extended while reasonable
23 negotiations are preceding with the other state in the
24 first proposed acquisition involving that other
25 state."

H-5265 FILED MARCH 3, 1988 BY SCHNEKLOTH of Scott

SENATE FILE 2108

H-5266

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, line 10, by inserting after the word
4 "superintendent." the following: "If the actual cost
5 to the superintendent of processing the application
6 exceeds five thousand dollars, the applicant and the
7 bank or bank holding company to be acquired shall each
8 pay half of the costs in excess of five thousand
9 dollars as a precondition to approval."

H-5266 FILED MARCH 3, 1988 BY SCHNEKLOTH of Scott

SENATE FILE 2108

H-5259

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 27, by striking the words "or
4 indirectly".

H-5259 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5260

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 11, by striking the word
4 "Illinois,".

H-5260 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5261

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 12, by striking the word
4 "Minnesota,".

H-5261 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5262

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 1, line 12, by striking the word
4 "Missouri,".

H-5262 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5263

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. By striking page 8, line 26 through page 13,
4 line 9.

H-5263 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5306

1 Amend the amendment H-5252 to Senate File 2108, as
2 amended, passed, and reprinted by the Senate as
3 follows:

4 1. Page 1, line 8, by inserting after the word
5 "business," the following: "and if an acquired bank
6 currently engages in any of these prohibited
7 activities the regional bank holding company shall
8 divest itself of, or cease, the activities within one
9 hundred eighty days after the acquisition,".

BY TYRRELL of Iowa
RENKEN of Grundy
KREMER of Buchanan

H-5306 FILED MARCH 4, 1988

SENATE FILE 2108

H-5310

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 7, by inserting after line 13, the
4 following:

5 ⁵³³³ "Sec. ____ . NEW SECTION. 524.1855A RESTRICTIONS
6 ON ACQUIRED BANKS.

7 1. A bank owned by a regional bank holding company
8 pursuant to this division shall invest no less than
9 ninety percent of its assets in Iowa investments.

10 2. IOWA INVESTMENTS DEFINED. For the purposes of
11 this chapter, "Iowa investments" means the following:

12 a. Real estate located within Iowa.

13 b. Bonds or obligations of the government of the
14 United States or any subdivisions thereof when
15 purchased within Iowa.

16 c. Bonds or obligations of this state or any
17 county or other political subdivision of the state.

18 d. Bonds, debentures, or secured obligations of
19 any corporation that has ten percent of its assets
20 located within Iowa.

21 e. Mortgages covering real estate located within
22 Iowa.

23 f. Securities backed entirely by mortgages on real
24 estate located within Iowa.

25 g. Loans to residents of Iowa.

26 h. Preferred and common stock of corporations
27 having at least ten percent of their assets located
28 within Iowa or having a principal place of business
29 located in Iowa.

30 i. Cash deposits and reserves in the bank or held
31 by the federal reserve.

32 j. Loans to nonresidents of Iowa if eighty percent
33 of the net proceeds of the loan are used within the
34 state of Iowa."

35 2. By numbering as necessary.

BY SVOBODA of Tama
RENKEN of Grundy
ROYER of Page

H-5310 FILED MARCH 4, 1988

SENATE FILE 2108

H-5267

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Before an application is approved for the first
6 bank holding company within the midwestern region
7 seeking to acquire an Iowa bank or bank holding
8 company, the superintendent shall negotiate with the
9 other midwestern region states' banking regulators to,
10 so much as possible, establish uniform rules or
11 protocols for the regional reciprocal interstate
12 acquisition of a bank or bank holding company. The
13 rules or protocols shall establish, so much as
14 possible, common requirements and procedures for
15 acquisitions within the region by regional bank
16 holding companies. The rules or protocols shall be
17 published in the administrative bulletin, and shall
18 apply to applications by regional bank holding
19 companies of signatory states. The time limit for the
20 superintendent's approval of an application may be
21 extended while reasonable negotiations are preceding
22 with the state of the applicant for the establishment
23 of uniform rules or protocols."

H-5267 FILED MARCH 3, 1988 BY SCHNEKLOTH of Scott

SENATE FILE 2108

H-5268

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 6, by inserting after line 28 the follow-
4 ing:

5 "c. A bank holding company owning a bank, or a
6 bank, located in an incorporated city with a
7 population in excess of one hundred thousand."

8 2. By renumbering and relettering as necessary.

H-5268 FILED MARCH 3, 1988 BY SKOW of Guthrie

SENATE FILE 2108

H-5307

1 Amend Senate File 2108, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, line 13, by striking the word "Ohio,".

BY TYRRELL of Iowa

RENKEN of Grundy

KREMER of Buchanan

H-5307 FILED MARCH 4, 1988

SENATE FILE 2108

H-5316

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 7, by inserting before line 14, the
4 following:

5 "Sec. ____ . NEW SECTION. 524.1855A REQUIRED
6 DIVESTMENT -- CHANGE OF PRINCIPAL PLACE OF BUSINESS.

7 If after an acquisition pursuant to this division
8 the state in which the operations of the regional bank
9 holding company's banking subsidiaries are principally
10 conducted changes so that it is no longer within the
11 midwestern region, the bank holding company is
12 required to divest itself of its Iowa banks or bank
13 holding companies within two years of the date of
14 change."

15 2. By renumbering as necessary.

BY RENKEN of Grundy

SVOBODA of Tama

ROYER of Page

HANSON of Delaware

NORRGARD of Des Moines

SKOW of Guthrie

EDDIE of Buena Vista

COREY of Louisa

MILLER of Cherokee

PLASIER of Sioux

BRANSTAD of Winnebago

MAULSBY of Calhoun

HALVORSON of Clayton

HARBOR of Mills

VAN MAANEN of Mahaska

GARMAN of Story

TYRRELL of Iowa

FULLER of Hardin

PETERSON of Carroll

BLANSHAN of Greene

PETERSEN of Muscatine

PAULIN of Plymouth

McKEAN of Jones

VAN CAMP of Scott

H-5316 FILED MARCH 4, 1988

OSTERBERG of Linn

SENATE FILE 2108

H-5311

1 Amend the amendment H-5246 to Senate File 2108, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 19, the
5 following:

6 "The board of directors of a bank acquired by a
7 regional bank holding company pursuant to this
8 division shall be gender balanced. No person shall be
9 appointed or reappointed to the board if that
10 appointment or reappointment would cause the number of
11 members of the board of one gender to be greater than
12 one-half the membership of the board plus one. This
13 section does not prohibit an individual from
14 completing a term being served prior to the
15 acquisition. Additionally, the board of directors of
16 a bank acquired pursuant to this division shall adopt
17 an affirmative action policy, to be approved by the
18 superintendent, which policy shall apply to
19 appointments to the board of directors, as well as
20 employment and contracting practices of the bank.
21 For purposes of this section "affirmative action"
22 means "affirmative action" as defined by section
23 19B.1, subsection 1."

H-5311 FILED MARCH 4, 1988 BY TYRRELL of Iowa

SENATE FILE 2108

H-5312

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 7, by inserting after line 13, the
4 following:

5 "Sec. ____ . NEW SECTION. 524.1855A RESTRICTIONS
6 ON ACQUIRED BANKS.

7 A bank owned by a regional bank holding company
8 pursuant to this division shall not do any of the
9 following:

10 1. Close an office in a municipal corporation
11 served by the acquired bank prior to acquisition,
12 unless the office is replaced with another office in
13 the same municipal corporation offering the same
14 services or more services.

15 2. Materially reduce services to a municipal
16 corporation served by the acquired bank prior to
17 acquisition."

18 2. By renumbering as necessary.

BY SVOBODA of Tama
RENKEN of Grundy
ROYER of Page

H-5312 FILED MARCH 4, 1988

SENATE FILE 2108

H-5318

1 Amend Senate File 2108 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 172C.1, Code 1987, is amended
6 by adding the following new subsections:

7 NEW SUBSECTION. 18. "Agricultural lender" means a
8 bank, trust company, mortgage company, national
9 banking association, savings and loan association,
10 life insurance company, a state or federal
11 governmental agency or instrumentality, including but
12 not limited to the federal land bank or any of its
13 local associations, or any other financial institution
14 or entity authorized to make farm loans in this state.

15 NEW SUBSECTION. 19. "Ownership interest" means a
16 title to land established by a deed, sheriff's deed,
17 or sheriff's certificate.

18 Sec. 2. NEW SECTION. 172C.16 REPORTING BY
19 AGRICULTURAL LENDERS.

20 1. An agricultural lender shall file with the
21 secretary of state on or before March 31 of each year
22 on forms approved pursuant to chapter 17A and supplied
23 by the secretary of state, an annual report containing
24 information relating to agricultural land in which the
25 lender has an ownership interest or for which the
26 agricultural lender holds a sheriff's certificate of
27 sale. The report shall include all of the following:

28 a. The person's name and address.

29 b. The acreage and location listed by township and
30 county, or the legally described urban plat, of each
31 lot or parcel of agricultural land of more than ten
32 acres in which the agricultural lender has an
33 ownership interest or for which the agricultural
34 lender holds a sheriff's certificate of sale. If an
35 ownership interest in the agricultural land has been
36 transferred to or from the agricultural lender within
37 the reporting period, the agricultural lender shall
38 identify the location of the affected land, the type
39 of interest transferred, the number of acres
40 transferred, the date of the transfer, and the name
41 and address of the person acquiring the interest.

42 c. The total acreage of agricultural land in which
43 the agricultural lender has an ownership interest or
44 for which the agricultural lender holds a sheriff's
45 certificate of sale, provided the agricultural land
46 exists in lots or parcels of more than ten acres.

47 d. A description of the types of farming in
48 operation on the agricultural land."

49 2. Title page, line 1, by inserting after the
50 word "to" the following: "financial institutions, by

1 requiring reporting by agricultural lenders and by
2 permitting in certain circumstances".

3 3. By renumbering as necessary.

BY SVOBODA of Tama

H-5318 FILED MARCH 4, 1988

OSTERBERG of Linn

SENATE FILE 2108

H-5315

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, line 12, by inserting after the word
4 "appropriate." the following: "The application shall
5 constitute a plan of acquisition, and is binding upon
6 the applicant when approved by the superintendent,
7 unless the superintendent grants specific written
8 permission to deviate from the plan of acquisition."

9 2. Page 7, by inserting after line 13, the
10 following:

11 "Sec. ____ . NEW SECTION. 524.1855A PROHIBITIONS
12 AND PENALTIES.

13 1. Subsequent to an acquisition, a regional bank
14 holding company, acquired bank, or acquired bank
15 holding company shall conform to the plan of
16 acquisition disclosed in the application pursuant to
17 section 524.1853, unless specific written permission
18 is obtained from the superintendent to alter a
19 specific policy, procedure, investment, or other
20 detail contained in the application.

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

31 3. By renumbering as necessary.

BY RENKEN of Grundy
SKOW of Guthrie
EDDIE of Buena Vista
COREY of Louisa
MILLER of Cherokee
PLASIER of Sioux
McKEAN of Jones
BRANSTAD of Winnebago
MAULSBY of Calhoun
HALVORSON of Clayton
PAULIN of Plymouth

BLANSHAN of Greene
VAN CAMP of Scott
HARBOR of Mills
GARMAN of Story
VAN MAANEN of Mahaska
NORRGARD of Des Moines
TYRRELL of Iowa
FULLER of Hardin
PETERSON of Carroll
ROSENBERG of Story
PETERSEN of Muscatine

H-5315 FILED MARCH 4, 1988

SENATE FILE 2108

H-5333

1 Amend the amendment H-5310 to Senate File 2108, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 6, by striking the words
5 "ACQUIRED BANKS" and inserting the following: "BANK
6 INVESTMENTS -- DEPOSIT OF PUBLIC FUNDS CONDITIONED
7 UPON COMPLIANCE".

8 2. Page 1, by striking lines 7 through 9, and
9 inserting the following:

10 "1. INVESTMENT IN IOWA INVESTMENTS REQUIRED. A
11 state bank or national association bank operating a
12 bank office in this state shall invest no less than
13 sixty percent of its assets in Iowa investments."

14 3. Page 1, by striking lines 13 through 15.

15 4. Page 1, by inserting after line 34, the
16 following:

17 "3. DEPOSIT OF PUBLIC FUNDS CONDITIONED UPON
18 COMPLIANCE. After July 1, 1990, eligibility for banks
19 to receive deposits of public funds, including state
20 treasury funds and the funds of political
21 subdivisions, is conditioned upon compliance with
22 subsection 1.

23 4. COMPLIANCE WAIVER FROM SUPERINTENDENT. A bank
24 may receive deposits of public funds after July 1,
25 1990, without complying with subsection 1, if the bank
26 has obtained a compliance waiver from the
27 superintendent. The superintendent may only issue a
28 compliance waiver if one or both of the following
29 conditions are met:

30 a. The bank demonstrates to the superintendent's
31 satisfaction, or upon the superintendent's own order,
32 that compliance would endanger the bank's solvency or
33 violate an order of a bank regulator or requirement of
34 federal law.

35 b. The bank demonstrates to the superintendent's
36 satisfaction that the unique circumstances of the
37 bank's service area make compliance economically
38 infeasible.

39 Compliance waivers shall be issued for a limited
40 period of time, effective for no more than twenty-four
41 months. Waivers may be renewed or extended for just
42 cause. The issuance of a compliance waiver does not
43 create a presumption that a waiver will be issued in
44 similar circumstances in the future, or that the
45 waiver will be renewed or extended upon expiration."

H-5333 FILED MARCH 7, 1988 BY SWARTZ of Marshall

SENATE FILE 2108

H-5376

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting before line 1 the follow-
4 ing:

5 "Section 1. Section 422.63, Code 1987, is amended
6 by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Notwithstanding any
8 other provision in this section, the franchise tax is
9 imposed annually upon a bank owned by a regional bank
10 holding company in an amount equal to ten percent of
11 the net income received or accrued during the taxable
12 year.

13 Sec. 2. Section 422.65, Code 1987, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 3. Notwithstanding any other
16 provision of this section the franchise tax imposed on
17 a bank owned by a regional bank holding company shall
18 be allocated as follows:

19 a. Fifty percent of the franchise tax is allocated
20 as otherwise provided for in this section.

21 b. Fifty percent of the franchise tax is
22 appropriated to the following programs and shall be
23 deposited in the office of the treasurer of state for
24 equal allocation among the following programs then in
25 existence:

26 (1) Targeted small business loan guarantee
27 program.

28 (2) Self-employment loan program.

29 (3) Programs for the assistance of inventors
30 designed to aid in the development of new products
31 within the state."

32 2. By renumbering as necessary.

BY SVOBODA of Tama
ROYER of Page
FULLER of Hardin

H-5376 FILED MARCH 8, 1988

SENATE FILE 2108

H-5439

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1, the
4 following:

5 "Section 1. Section 524.805, subsection 4, Code
6 1987, is amended to read as follows:

7 4. a. A state bank, or a bank acquired pursuant
8 to sections 524.1851 through 524.1899, may make such
9 charges for the handling or custody of deposits as may
10 be fixed by its board of directors provided that a
11 schedule of such charges shall be furnished to the
12 customer at the acceptance by the state bank of the
13 initial deposit. Any change in such charges shall be
14 furnished to the customer within a reasonable amount
15 of time before the effective date of such change.

16 b. Notwithstanding paragraph "a", a bank acquired
17 by a regional bank holding company shall not impose
18 different charges for handling or custody of deposits
19 in a checking account based on the balance or average
20 balance in the accounts. All checking account charges
21 or fees imposed by a state bank shall be equal for all
22 checking accounts, whether the charge is in the form
23 of a monthly service fee, a per-check charge, other
24 than the actual cost of printing and distribution of
25 blank checks, or otherwise."

26 2. Title page, line 1, by inserting after the
27 word "to" the following: "banks and banking, by
28 requiring uniform checking account charges and by
29 permitting in certain circumstances".

30 3. By renumbering as necessary.

H-5439 FILED MARCH 10, 1988 BY SVOBODA of Tama

SENATE FILE 2108

H-6125

1 Amend Senate File 2108, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "4. "Low-income" means an amount less than or
6 equal to one hundred fifty percent of the then current
7 poverty level as published by the federal department
8 of health and human services in the federal register.

9 5. "Moderate-income" means an amount less than or
10 equal to three hundred percent of the then current
11 poverty level as published by the federal department
12 of health and human services in the federal register."

13 2. By striking page 10, line 34 through page 11,
14 line 3, and inserting the following: "within the
15 bank's basic service area. Reporting of loans
16 pursuant to this section, shall be done for each
17 census tract within, in whole or in part, the bank's
18 basic service area. The superintendent may by rule or
19 decision determine criteria for designating particular
20 census tracts as low-income or moderate-income
21 neighborhoods consistent with the definitions of low-
22 income and moderate-income in this chapter."

23 3. Page 11, by inserting after line 3, the
24 following:

25 "4. Average loan to deposit ratio for the year of
26 the report."

H-6125 FILED MARCH 30, 1988 BY ROSENBERG of Story

LSR

SSB 2050

COMMERCE: Palmer, Chair; Kinley, Holden, Gronstal and Lind

How

SENATE FILE

2108

BY (PROPOSED COMMITTEE ON
COMMERCE 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 a bank
2 located in Iowa or a bank holding company located in Iowa
3 owning or controlling one or more banks in Iowa by an out-of-
4 state regional bank holding company, and making penalties
5 applicable.

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

- 7
- 8
- 9
- 10
- 11
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1 Section 1. NEW SECTION. 524.1851 DEFINITIONS.

2 As used in this division, unless the context otherwise
3 requires:

4 1. "Bank holding company" means a bank holding company as
5 defined or referred to in the federal Bank Holding Company Act
6 of 1956, 12 U.S.C. § 1841 et seq., as amended to January 1,
7 1987.

8 2. "Community Reinvestment Act" means the federal
9 Community Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq.,
10 as amended to January 1, 1987.

11 3. "Midwestern region" means the states of Illinois,
12 Indiana, Iowa, Kansas, Minnesota, Missouri, Michigan,
13 Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

14 4. "Out-of-state bank holding company" means an out-of-
15 state bank holding company as defined or referred to in the
16 federal Bank Holding Company Act of 1956, 12 U.S.C. § 1842(d),
17 as amended to January 1, 1987.

18 5. "Regional bank holding company" means an out-of-state
19 bank holding company located in the midwestern region.

20 Sec. 2. NEW SECTION. 524.1852 RECIPROCITY.

21 A regional bank holding company may directly or indirectly
22 acquire all or a portion of the voting securities or other
23 capital stock of, or any interest in all or substantially all
24 of the assets of, or power to control in any manner the
25 election of any of the directors of, one or more banks
26 conducting a banking business in this state or one or more
27 bank holding companies located in this state and controlling
28 one or more banks conducting a banking business in this state
29 if the state in which the regional bank holding company is
30 located would allow a bank holding company located in Iowa to
31 acquire banks located in that state, provided that all of the
32 requirements of this division are met.

33 Sec. 3. NEW SECTION. 524.1853 APPLICATION.

34 A regional bank holding company, other than a bank holding
35 company authorized to make an acquisition by section 524.1805,

1 which desires to make an acquisition as authorized by this
2 division, shall file an application with the superintendent
3 accompanied by an application fee of five thousand dollars
4 payable to the treasurer of state. The application shall
5 contain such information as the superintendent may prescribe
6 by rule as necessary or appropriate. The applicant shall
7 furnish to the superintendent all of the following:

8 1. Information establishing that the acquisition will
9 promote the safety and soundness of the bank or bank holding
10 company proposed to be acquired, including the subsidiary
11 banks of the bank holding company proposed to be acquired.

12 2. Information demonstrating that the applicant intends to
13 adequately meet the convenience and needs of the communities
14 served by the bank or subsidiary banks of the bank holding
15 company proposed to be acquired in accordance with the
16 Community Reinvestment Act including, where applicable,
17 information relating to the following:

18 a. Procedures proposed to be carried out by the banks or
19 subsidiary banks of the bank holding company proposed to be
20 acquired to ascertain the credit needs of the communities
21 served by the banks or subsidiary banks of the bank holding
22 company proposed to be acquired, including the extent of
23 proposed efforts to communicate to such communities the credit
24 services proposed to be provided by the banks or subsidiary
25 banks of the bank holding company proposed to be acquired.

26 b. The extent of the proposed marketing and special
27 credit-related programs to be conducted by the banks or
28 subsidiary banks of the bank holding company proposed to be
29 acquired to make the communities served by the banks or
30 subsidiary banks of the bank holding company proposed to be
31 acquired aware of the credit services proposed to be offered
32 by them.

33 c. The extent of proposed participation by the board of
34 directors of the bank or subsidiary banks of the bank holding
35 company proposed to be acquired in formulating the policies

1 and reviewing the performance of the bank or subsidiary banks
2 of the bank holding company proposed to be acquired in meeting
3 the purposes of the Community Reinvestment Act.

4 d. The expected geographic distribution of credit
5 extensions, credit applications, and credit denials of the
6 bank or subsidiary banks of the bank holding company proposed
7 to be acquired.

8 e. The proposed participation, including investments by
9 the bank or subsidiary banks of the bank holding company
10 proposed to be acquired in local community development and
11 redevelopment projects or programs.

12 f. The expected ability of the bank or subsidiary banks of
13 the bank holding company proposed to be acquired to meet
14 various credit needs of the communities served by the banks or
15 subsidiary banks of the bank holding company proposed to be
16 acquired.

17 3. Proposed capital investment, loan, and dividend
18 policies of the applicant, including a discussion of the range
19 of consumer and business services which are proposed to be
20 offered by the bank or subsidiary banks of the bank holding
21 company proposed to be acquired and how the bank or subsidiary
22 banks of the bank holding company proposed to be acquired
23 proposes to meet the credit needs of individuals, small
24 business, and agriculture in the communities served by them.

25 4. Any plans of the applicant to merge, sell the assets
26 of, or liquidate the bank, bank holding company or the
27 subsidiary banks of the bank holding company proposed to be
28 acquired, or make any other major change in their business or
29 corporate structure or management.

30 5. Information on how the proposed acquisition will result
31 in net new benefits to Iowa or the communities served by the
32 bank or subsidiary banks of the bank holding company proposed
33 to be acquired.

34 6. Evidence of compliance by the subsidiary banks of the
35 applicant in the states in which they are located with the

1 Community Reinvestment Act and any applicable state community
2 reinvestment statutes or rules.

3 Sec. 4. NEW SECTION. 524.1854 SUPERINTENDENT OF BANKING
4 -- RESPONSIBILITIES.

5 1. The superintendent, within ten days of receipt of an
6 application by a regional bank holding company to make an
7 acquisition as authorized by this division, shall do one of
8 the following:

9 a. Accept the application for processing if it is
10 substantially complete.

11 b. Request such additional information as may be necessary
12 to complete the application.

13 c. Return the application if it is substantially
14 incomplete.

15 2. If an application is accepted for processing, the
16 superintendent shall immediately notify the applicant that the
17 application is accepted for processing and publish notice of
18 the application in the administrative bulletin.

19 3. Within thirty days of acceptance of an application for
20 processing, the superintendent shall conduct an investigation
21 into the condition of the applicant and the bank or bank
22 holding company proposed to be acquired. The superintendent
23 may request additional information from the applicant and
24 require its production as a condition of approval of the
25 application.

26 4. The superintendent shall approve or disapprove an
27 application within sixty days after the filing of the complete
28 application. If the superintendent fails to approve or
29 disapprove the application within sixty days after the filing
30 of the complete application it shall be deemed approved.

31 5. In deciding whether to approve an application for an
32 acquisition under this division, the superintendent shall
33 consider all of the following:

34 a. Whether the subsidiary banks of the applicant are
35 operated in a satisfactory manner.

1 b. Whether the financial condition of the applicant
2 regional bank holding company or any of its subsidiary banks
3 would jeopardize the financial stability of the bank or bank
4 holding company proposed to be acquired.

5 c. Whether the proposed acquisition would result in a bank
6 that has inadequate capital or poor earnings prospects.

7 d. Whether the subsidiary banks of the applicant have
8 provided adequate and appropriate banking services in their
9 communities, including services contemplated by the Community
10 Reinvestment Act and any similar applicable state or local
11 community reinvestment statutes.

12 e. Whether the applicant proposes to provide adequate
13 banking services to meet the needs for banking services of the
14 communities served by the bank or the subsidiary banks of the
15 bank holding company proposed to be acquired, including
16 services contemplated by the Community Reinvestment Act.

17 f. Whether the applicant proposes adequate activities to
18 ascertain and adequately meet the credit needs of the
19 communities served by the bank or the subsidiary banks of the
20 bank holding company proposed to be acquired, including the
21 extent of efforts to communicate the availability of all
22 credit services offered.

23 g. Whether the applicant regional bank holding company has
24 plans or practices which would discourage applications for
25 specific types of loans.

26 h. Whether there is a record of prohibited discriminatory
27 or other illegal practices by the subsidiary banks of the
28 applicant regional bank holding company.

29 6. The superintendent shall issue an order either ap-
30 proving or disapproving an application. The order shall
31 include findings of fact based upon the application, in-
32 vestigation, public comments, or other submittals or evidence
33 considered. An order disapproving an application shall list
34 the specific reasons for disapproval.

35 7. Appeals from a decision of the superintendent shall be

1 pursuant to chapter 17A.

2 Sec. 5. NEW SECTION. 524.1855 RESTRICTIONS ON ACQUI-
3 TIONS.

4 1. A regional bank holding company shall not acquire a
5 bank or bank holding company under this division if, following
6 the acquisition, the Iowa banks owned or controlled by the
7 regional bank holding company would have, in the aggregate,
8 more than ten percent of the total time and demand deposits of
9 all banks in this state, as determined by the superintendent
10 on the basis of the most recent reports of the banks in the
11 state to their supervisory authorities which are available at
12 the time of the acquisition.

13 2. A regional bank holding company shall not under this
14 division acquire any of the following:

15 a. A bank unless the bank has been in existence and
16 continuously operated as a bank for five or more years.

17 b. A bank holding company unless each of its subsidiary
18 banks has been in existence and continuously operated as a
19 bank for five or more years.

20 3. For purposes of subsection 2, a bank shall be con-
21 sidered to have been in existence and continuously operated as
22 a bank for five or more years if either of the following
23 apply:

24 a. The bank is a new bank as a result of a consolidation
25 of banks each of which had been in existence and continuously
26 operated as a bank for five or more years before the
27 consolidation.

28 b. The bank was organized solely for the purpose of
29 facilitating the acquisition of another bank that had been in
30 existence and continuously operated as a bank for five or more
31 years before the acquisition.

32 4. For purposes of subsection 2, "subsidiary bank" does
33 not include a bank which is not empowered to accept deposits
34 or to make loans or to do both.

35 5. This section does not apply to acquisitions by a

1 regional bank holding company of a troubled bank. A troubled
2 bank is a bank which has been closed by a regulatory authority
3 or which the superintendent reasonably believes may be closed
4 by a regulatory authority.

5 Sec. 6. NEW SECTION. 524.1856 BASIC SERVICES TRANSACTION
6 ACCOUNT.

7 A bank owned or controlled by a regional bank holding com-
8 pany shall offer a basic services transaction account to
9 eligible individuals. For purposes of this section:

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

18 2. "Eligible individual" means a person whose annual
19 family income is less than the federal poverty income guide-
20 lines as published annually in the federal register by the
21 United States department of health and human services.

22 Sec. 7. NEW SECTION. 524.1857 DEVELOPMENTAL LOANS.

23 A bank owned or controlled by a regional bank holding
24 company shall provide, within its community, a level of
25 developmental loans as defined by the superintendent by rule.
26 "Developmental loans" includes but is not limited to the
27 following:

28 1. Loans for low and moderate income housing, loans to
29 community development corporations, loans to small businesses,
30 student education loans, and energy conservation loans.

31 2. Loans within a distressed area for commercial purposes,
32 home loans, home improvement loans, and operating loans to
33 family farmers. The superintendent shall annually designate
34 distressed areas. A distressed area may be designated for a
35 geographic region smaller than a county. In designating a

1 distressed area, the superintendent shall consider the
2 unemployment rate, economic conditions, and credit needs of
3 the area.

4 Sec. 8. Sections 524.1851 through 524.1899 are established
5 as a new division entitled "REGIONAL BANKING" to be added
6 following division XVIII. The Code editor may renumber exist-
7 ing division XIX as division XX and renumber the sections in
8 the divisions following division XVIII consistent with the
9 numbering of other divisions in chapter 524.

10

EXPLANATION

11 This bill provides for the acquisition of an Iowa bank or
12 Iowa bank holding company by an out-of-state bank holding
13 company from the midwestern region in certain circumstances if
14 certain conditions are satisfied.

15 Section 1 provides key definitions including the definition
16 of the "midwestern region" as the states of Illinois, Indiana,
17 Iowa, Kansas, Minnesota, Missouri, Michigan, Nebraska, North
18 Dakota, Ohio, South Dakota, and Wisconsin.

19 Section 2 permits a regional bank holding company to
20 directly or indirectly acquire all or a portion of one or more
21 Iowa banks or Iowa bank holding companies provided the state
22 in which the acquirer is located grants reciprocal acquisition
23 rights to Iowa-based bank holding companies.

24 Section 3 details the required contents of an application
25 for approval by the superintendent of banking.

26 Section 4 details the authority of the superintendent of
27 banking in accepting, reviewing, approving, or disapproving an
28 application for acquisition by a regional bank holding
29 company. Criteria for review include, but are not limited to,
30 the financial condition of the applicant, the adequacy of
31 capital of the acquired bank, compliance with the federal
32 Community Reinvestment Act and provision of adequate and
33 appropriate services to communities served by the applicant,
34 and the existence of a record of prohibited discriminatory or
35 other illegal practices by the applicant or its subsidiaries.

1 Section 5 places certain restrictions on acquisitions. A
2 bank holding company is prohibited from making an acquisition
3 if it would result in the acquirer or its subsidiaries
4 controlling more than ten percent of the total time and demand
5 deposits of all banks in the state. Acquired banks and bank
6 holding companies must have been in existence and continuously
7 operated as a bank or bank holding company for five or more
8 years, except that a troubled bank in existence for less than
9 five years may be acquired.

10 Section 6 requires a bank owned or controlled by a regional
11 bank holding company to offer a basic services transaction
12 account to a person whose annual income is less than federal
13 poverty income guidelines. A basic services transaction
14 account means a transaction account that has no initial
15 periodic service fees, allows at least six checks per month to
16 be drawn on the account without charge, and allows at least
17 six free electronic funds transfer transactions per month.
18 The service fees for additional checks or electronic funds
19 transfer transactions shall not exceed the lowest fee for
20 similar services charged by the bank for accounts other than
21 basic accounts.

22 Section 7 requires a bank owned or controlled by a regional
23 bank holding company to provide a certain level of
24 developmental loans within the bank's community.

25 Section 8 provides instructions to the Code editor for
26 integrating the bill into Code chapter 524.

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