

SAVINGS AND LOAN ASSOCIATIONS

534.101 Short title.

This chapter may be cited as "*Savings and Loan Association chapter*".

[C62, 66, 71, 73, 75, 77, 79, 81, § 534.1]

C85, § 534.101

534.102 Definitions.

When used in this chapter, the following words and phrases shall have the following meanings, except to the extent that any such word or phrase is specifically qualified by its context:

1. "*Administrator*" means the person designated in section 537.6103.
2. "*Association*" or "*state association*" means a corporation holding a certificate of authority to operate under this chapter as either a mutual association or a stock association.
3. "*Association holding company*" means a person other than an individual that directly or indirectly owns, controls or votes more than twenty-five percent of any class of voting stock of a stock association or that controls in any manner the election of a majority of the directors of a stock association or mutual association.
4. "*Bank*" means any person who is authorized under chapter 524 to engage in the business of banking in this state.
5. "*Bank holding company*" means a bank holding company as defined in section 524.1801 that is authorized under chapter 524, division XVIII, to do business in this state as a bank holding company.
6. "*Dividend*" shall mean that part of the net earnings of an association which is declared payable on share accounts from time to time by the board of directors and is the cost of savings money to the association.
7. "*Federal association*" means a corporation operating under the federal Home Owners' Loan Act of 1933 as either a mutual association or a stock association.
8. "*Foreign association*" means a building and loan or savings and loan association, incorporated by the laws of another state or country, which as of January 1, 1984 did not have an office, agency, or agent operating in this state.
9. "*Gross income*" shall mean the sum for an accounting period of the following:
 - a. Operating income.
 - b. Real estate income.
 - c. All profits actually received during such accounting period from the sale of securities, real estate or other property.
 - d. Other nonrecurring income.
10. "*Home loan*" shall mean a real estate loan on a dwelling or dwellings for not more than four families, the principal use of which is for residential purposes. A "*home*" is the same as "*home property*" and constitutes

the homestead of the owner. A home on a farm is a home.

11. "*Impaired condition*" shall mean a condition in which the assets of an association do not have an aggregate value equal to the aggregate amount of liabilities of the association to its creditors, its members and all other persons.

12. "*Insured*", when used in conjunction with the words "*association*", "*state association*", "*foreign association*", or "*federal association*", means an institution whose deposits are insured in part by the savings association insurance fund of the federal deposit insurance corporation or another insurance plan approved by the superintendent.

13. "*Insured mortgage*" is a mortgage covered in part by insurance, which insurance has been formally submitted to and approved by the superintendent or by the federal home loan bank of the area in which the association is located.

14. "*Member*" shall mean a person owning a share account of an association, and a person borrowing from or assuming or obligated upon a loan held by an association, or purchasing property securing a loan held by an association and any contract purchaser from the association. A joint and survivorship relationship, whether of investors or borrowers, constitutes a single membership.

15. "*Mutual association*" means a corporation organized on a mutual ownership basis without shareholders.

16. "*Net earnings*" shall mean gross income for an accounting period less the aggregate of the following:

a. Operating expenses.

b. Real estate expenses.

c. All losses actually sustained during such accounting period from the sale of securities, real estate or other property, or such portion of such losses as shall not have been charged to reserves, pursuant to the provisions of this chapter.

d. All interest paid, or due but unpaid, on borrowed money.

e. Other nonrecurring income.

17. "*Operating expenses*" shall mean all expenses actually paid, or due but unpaid, by an association during an accounting period, excluding the following:

a. Real estate expenses.

b. Other nonrecurring charges.

That portion of prepaid expenses which is not apportionable to the period may be excluded from operating expenses, in which event operating expenses for future periods shall exclude that portion of such prepaid expenses apportionable thereto.

18. "*Operating income*" shall mean all income actually received by an association during an accounting period, excluding the following:

a. Foreclosed real estate income.

b. Other nonrecurring income.

19. *"Real estate expenses"* shall mean all expenses actually paid, or due but unpaid, in connection with the ownership, maintenance, and sale of real estate (other than office building or buildings and real estate held for investment) by an association during an accounting period, excluding capital expenditures and losses on the sale of real estate.
20. *"Real estate income"* shall mean all income actually received by an association during an accounting period from real estate owned (other than from office building or buildings and real estate held for investment) excluding profit from sales of real estate.
21. *"Real estate loan"* shall mean any loan or other obligation secured by real estate, whether in fee or in a leasehold extending or renewable automatically for a period of at least fifty years or ten years beyond the maturity date of the loan.
22. *"Regular lending area"* shall mean the entire area within this state and an area which is outside this state and which is within one hundred miles from any approved office.
23. *"Savings account"* means a deposit account in a stock association or mutual association or a withdrawable share account or time share account in a mutual association.
24. *"Savings liability"* shall mean the aggregate amount of share accounts of members, including dividends credited to such accounts, less redemptions and withdrawals.
25. *"Service corporation"* means a corporation which is organized under chapter 490 and which is owned in any part by one or more state associations or federal associations or a combination of these.
26. *"Share account or shares"* shall mean that part of the savings liability of the association which is credited to the account of the holder thereof.
27. *"Stock association"* means a corporation owned by shareholders.
28. *"Superintendent"* means the superintendent of savings and loan associations appointed pursuant to section 534.401.
29. *"Supervised financial organization"* as defined and used in the Iowa consumer credit code, chapter 537, includes a person organized pursuant to this chapter.
30. *"Supervised organization"* means an association, association holding company, service corporation, licensed foreign association, or a subsidiary of an association, holding company, service corporation, or licensed foreign association.
31. *"Withdrawal value"* shall mean the amount credited to a share account of a member, less lawful deductions therefrom, as shown by the records of the association.

[C73, § 1184, 1187; C97, § 1890, 1902, 1903; C24, 27, 31, § 93069309, 9347, 9350; C35, § 9306, 9308-e1, 9347, 9350; C39, § **9306, 9308.1, 9309, 9347**; C46, 50, 54, 58, § 534.1534.3, 534.45; C62, 66, 71, 73, 75, 77, 79, 81, § 534.2; 82 Acts, ch 1253, § 68]

84 Acts, ch 1081, § 1

C85, § 534.102

85 Acts, ch 153, §1; 88 Acts, ch 1134, §95; 90 Acts, ch 1205, § 53; 90 Acts, ch 1208, § 1; 91 Acts, ch 92, §2, 3; 94 Acts, ch 1187, §20; 2003 Acts, ch 44, §114

534.103 General powers.

Every such association shall have the following general powers:

1. *General corporate power.* To sue and be sued, complain and defend in any court of law or equity; to purchase, acquire, hold, and convey real and personal estate consistent with its objects and powers; to mortgage, pledge, or lease any real or personal estate owned by the association and to authorize a pledgee to repledge the property; to take property by gift, devise, or bequest; to have a corporate seal, which may be affixed by imprint, facsimile, or otherwise; to appoint officers, agents, and employees as its business requires and allow them suitable compensation; to provide for life, health, and casualty insurance for its officers and employees and to adopt and operate reasonable bonus plans and retirement benefits for the officers and employees to enter into payroll savings plans; to adopt and amend bylaws; to insure its accounts with the savings association insurance fund of the federal deposit insurance corporation and qualify as a member of a federal home loan bank; to become a member of, deal with, or make contributions to any organization to the extent that the organization assists in furthering or facilitating the association's purposes or powers and to comply with conditions of membership; to accept savings as provided in this chapter together with other powers otherwise expressly provided for in this chapter, together with implied powers as reasonably necessary for the purpose of carrying out the express powers granted in this chapter.

2. *Fiscal agent.* Any such association which is a member of a federal home loan bank shall have power to act as fiscal agent of the United States and, when designated for the purpose by the secretary of the treasury, it shall perform under such regulations as the secretary may prescribe all such reasonable duties as fiscal agent of the United States as the secretary may require, and shall have power to act as agent for any United States government instrumentality. An association may also handle travelers checks and money orders.

3. *Lock boxes.* Any association may own and rent to its members lock boxes for storage or safekeeping of securities and valuables.

4. *Power to borrow.* Except as provided by its articles of incorporation, an association may borrow not more than an aggregate amount equal to its savings liability on the date of borrowing. A subsequent reduction of savings liability shall not affect in any way outstanding obligations for borrowed money. All loans and advances may be secured by property of the association. In addition to the above unsecured or secured borrowing, an association may issue notes, bonds, debentures and other obligations or securities approved by the superintendent, and if authorized by the regulations of the federal home loan bank. However, the obligations and securities are subject to the priority of the rights of the owners of the savings and deposits of the association.

5. *Service corporations.* Any association may organize and own, alone or with any other similar corporation, a service corporation for the mutual good of the associations. The superintendent shall have the right to examine service corporations.

6. *Limited trust powers.* An association incorporated under this chapter may act as trustee for trusts which are created or organized in the United States, and which form part of a stock bonus, pension, or profit sharing plan which qualifies for special tax treatment under section 401(d) or subsection (a) of section 408 of the Internal Revenue Code, as amended, or as trustee with no active fiduciary duties, if the funds of the trust are invested only in savings accounts or deposits in the association or in obligations or securities issued by the association. All funds held in such a fiduciary capacity by an association may be commingled for appropriate purposes of investment, but individual records shall be kept by the fiduciary for each participant and shall show in proper detail all transactions engaged in under the authority of this subsection.

The superintendent is authorized to grant by special permit to an association the right to act as trustee, executor, administrator, guardian, or in any other fiduciary capacity. However, this authority is available only for periods of time when federally chartered savings and loan associations operating in this state are granted

similar authority, and the state authorization is subject to the rights and limitations established in rules adopted by the superintendent, which shall be consistent with the rights and limitations for federally chartered associations engaged in this type of activity.

7. Tax and loan accounts. To act as depository for receipt of payments of federal or state taxes and loan funds from persons other than the state or subdivisions, agencies or instrumentalities of the state, and satisfy any federal or state statutory or regulatory requirements in connection therewith, including pledging of assets as collateral, payment of earnings at prescribed rates and, notwithstanding any other provision of this chapter, issuing such accounts subject to the right of immediate withdrawal.

8. Leasing of personal property. To acquire, upon the specific request of and for the use of a customer, and lease, personal property pursuant to a binding arrangement for the leasing of the property to the customer upon terms requiring payment to the association, during the minimum period of the lease, of rentals which in the aggregate, when added to the estimated tax benefits to the association resulting from the ownership of the leased property plus the estimated residual market value of the leased property at the expiration of the initial term of the lease, will be at least equal to the total expenditures by the association for, and in connection with, the acquisition, ownership, maintenance, and protection of the property. A lease made under authority of this section shall have the prior approval of the superintendent or be made pursuant to personal property lease guidelines approved by the superintendent for use by the lessor association or pursuant to a personal property lease guideline rule of general applicability for use by all associations.

9. Electronic transactions. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association. Subject to the provisions of chapter 527, an association may utilize, establish or operate, alone or with one or more other associations, banks incorporated under the provisions of chapter 524 or federal law, credit unions incorporated under the provisions of chapter 533 or federal law, corporations licensed under chapter 536A, or third parties, the satellite terminals permitted under chapter 527, by means of which the association may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. However, such utilization, establishment or operation shall be lawful only when in compliance with chapter 527. Nothing in this subsection shall be construed as authority for any association or other person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this subsection be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any association.

10. Automatic authorization. Any association may have the right to participate in any new or additional powers or activities hereafter granted to such association under this chapter immediately upon the effective date of such additional authority, if authorized by the articles of incorporation of such association.

[C73, § 1185, 1186; C97, § 1898, 1899; S13, § 1898; C24, 27, 31, § 9329, 9331, 9340; C35, § 9329, 9340; C39, § 9329, C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 534.19; 81 Acts, ch 175, § 3, 4, 8; 82 Acts, ch 1253, § 13, 14, 44(3)]

84 Acts, ch 1112, § 5

C85, § 534.103

87 Acts, ch 171, § 29; 91 Acts, ch 92, § 4; 92 Acts, ch 1163, § 103

534.104 Capital certificates.

An association may issue and sell, directly or through underwriters, capital certificates which shall represent nonwithdrawable capital contributions, and constitute part of the reserves and net worth of the association.

The certificates shall have no voting rights, shall be subordinate to all savings accounts, debt obligations and claims of creditors of the association and shall constitute a claim in liquidation against any reserves, surplus and other net worth accounts remaining after the payment in full of all savings accounts, debt obligations and claims of creditors. The capital certificates may be entitled to the payment of earnings prior to the allocation of income to surplus or other net worth accounts of the association and may be issued with a fixed rate of earnings or with a prior claim to distribution of a specified percentage of net income remaining after required allocations to reserves, or a combination thereof. Losses shall be charged against capital certificates only after reserves, surplus and other net worth accounts have been exhausted.

84 Acts, ch 1112, § 1

534.105 Defamation of institutions penalty.

Whoever maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false report concerning any building and loan or savings and loan association which imputes or tends to impute, insolvency or unsound financial condition or financial embarrassment, or which may tend to cause or provoke or aid in causing or provoking a general withdrawal of funds from such association, or which may otherwise injure or tend to injure the business or good will of such building and loan or savings and loan association, shall be guilty of a serious misdemeanor.

[C35, § 9388-e1; C39, § **9388.2**; C46, 50, 54, 58, § 534.87; C62, 66, 71, 73, 75, 77, 79, 81, § 534.13]

C85, § 534.105

534.106 Records.

1. Complete and adequate records of all accounts and of all minutes of proceedings of the members, directors and executive committee shall be maintained at all times at the office of the association.
2. Every association shall maintain membership records, which shall show the name and address of the member, whether the member is a share account holder, or a borrower, or a share account holder and borrower, and the date of membership thereof. In the case of account holding members, the association shall obtain a card containing the signature of the owner of such account or the owner's duly authorized representative and shall preserve such signature card in the records of the association.
3. Associations shall not be required to preserve or keep their records or files for a longer period than eleven years next after the first day of January of the year following the time of the making or filing of such records or files; provided, however, that ledger sheets showing unpaid accounts in favor of members of such savings and loan association shall not be destroyed.
4. No liability shall accrue against any association, destroying any such records after the expiration of the time provided in subsection 3, and in any cause or proceedings in which any such records or files may be called in question or be demanded of the association or any officer or employee thereof, a showing that such records and files have been destroyed in accordance with the terms of this chapter shall be a sufficient excuse for the failure to produce them.
5. All causes of action against an association based upon a claim or claims inconsistent with an entry or entries in any savings and loan association record or ledger, made in the regular course of business, shall be deemed to have accrued, and shall accrue, one year after the date of such entry or entries; and no action founded upon such a cause may be brought after the expiration of ten years from the date of such accrual.
6. The provisions of this chapter, so far as applicable, shall apply to the records of federal savings and loan associations.

7. A copy of an original may be kept by an association in lieu of any original records. For purposes of this section, a copy includes any duplicate, rerecording or reproduction of an original record from any photograph, photostat, microfilm, microcard, miniature or microphotograph, computer printout, electronically stored data or image, or other process which accurately reproduces or forms a durable medium for accurately and legibly reproducing an unaltered image or reproduction of the original record. Any such copy or reproduction is deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of any such copy or reproduction reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original.

A printout or other tangible output readable by sight shown to accurately reflect data contained in a promissory note, negotiable instrument, or letter of credit, which contains a signature made or created by electronic or digital means such that it is stored by a computer or similar device, is deemed to be an original of such note, instrument, or letter for purposes of presenting such note, instrument, or letter for payment, acceptance, or honor, or for purposes of a judicial proceeding involving a claim based upon such note, instrument, or letter.

[C97, § 1904; C24, 27, 31, 35, 39, § 9357; C46, 50, 54, 58, § 534.55, 534.111534.114; C62, 66, 71, 73, 75, 77, 79, 81, § 534.9]

C85, § 534.106

91 Acts, ch 95, §3; 99 Acts, ch 34, §4

534.107 Operating expenses.

The operating expense of an association in any one year shall not exceed three percent of the association's average assets during that year without the written approval of the superintendent.

[S13, § 1902-a; C24, 27, 31, 35, 39, § 9348; C46, 50, 54, 58, § 534.47; C62, 66, 71, 73, 75, 77, 79, 81, § 534.44]

C85, § 534.107

87 Acts, ch 171, §30

534.108 Financial statement reports.

Every association shall prepare and publish annually in the month of January in a newspaper of general circulation in the county in which the home office of such association is located, and shall deliver to each member upon application therefor, a statement of its financial condition in the form prescribed or approved by the superintendent.

Every association shall file with the superintendent all monthly, quarterly, and annual reports required by and filed with the federal home loan bank board.

[C97, § 1898; S13, § 1898; C24, 27, 31, 35, 39, § 9333; C46, 50, 54, 58, § 534.23; C62, 66, 71, 73, 75, 77, 79, 81, § 534.6]

C85, § 534.108

90 Acts, ch 1208, §2

534.109 Effect of changes in law.

1. *Chapter applicable.* The name, rights, powers, privileges, and immunities of every such corporation heretofore incorporated under the laws of this state repealed and revised by this chapter shall be governed, controlled, construed, extended, limited, and determined by the provisions of this chapter to the same extent and effect as if such corporation had been incorporated pursuant hereto, and the articles of association, certificate of incorporation, or charter, however entitled, bylaws and constitution, or other rules of every such corporation heretofore made or existing are hereby modified, altered, and amended to conform to the provisions of this chapter, as the same are inconsistent with the provisions of this chapter; except that the obligations of any such existing corporation, whether between such corporation and its members, or any of them, or any other person or persons, or any valid contract between the members of any such corporation, or between such corporation and any other person or persons, existing at the time this chapter takes effect, shall not be in any way impaired by the provisions of this chapter, and, with such exceptions, every such corporation shall possess the rights, powers, privileges and immunities and shall be subject to the duties, liabilities, disabilities, and restrictions conferred and imposed by this chapter notwithstanding anything to the contrary in its certificate of incorporation, bylaws, constitution or rules.

2. *Prior obligations.* All obligations heretofore contracted may be enforced. All obligations to any such corporation heretofore contracted shall be enforceable by it and in its name, and demands, claims, and rights of action against any such corporation may be enforced against it as fully and completely as they might have been enforced heretofore.

3. *Chapter controlling.* Insofar as the provisions of this chapter are inconsistent with the provisions of any other law affecting savings associations the provisions of this chapter shall control.

[C58, § 534.112534.114; C62, 66, 71, 73, 75, 77, 79, 81, § 534.69]

C85, § 534.109

534.110 Emergency operations.

In the event an association's offices are destroyed by enemy attack or by natural disaster, such association may operate from such temporary headquarters as may be necessary until such time as it is again able to resume operations in its normal location.

[C62, 66, 71, 73, 75, 77, 79, 81, § 534.20; 81 Acts, ch 175, § 5]

C85, § 534.110

534.111 Rights of federal associations reciprocity.

Every federal savings and loan association incorporated under the Home Owners' Loan Act of 1933, 12 U.S.C. § 1461-1468, as amended, and the holders of share accounts issued by any such association have all the rights, powers, and privileges and are entitled to the same exemptions and immunities, as savings and loan associations organized under the laws of this state and members thereof are entitled.

Every association organized under this chapter has all the rights, powers, and privileges not in conflict with the laws of this state, which are conferred upon federal savings and loan associations by the Home Owners' Loan Act of 1933, 12 U.S.C. § 1464, and conferred by regulations adopted by the federal home loan bank board and the federal office of thrift supervision.

[C39, § 9402.9; C46, 50, 54, 58, § 534.110; C62, 66, 71, 73, 75, 77, 79, 81, § 534.31]

C85, § 534.111

87 Acts, ch 171, §31; 91 Acts, ch 92, §5

534.112 Regulatory capital.

An association shall maintain regulatory capital in the amount required by regulations of the federal office of thrift supervision. For the purpose of this section, "*regulatory capital*" means the sum of all reserve accounts (except specific reserves established to offset actual or anticipated losses), undivided profits, surplus, capital stock, and any other nonwithdrawable accounts.

87 Acts, ch 171, §32; 91 Acts, ch 92, §6

534.113 References to United States Code and regulations.

All references in this chapter to the United States Code and regulations adopted pursuant to the United States Code refer to the United States Code and regulations as amended to and including January 1, 1990.

90 Acts, ch 1208, §3

534.201 General lending powers.

An association may, subject to any applicable restrictions under this chapter and rules adopted by the superintendent, loan money, extend credit, discount or purchase the vendor's interest in real estate contracts, and discount or purchase other evidences of indebtedness and agreements for the payment of money.

[C73, § 1185, 1186; C97, § 1898, 1899; S13, § 1898; C24, 27, 31, § 9329, 9340; C35, § 9329, 9340; C39, § 9329; C46, 50, 54, 58, § 534.19, 534.33; C62, 66, 71, 73, 75, 77, 79, 81, § 534.19; 82 Acts, ch 1253, § 18]

C83, § 534.74

C85, § 534.201

534.202 Powers with respect to loans.

Every such association shall have the following general powers:

1. *Power to purchase and to lend upon loans.* The power to make loans shall include (a) the power to purchase loans of any type that the association may make, (b) the power to make loans upon the security of loans of any type that the association may make, and (c) the power to sell any loans of the type the association is authorized to make.

2. *Participation loans.* An association may participate with other lenders in the origination or purchase of an interest in loans of any type that such an association may otherwise make, provided that the other participants are instrumentalities of or corporations owned wholly or in part by the United States or this state, or are associations or corporations insured by the federal savings and loan insurance corporation or the federal deposit insurance corporation or are life insurance companies with assets in excess of one hundred million dollars, or are approved federal housing administration lenders or are service corporations in which the majority of the capital stock is owned by one or more insured institutions, such loans to be within or without the regular lending area of the association.

3. *Servicing loans.* To service mortgages and real estate contracts subject to such regulations and restrictions as may be prescribed by the superintendent.

[C73, § 1185, 1186; C97, S13, § 1898; C24, 27, 35, §9329; C39, § **9329, 9340.09, 9340.14**; C46, 50, 54, 58, § 534.19, 534.33, 534.38; C62, 66, 71, 73, 75, 77, 79, 81, § 534.19]

C85, § 534.202

534.203 Sound lending standards.

An association shall not make a loan unless it first has determined that the loan is authorized by this chapter, and that the type, amount, purpose, and repayment provisions of the loan in relation to the borrower's resources, credit standing and any collateral securing repayment of the loan support the reasonable belief that the loan will be financially sound and will be repaid according to its terms.

A loan made by an association must be authorized by lending policies approved by the association's board of directors and made available to the superintendent upon request.

[C97, § 1899; S13, § 1899-a; C24, 27, 31, § 9340, 9341; C35, § 9340, 9340-b1, 9341; C39, § **9340.01, 9340.04, 9340.06, 9340.08, 9340.09**; C46, 50, 54, 58, § 534.25, 534.28, 534.30, 534.32, 534.33; C62, 66, 71, 73, 75, 77, 79, S79, C81, § 534.21; 82 Acts, ch 1253, § 20]

C83, § 534.76

C85, § 534.203

90 Acts, ch 1208, §4

534.204 Real estate loans.

An association may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the superintendent under chapter 17A. These rules shall contain provisions as necessary to ensure the safety and soundness of these loans, and to ensure full and fair disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

[C73, § 1185, 1186; C97, § 1898, 1899; S13, § 1898, 1899-a; C24, 27, 31, § 9329, 9331, 9340, 9341; C35, § 9329, 9330-e1, 9331, 9340, 9340-b1, 9341; C39, § **9329, 9330.1, 9331, 9340.01, 9340.04, 9340.06, 9340.08, 9340.09, 9340.14**; C46, 50, 54, 58, § 534.19, 534.21, 534.22, 534.25, 534.28, 534.30, 534.32, 534.33, 534.38; C62, 66, 71, 73, 75, § 534.19, 534.21; C77, 79, § 534.19, 534.21, 534.72; S79, § 534.21; C81, § 534.19, 534.21, 534.72, 535B.15, 535B.14; 82 Acts, ch 1253, § 22, 43]

C83, § 534.78

C85, § 534.204

534.205 Required real estate loan practices.

Real estate loans must meet the following requirements:

1. *Appraisal.* A qualified person shall conduct an inspection of the property securing the loan and submit a signed appraisal of the market value of that property. However, an appraisal is only required if the loan is

secured by a first lien. An appraisal must conform to the standards promulgated by the federal office of thrift supervision as mandated by Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

2. *Note.* A note shall be signed by the borrower and delivered to the association.

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

4. *Payment terms.* The loan shall provide for repayment upon those terms set forth in the note signed by the borrower.

5. *Loan settlement statement.* The borrower shall receive a statement setting forth in detail the charges and fees the borrower has paid or is obligated to pay in connection with the loan.

6. *Balloon payments.* An association shall mail to the borrower an offer to refinance a balloon payment under a loan at least twenty days before the balloon payment date if at that time no payments under the loan are delinquent. The offer shall be at an interest rate no greater than one percent per annum above the index rate and with monthly payments no greater than those necessary to fully amortize the amount of the balloon payment plus interest over a term which, when added together with the term representing the number of monthly payments made before the most recent notice to refinance, is not less than the original loan term. The association must offer to the borrower a term of at least one year before the next balloon payment. If the balloon payment is due one month after the preceding monthly payment date, the association may require the borrower to make a payment equal to the preceding monthly payment on the balloon payment date if the first payment under the note to refinance the balloon note is one month after the balloon payment date. The association may offer repayment plans to refinance a balloon payment in addition to the plan required by this subsection. For purposes of this subsection, "*loan*" means the same as defined in section 535.8, subsection 1; "*balloon payment*" means a payment which is more than three times as big as the mean average of the payments which precede it; and "*index rate*" means the national average mortgage contract rate for major lenders on the purchase of previously occupied homes which is most recently published in final form by the federal home loan bank board not more than four months before the date on which the balloon payment is due, or, alternatively, a rate based upon any other independently verifiable index approved by the superintendent.

[C97, § 1899; S13, § 1899-a; C24, 27, 31, § 9340, 9341; C35, § 9340, 9340-b1, 9341; C39, § **9340.01, 9340.04, 9340.06, 9340.08, 9340.09, 9340.14**; C46, 50, 54, 58, § 534.25, 534.28, 534.30, 534.32, 534.33, 534.38; C62, 66, 71, 73, 75, § 534.21; C77, 79, § 534.21, 534.72; S79, § 534.21; C81, § 534.21, 534.72; 82 Acts, ch 1253, § 23]

C83, § 534.79

84 Acts, ch 1112, § 7

C85, § 534.205

90 Acts, ch 1208, § 5; 91 Acts, ch 92, § 7

534.206 Authorized real estate loan practices.

An association may do any of the following with respect to a real estate loan, and any contract provision authorized by this section shall be enforceable:

1. *Prepayment.* Except as prohibited by section 535.9, an association may include in the loan documents signed by the borrower a provision imposing a penalty in the event of prepayments as defined in the document.

2. *Protective disbursements.* An association may pay taxes, assessments, ground rents, insurance premiums and similar charges with respect to real estate securing a loan. An association may add these disbursements to the unpaid principal balance of the loan, in which event the disbursements shall be secured to the same extent as the principal balance of the loan.

3. *Protective payments escrow accounts.* An association may include in the loan documents signed by the borrower a provision requiring the borrower to pay the association each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the association in order to better secure the loan. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. An association receiving funds pursuant to an escrow agreement executed on or after July 1, 1982 in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the association pays to members depositing funds in ordinary savings accounts. An association which maintains an escrow account in connection with any real estate loan, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

4. *Escrow reports.* A savings and loan association may act as an escrow agent with respect to real property that is mortgaged to the association, and may receive funds and make disbursements from escrowed funds in that capacity. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. A savings and loan association which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

a. The name and address of the mortgagee.

b. The name and address of the mortgagor.

c. A summary of escrow account activity during the year as follows:

(1) The balance of the escrow account at the beginning of the year.

(2) The aggregate amount of deposits to the escrow account during the year.

(3) The aggregate amount of withdrawals from the escrow account for each of the following categories:

(a) Payments against loan principal.

(b) Payments against interest.

(c) Payments against real estate taxes.

(d) Payments for real property insurance premiums.

(e) All other withdrawals.

(4) The balance of the escrow account at the end of the year.

d. A summary of loan principal for the year as follows:

(1) The amount of principal outstanding at the beginning of the year.

(2) The aggregate amount of payments against principal during the year.

(3) The amount of principal outstanding at the end of the year.

5. Additional provisions. An association may include in the loan documents signed by the borrower any other provision not inconsistent with this chapter.

6. Marketability reports. Section 524.905, subsection 4, applies to the association in the same manner as if the association is a bank within the meaning of that provision.

[C97, § 1899; S13, § 1899-a; C24, 27, 31, § 9340, 9341; C35, § 9340, 9340-b1, 9341; C39, § **9340.01, 9340.049340.06, 9340.08, 9340.09**; C46, 50, 54, 58, § 534.25, 534.28534.30, 534.32, 534.33; C62, 66, 71, 73, 75, 77, 79, 81, § 534.21; 81 Acts, ch 174, § 3, 7; 82 Acts, ch 1253, § 24]

C83, § 534.80

83 Acts, ch 124, § 18

C85, § 534.206

534.207 Commitment to residential loans.

1. Commitment. As an annual average, based on monthly computations, an association shall hold at least sixty percent of its assets in the following types of assets:

a. Loans secured by liens or claims on residential real estate, participation interests in groups of loans secured by liens or claims on residential real estate, securities that are secured by groups of loans secured by liens or claims on residential real estate, or property improvement loans for the making of improvements upon residential real property, or a combination of these.

b. Cash.

c. Obligations of the United States or of a state or political subdivision of a state, and stock or obligations of a corporation which is an instrumentality of the United States or of a state or political subdivision of a state, but not including obligations the interest on which is excludable from gross income under section 103 of the Internal Revenue Code.

d. Certificates of deposit in, or obligations of, a corporation organized under a state law which specifically authorizes such corporation to insure the deposits or share accounts of member associations.

e. Loans secured by a deposit or share of a member.

f. Property acquired through the liquidation of default loans.

g. Property used by the association in the conduct of its business under this chapter.

For the purposes of this subsection, "*residential real estate*" means real estate on which there is located, or within three years will be located following the construction of improvements financed by a real estate loan, a structure or structures designed or used primarily to provide living accommodations for people, except structures which are designed primarily to provide accommodations for transients.

2. *Failure to meet commitment.* If, upon examination, the superintendent of savings and loan associations determines that an association has failed to meet the requirements of subsection 1 for any two of its preceding five fiscal years, the association shall be so notified in writing, with a copy of the notice to the superintendent of banking, and the association shall within ninety days following receipt of the notice do one of the following:

a. Establish to the satisfaction of the superintendent that at least sixty percent of the current amount of its assets are held in the types of assets referred to in subsection 1. If the association subsequently fails to meet the requirements of subsection 1 during any one of the three fiscal years following the fiscal year in which the second violation in five years occurred, then the association shall within ninety days following receipt of a notice of this violation take one of the actions specified in paragraph "b", "c", "d", or "e".

b. File a plan of merger to merge with another state association whose assets are such that the two associations would have met the requirements of subsection 1 on a consolidated basis during at least four of the five preceding years.

c. File a plan of merger with a federal association or a bank under which the resulting organization is not a state association.

d. File a plan of conversion to become a federal association or a bank.

e. File a plan of conversion that provides both for conversion to a stock association and for the immediate conversion of the resulting stock association to a bank.

3. *Failure to resolve problem.* If an association fails to take one of the actions required by subsection 2, or fails to complete the plan of merger or conversion within nine months after receiving the notice specified in subsection 2, the superintendent shall appoint a conservator to operate the association in conformance with subsection 1 or a receiver to liquidate the association.

[C73, § 1185, 1186; C97, § 1898, 1899; S13, § 1898, 1899-a; C24, 27, 31, § 9329, 9340, 9341; C35, § 9329, 9330-e1, 9340, 9340-b1, 9341; C39, § 9329, 9330.1, 9340.01, 9340.04, 9340.06, 9340.08, 9340.09, 9340.14; C46, 50, 54, 58, § 534.19, 534.21, 534.22, 534.25, 534.28, 534.30, 534.32, 534.33, 534.38; C62, 66, 71, 73, 75, 77, 79, § 534.19, 534.21; S79, § 534.21; C81, § 534.19, 534.21; 82 Acts, ch 1253, § 21]

C83, § 534.77

C85, § 534.207

87 Acts, ch 171, §33; 90 Acts, ch 1208, § 6

534.208 Consumer loans and certain securities.

An association may make consumer loans as defined in chapter 537, subject to the consumer loan provisions of that chapter. An association may invest in, sell, or hold commercial paper, corporate debt securities and bankers acceptances.

[80 Acts, ch 1167, § 1; C81, § 534.19]

84 Acts, ch 1112, § 6

C85, § 534.208

534.209 Commercial lending and accounts.

1. An association shall not hold more than forty percent of its assets in commercial loans and consumer loans as an annual average based on monthly computations.
2. An association may accept a commercial NOW account. For the purposes of this subsection, a "*commercial NOW account*" is a NOW account, as authorized by section 534.301, subsection 3, for a commercial, corporate, business, or agricultural entity.
3. For the purposes of this section, unless the context otherwise requires:
 - a. "*Commercial loan*" means a loan to a person borrowing money for a business or agricultural purpose.
 - b. "*Business purpose*" means a loan to a for-profit entity, or a for-profit activity, including but not limited to a commercial, service, or industrial enterprise carried on for profit, or an investment activity.
 - c. "*Agricultural purpose*" means as defined in section 535.13.
 - d. "*Commercial loan*" does not include a loan secured by an interest in real estate for the purpose of financing the acquisition of real estate or the construction of improvements on real estate. In determining which loans are "*commercial loans*" the rules of construction stated in section 535.2, subsection 2, paragraph "*b*", apply.
4. For the purposes of this section, a lease of personal property is treated as a commercial loan if a loan to the lessee to acquire the property would have been a commercial loan.

[C97, § 1899; S13, § 1899-a; C24, 27, 31, § 9340, 9341; C35, § 9340, 9340-b1, 9341; C39, § **9340.01, 9340.04, 9340.06, 9340.08, 9340.09**; C46, 50, 54, 58, § 534.25, 534.28, 534.30, 534.32, 534.33; C62, 66, 71, 73, 75, 77, 79, S79, C81, § 534.21; 82 Acts, ch 1253, § 19]

C83, § 534.75

83 Acts, ch 101, § 110

C85, § 534.209

87 Acts, ch 171, § 34

534.210 Line of credit arrangements.

An association may commit its assets to lines of credit pursuant to credit arrangements, including but not limited to agreements with credit and debit card holders and with other credit or debit card issuers. An association may become a member or stockholder of or become otherwise affiliated with, any credit or debit card corporation, association, or other issuer.

[C97, § 1899; S13, § 1899-a; C24, 27, 31, § 9340, 9341; C35, § 9340, 9340-b1, 9341; C39, § **9340.01, 9340.04, 9340.06, 9340.08, 9340.09**; C46, 50, 54, 58, § 534.25, 534.28, 534.30, 534.32, 534.33; C62, 66, 71, 73, 75, § 534.21; C77, 79, 81, § 534.21, 534.73; 82 Acts, ch 1253, § 25]

C83, § 534.81

C85, § 534.210

534.211 Successors in interest.

An association may deal directly with any person who has an interest in property which secures a loan by the association regarding the loan or the security interest without notice to any person who is obligated to repay the loan, and an association may forebear to sue or may extend time for payment of or otherwise modify the terms of the loan, without discharging or in any way affecting the liability of any person obligated to repay the loan.

[C62, 66, 71, 73, 75, 77, 79, 81, § 534.19(5); 82 Acts, ch 1253, § 26]

C83, § 534.82

C85, § 534.211

534.212 Actions to avoid loss.

An association may invest its funds, operate a business, manage or deal in property, or take any other action, over a reasonable period of time not exceeding one year, to avoid or reduce the loss on a loan or investment made or an obligation created in good faith, even though such action is not otherwise authorized by this chapter.

An association taking any such actions shall notify the superintendent of the action or actions taken.

[82 Acts, ch 1253, § 28]

C83, § 534.84

C85, § 534.212

90 Acts, ch 1208, §7

534.213 Investment in securities and real estate.

Every association shall have power to invest in securities and real estate as follows:

1. *General investment powers.* An association may invest without limit, except as expressly stated, in any of the following securities:
 - a. Obligations of, or obligations which are guaranteed as to principal and interest by, the United States or this state.
 - b. Stock of a federal home loan bank of which the association is eligible to be a member and any obligation or consolidated obligations of any federal home loan bank or banks.
 - c. Stock, obligations, or other instruments of the federal national mortgage association, the government national mortgage association, the federal home loan mortgage corporation, or any successor.
 - d. Demand time or savings deposits, or bankers acceptances with any bank or trust company the deposits of which are insured by the federal deposit insurance corporation.
 - e. Stock or obligations of any corporation or agency of the United States or this state or deposits of the

corporation or agency to the extent that the corporation or agency assists in furthering or facilitating the association's purposes or powers.

f. Savings accounts of any savings and loan association the deposits of which are insured by the federal deposit insurance corporation.

g. Bonds, notes, or other evidences of indebtedness which are a general obligation of a city, village, county, school district, or other municipal or political subdivision so long as the total investment under this paragraph does not exceed five percent of the assets of the association, except that any investments which are securities or obligations which are evidence of first mortgage liens on real estate are exempt from the five percent limitation.

h. Bonds or bond instruments secured by an interest in real estate.

i. Capital stock, obligations, or other securities of service corporations; however, the aggregate investment in service corporations shall not exceed ten percent of the assets of the association.

j. An open end management investment company registered under the federal Investment Company Act of 1940, the portfolio of which is restricted to investments in which an association may invest; however, the association's total investment in the shares of any one such company shall not exceed five percent of the association's assets without prior notification of the superintendent, who may prohibit exceeding the five percent limit by order.

k. Shares or equity interests in venture capital funds which agree to invest an amount equal to at least fifty percent of the association's investment in small businesses having their principal offices within this state and having either more than one half of their assets within this state or more than one half of their employees employed within this state. An association shall not invest more than a total of five percent of its assets in investments permitted under this paragraph or paragraph "l". For purposes of this paragraph, "*venture capital fund*" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in, and the provisions of significant managerial assistance to, small businesses which meet the small business administration definition of small business. "*Equity interests*" means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

l. Shares or equity interests in small businesses having their principal offices within this state and having either more than one half of their assets within this state or more than one half of their employees employed within this state. The total amount of an association's investments under this paragraph shall not exceed five percent of the association's capital and surplus. An association shall not invest in more than twenty percent of the total capital and surplus of any one small business under this paragraph. For purposes of this paragraph, "*small business*" means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, which meets the appropriate small business administration definition of small business and which is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state or other investments which provide an economic benefit to the state; and "*equity interests*" means limited partnership interests and other equity interests in which liability is limited to the amount of investment, but does not mean general partnership interests or other interests involving general liability.

m. In addition to other investments authorized in this section, an association may invest and may continue previous investments in capital stock, obligations, or other securities of finance subsidiaries and may exercise powers with respect to finance subsidiaries to the same extent as a federal association is permitted under the Home Owners' Loan Act of 1933, 12 U.S.C. §1464, and regulations adopted thereunder by the federal home

loan bank board up to and including January 1, 1985. Investments authorized by this paragraph shall not be counted in applying the limitations on investments in service corporations in paragraph "i".

n. In addition to other investments authorized in this section, an association may invest and may continue previous investments in capital stock, obligations, or other securities of corporations which are wholly owned by the association and which exercise only those powers which may be exercised by an association under this chapter. Investments authorized by this paragraph shall not be counted in applying the limitations on investments in service corporations in paragraph "i".

o. Commercial paper and corporate debt securities with investment characteristics as defined by rules adopted by the superintendent.

2. *Investment in real estate.* In real estate purchased at sheriff's sale or at any other sale, public or private, judicial or otherwise, upon which the association has a lien or claim, legal or equitable; in real estate accepted by the association in satisfaction of any obligation; in real estate purchased for sale or improvement and sale, upon contracts, at the cost of land and improvements, when such contracts are executed concurrently with or prior to such purchase, such transactions to be subject to all the limitations herein provided with respect to real estate loans; in real estate acquired by the association in exchange for real estate owned by the association; in real estate acquired by the association in connection with salvaging the value of property owned by the association; an amount not exceeding the sum of its reserves and undivided profits in the purchase and development of real estate for the purpose of producing income or for sale or for improvement thereof and the erection of buildings thereon for sale or rental purposes. Title to all real estate shall be taken and held in the name of the association and such title shall immediately be recorded in accordance with law. No association shall invest in any loan at any time when its liquid assets are less than five percent of its savings liability, unless the superintendent shall have issued written approval.

3. *Investment in EFT organizations.* Subject to the prior approval of the superintendent, in shares in a corporation engaged in providing and operating facilities through which an association and its members may engage, by means of either the direct transmission of electronic impulses to and from the association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association, in transactions in which the association is otherwise permitted to engage pursuant to applicable law.

4. *Deposits of funds by associations.* Funds of such associations may be deposited in any state or national bank insured by the federal deposit insurance corporation on certificate of deposit, or the usual bank pass book credit, subject to check by the proper designated officers of such association or in the federal home loan bank of the district in which Iowa is located.

5. *Investment in home office buildings.* Any such association may invest an amount not to exceed five percent of its paid-in savings liability or such additional amounts as are authorized by the superintendent in unencumbered real estate for use wholly or partly as its business office.

1-3. [C27, 31, 35, § 9340-b1; C39, § **9340.01**; C46, 50, 54, 58, § 534.25; C62, 66, 71, 73, 75, 77, 79, 81, § 534.17; 82 Acts, ch 1253, § 15]

4. [C27, 31, 35, § 9340-b2; C39, § **9340.02**; C46, 50, 54, 58, § 534.26; C62, 66, 71, 73, 75, 77, 79, 81, § 534.16]

5. [C39, § **9340.16**; C46, 50, 54, 58, § 534.40; C62, 66, 71, 73, 75, 77, 79, 81, § 534.18]

84 Acts, ch 1112, § 4

C85, § 534.213

Footnotes

Investments in federally insured bonds, § 636.45

534.214 Investment in and by banks.

1. *Investment in banks.* A holding company, association, or service corporation may invest in the capital stock, obligations, or other securities of a bank with the prior approval of the superintendent of savings and loan associations.
2. *Investment by banks.* Notwithstanding sections 524.802 and 524.901, subsection 3, a bank holding company, bank, or bank service corporation may, with the prior approval of the superintendent of banking, invest in the capital stock, obligations or other securities of a state association.
3. *Contingencies.* An association or service corporation may make an investment under subsection 1 only if at the time of the investment either an insured bank or a bank service corporation owned by one or more insured banks would be permitted to make an investment under substantially the same circumstances in an insured state association under all applicable laws and regulations of the United States. A bank or bank service corporation may make an investment under subsection 2 only if at the time of the investment either an insured state association or a service corporation owned by one or more insured associations would be permitted to make an investment under substantially the same circumstances in an insured bank under all applicable laws and regulations of the United States. The ability of an organization to merge with another organization is not relevant in determining whether an organization is permitted to invest in another organization.
4. *Bank as holding company.* No bank shall directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any savings and loan association, or the power to control in any manner the election of a majority of the directors of any savings and loan association, if upon such acquisition the associations so owned or controlled by the bank would have, in the aggregate, more than eight percent of the total deposits, both time and demand, of all associations in this state, as determined by the superintendent of banking on the basis of the most recent reports of the associations in the state to their supervisory authorities which are available at the time of the acquisition.
5. *Definitions.* For purposes of this section an "*insured bank*" is a bank whose deposits are insured in part by the bank insurance fund of the federal deposit insurance corporation; a "*bank service corporation*" is as defined by, and in accordance with, the laws of the United States, and the "*superintendent of banking*" is the person appointed pursuant to section 524.201.
6. *Findings required.* The superintendent of savings and loan associations shall not grant an approval under subsection 1, and the superintendent of banking shall not grant an approval under subsection 2 except after making one of the two following findings:
 - a. Based upon a preponderance of the evidence presented, the proposed investment will not have the immediate effect of significantly reducing competition between depository financial institutions located in the same community as the institution whose shares would be acquired.
 - b. Based upon a preponderance of the evidence presented, the proposed investment would have the anticompetitive effect specified in paragraph "a" of this subsection, but that other factors, to be specifically cited, outweigh the anticompetitive effect so that there would be a net public benefit as a result of the investment.

7. *Competition preserved.* The subsequent liquidation of a bank or state association whose shares are acquired under this section shall not prevent the subsequent incorporation of another bank in the same community, and the superintendent of banking shall not find the liquidation to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, and shall not prevent the subsequent incorporation of another association in the same community, and the superintendent of savings and loan associations shall not find the liquidation to be grounds for disapproving the incorporation of another association in the same community under this chapter.

[82 Acts, ch 1253, § 27]

C83, § 534.83

83 Acts, ch 101, § 111

C85, § 534.214

91 Acts, ch 92, §10; 2001 Acts, ch 4, §9, 11

534.215 False statement for credit.

A person who knowingly does either of the following is guilty of a fraudulent practice:

1. Makes or causes to be made, directly or indirectly, a false statement in writing with the intent that the false statement shall be relied upon by an association for the purpose of procuring the delivery of property, the payment of cash, or the receipt of credit in any form, for the benefit of the person or of any other person in which the person is interested or for whom the person is acting.
2. Procures the delivery of property, the payment of cash, or the receipt of credit in any form, knowing that a false statement in writing has been made concerning the financial condition or means or ability to pay of the person, or any other person in which the person is interested or for whom the person is acting, if the person knew that the association relied or would rely upon the false written statement.

87 Acts, ch 171, §35

534.301 Savings account authority.

1. *Deposit accounts.* A stock association or mutual association may receive money for deposit.
2. *Share accounts.* A mutual association may receive money to be held in withdrawable share accounts and time share accounts.
3. *NOW accounts.* An association may offer savings accounts under which the owner of the account may order or authorize the withdrawal of part or all of the savings account by means of a negotiable or nonnegotiable draft or similar instrument payable to the owner or to third parties or their order.
4. *Terms and conditions.* An association shall establish the interest rate, method of computing interest, service charges, and other terms and conditions of each type of savings account it will accept. These terms and conditions shall be consistent with this chapter, and shall be applied equally to all similar accounts. An association shall furnish a copy of the terms and conditions of a savings account upon request. An association shall give reasonable notice of any change in the terms and conditions to the owners of each type of savings account which is changed, provided that notice of changes in interest rates or methods of computing interest

may be provided by posting a conspicuous notice of the change in each of the association's offices. The terms and conditions of an account established for a specified time period cannot be changed during that time period except with mutual consent or according to the original terms.

5. *Inducements.* An association may give inducements for the opening of a savings account or the making of additions to a savings account.

6. *Operating under federal rules as to deposits and interest.* A savings and loan association operating under this chapter may operate in a manner similar to federally chartered savings and loan associations regarding the use of the terms "*deposit*" and "*interest*" and with such other powers as have been authorized to federally chartered associations under the Homeowners' Loan Act of 1933, 12 U.S.C. § 1464, and as permitted under the rules and regulations of the federal home loan bank system and the federal office of thrift supervision, to the extent that similar rules and regulations have been adopted by the superintendent and have been filed with the secretary of state. This subsection does not diminish or restrict the powers otherwise granted to such association by the laws of Iowa.

The adoption and filing of such rules or regulations by the superintendent shall not diminish or restrict the rights of associations which do not make the above determination.

7. *Limitation on members' savings.* Associations having assets of five hundred thousand dollars or less shall not accept from any one member savings liability of more than ten thousand dollars. Associations having assets in excess of five hundred thousand dollars shall not accept from any one member savings liability in excess of ten percent of its assets. These limitations shall not apply to share accounts issued to the United States government, or to any other federal government agency or instrumentality.

15. [80 Acts, ch 1166, § 1; C81, § 534.11; 82 Acts, ch 1253, § 10]

6. [69 Acts, ch 276, § 1; 70 Acts, ch 1252, § 1; C71, § 534.19]

7. [C73, § 1185; S13, § 1898; C24, 27, 31, 35, 39, § 9330; C46, 50, 54, 58, § 534.20; C62, 66, 71, 73, 75, 77, 79, 81, § 534.14]

C85, § 534.301

91 Acts, ch 92, §11

534.302 Ownership of savings accounts.

1. *Ownership.* Savings accounts may be opened and held solely and absolutely in the person's own right by, or in trust for, any person, including an adult or minor individual, male or female, single or married, a partnership, association, fiduciary corporation, or political subdivision or public or government unit or any other corporation or legal entity. Savings accounts shall be represented only by the account of each savings account holder on the books of the association, and shall be transferable only on the books of the association and upon proper application by the transferee and upon acceptance of the transferee as a savings account holder upon terms approved by the board of directors. The association may treat the holder of record of a savings account as the owner for all purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of the savings account.

2. *Evidence of ownership.* An account book may be issued to each savings account holder on the books of the association and the account book shall, if issued, indicate the withdrawal value of the account. A separate certificate for a savings account may be issued in lieu of an account book in form to be approved by the superintendent.

3. *Duplicate account books and certificates.* Upon the filing with an association by any one of the holders of record as shown by the books of the association, or by the holder's legal representative, of an affidavit to the effect that the account book or certificate evidencing a savings account with the association has been lost or destroyed, and that the account book or certificate has not been pledged or assigned in whole or in part, the association shall issue a new account book or certificate in the name of the holder or holders of record, the replacement book or certificate disclosing that it is issued in lieu of one lost or destroyed, and the association shall in no way be liable thereafter on account of the original account book or certificate, provided that the board of directors shall, if in its judgment it is necessary, require a bond in an amount it deems sufficient to indemnify the association against any loss which might result from the issuance of the new account book or certificate.

4. *Minors.* An association and a federal savings and loan association may issue a savings account to any minor as the sole and absolute owner of the account, and pay withdrawals and act with respect to the account on the order of the minor. Any payment or delivery of rights to any minor, or a receipt of acquittance signed by a minor, who holds a savings account, shall be a valid and sufficient release and discharge of the institution for any payment so made or delivery of right to the minor. In the case of a minor, the receipt, acquittance or other action required by the institution to be taken by the minor shall be binding upon the minor with like effect as if the minor were of full age and legal capacity. The parent or guardian of a minor shall not in the capacity of parent or guardian have the power to attach or in any manner to transfer any savings account issued to or in the name of the minor, provided, however, that in the event of the death of the minor the receipt of acquittance of either parent or of a person standing in loco parentis to the minor shall be a valid and sufficient discharge of the institution for any sum or sums not exceeding one thousand dollars in the aggregate unless the minor previously has given written notice to the institution not to accept the signature of the parent or person.

5. *Joint accounts.* When a savings account is opened in any association or federal savings and loan association in the name of two or more persons, whether minor or adult, in such form that the moneys in the account are payable to either or the survivor or survivors then the account and all additions thereto shall be the property of those persons as joint tenants. The moneys in the account may be paid to or on the order of any one of them during their lifetimes or to or on the order of any one of the survivors of them after the death of any one or more of them upon presentation of the pass or account book or other evidence of ownership as required by the articles or bylaws of the association. The opening of the account in such form shall, in the absence of fraud or undue influence, be conclusive evidence in any act or proceedings to which either the association or the surviving party or parties is a party, of the intention of all of the parties to the account to vest title to the account and the additions thereto in the survivor or survivors. By written instructions given to the institution by all the parties to the account, the signatures of more than one of the persons during their lifetime or of more than one of the survivors after the death of any one of them may be required on any check, receipt or withdrawal order, in which case the institution shall pay the moneys in the account only in accordance with the instructions, but instructions of the parties shall not in any event limit the right of the survivor or survivors to receive the moneys in the account.

Payment of all or any of the moneys in an account as provided in the preceding paragraph of this subsection shall discharge the institution from liability with respect to the moneys so paid, prior to receipt by the institution of a written notice from any one of the parties directing the institution not to permit withdrawals in accordance with the terms of the account or the instructions. After receipt of such a notice an institution may refuse without liability to honor any check, receipt, or withdrawal order on the account pending determination of the rights of the parties. An institution paying any survivor in accordance with the provisions of this subsection shall not be liable as a result of that action for any estate, inheritance or succession taxes which may be due this state.

6. *Pledge to association of savings account in joint tenancy.* The pledge to any association or federal savings and loan association of all or part of a savings account in joint tenancy signed by that person or those persons who are authorized in writing to make withdrawals from the account shall, unless the terms of the savings

account provide specifically to the contrary, be a valid pledge and transfer to the association of that part of the account pledged, and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

7. *Accounts of administrators, executors, guardians, custodians, trustees and other fiduciaries.* Any association or federal savings and loan association may accept savings accounts in the name of any administrator, custodian, executor, guardian, trustee, or other fiduciary in trust for a named beneficiary or beneficiaries, or other fiduciary in trust for a specified class of unnamed beneficiaries. The fiduciary shall have power to vote as a member as if the membership were held absolutely, to open and to make additions to, and to withdraw the account in whole or in part. The withdrawal value of the accounts, and dividends thereon, or other rights relating thereto may be paid or delivered, in whole or in part to the fiduciary without regard to any notice to the contrary as long as the fiduciary is living. The payment or delivery to the fiduciary or a receipt or acquittance signed by the fiduciary to whom payment or delivery of rights is made shall be a valid and sufficient release and discharge of the institution for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship has been given to an institution and the institution has no notice of any other disposition of the beneficial estate, the withdrawal value of the account and dividends on the account, or other rights relating to the account may, at the option of an institution, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. Whenever an account is opened by any person, describing the person in opening the account as trustee for another, and no other or further notice of the existence and terms of a legal and valid trust than that description has been given in writing to the association, in the event of the death of the person so described as trustee, the withdrawal value of the account or any part thereof, together with the dividends or interest on the account, may be paid to the person for whom the account was thus stated to have been opened, and the account and all additions shall be the property of that person. The payment or delivery to that person, or a receipt or acquittance signed by that person for any payment or delivery shall be a valid and sufficient release and discharge of the institution for the payment or delivery so made. An institution paying a fiduciary or beneficiary in accordance with the provisions of this subsection shall not be liable as a result of that action for any estate, inheritance or succession taxes which may be due this state.

8. *Pay on death accounts.* Any association and any federal savings and loan association may issue savings accounts in the name of one or more persons with the provision that upon the death of the owner or owners the proceeds shall be the property of the person or persons designated by the owner or owners and shown by the record of the association. After payment by the institution, the proceeds shall remain subject to the debts of the decedent and the payment of Iowa inheritance tax, if any. An institution paying the person or persons designated shall not be liable as a result of that action for any debts of the decedent or for any estate, inheritance, or succession taxes which may be due this state.

9. *Powers of attorney on savings account.* Any association or federal savings and loan association may continue to recognize the authority of an attorney authorized in writing to manage or to make withdrawals either in whole or in part from a savings account until it receives written notice or is on clear actual notice of the revocation of the attorney's authority. For the purpose of this subsection, written notice of the death or adjudication of incompetency of the savings account holder constitutes written notice of revocation of the authority of the attorney. An institution shall not be liable for damages, penalty or tax by reason of any payment made pursuant to this subsection.

10. *Savings accounts as legal investments.* Administrators, executors, custodians, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials are authorized to invest funds held by them without any order of any court in share or deposit accounts or time certificates of deposit of insured savings associations which are under state supervision, or federal savings and loan associations organized under the laws of the United States and under federal supervision, and the investment shall be deemed and held to be a legal investment of the funds.

Whenever, under the laws of this state or otherwise, a deposit of securities is required for any purpose, the securities made legal investments by this subsection shall be acceptable for that deposit, and whenever, under the laws of this state or otherwise, a bond is required with security the bond may be furnished, and the securities made legal investments by this subsection in the amount of the bond, when deposited, shall be acceptable as security without other security.

The provisions of this subsection are supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, corporations, organizations, and officials referred to in this subsection and the laws relating to the deposit of securities and the making and filing of bonds for any purpose.

[C97, § 1901, 1904; C24, 27, 31, § 9343, 9344, 9357; C35, § 9330-e1; C39, § **9330.1, 9340.03, 9340.10, 9343, 9344, 9357**; C46, 50, 54, 58, § 534.21, 534.27, 534.34, 534.42, 534.43, 534.55, 534.111534.114; C62, 66, 71, 73, 75, 77, 79, 81, § 534.11; 81 Acts, ch 175, § 2; 82 Acts, ch 1253, § 10]

C85, § 534.302

90 Acts, ch 1208, §12

534.303 Contracts for savings programs.

1. *School savings.* An association may contract with the proper authorities of any public or nonpublic elementary or secondary school or other institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the association in any school or institutional thrift or savings plan, and it may accept savings accounts at the school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for that purpose.

2. *Payroll savings plans.* An association shall have power to contract with any corporation of any type for investment in such association by employees under a payroll savings plan.

[C39, § **9340.03**; C46, 50, 54, 58, § 534.27; C62, 66, 71, 73, 75, 77, 79, 81, § 534.23; 82 Acts, ch 1253, § 16]

C85, § 534.303

534.304 Withdrawals.

The terms of withdrawal of a member from such association shall be such that any withdrawing member shall receive a sum not less than the member has paid into said association less withdrawals and legal charges against the account, unless losses have occurred to said association, during the time that said withdrawing member was a member, which exceed the amount of the profits, or any fund created with which to pay such losses, and in that case such withdrawing member shall be charged with the member's proportionate share of the excess of the losses over the profits, and no more. Such association may provide by its articles of incorporation or bylaws or by resolution of its board of directors, the order in which withdrawals shall be paid, and when dividends shall cease on share accounts on which withdrawal demands have been made and what portion of the association funds or receipts shall be used for payment of withdrawals.

[S13, § 1903-a, -b; C24, 27, 31, 35, § 9352, 9353; C39, § **9352, 9353**; C46, 50, 54, 58, § 534.50, 534.51; C62, 66, 71, 73, 75, 77, 79, 81, § 534.12]

C85, § 534.304

534.305 Redemption.

When funds are on hand for the purpose, the association may redeem by lot or otherwise, as the board of directors determines, all or any part of any of its savings accounts on a dividend date by giving thirty days' notice by registered mail addressed to the account holders at their last addresses recorded on the books of the association. An association shall not redeem its share accounts when the association is in an impaired condition or when it has applications for withdrawal which have been on file more than thirty days and have not been reached for payment. The redemption price of a savings account shall be the full value of the account redeemed, as determined by the board of directors, but the redemption value shall not be less than the withdrawal value. If the notice of redemption has been given, and if on or before the redemption date the funds necessary for the redemption have been set aside for redemptions, dividends upon the accounts called for redemption shall cease to accrue from and after the dividend date specified as the redemption date, and rights with respect to those accounts terminate as of the redemption date, subject only to the right of the account holder of record to receive the redemption value without interest. Savings accounts which have been validly called for redemption must be tendered for payment within ten years from the date of redemption designated in the redemption notice, or they shall be canceled and paid to the treasurer of state for deposit in the general fund of the state and all claims of the account holders against the association are barred forever. Redemption shall not be made of any savings accounts which are held by a person who is a director and which are necessary to qualify the person to act as director.

[59 Acts, ch 338, § 12; 61 Acts, ch 265, § 7; C62, 66, 71, 73, 75, 77, 79, 81, § 534.12]

83 Acts, ch 185, §51, 62; 83 Acts, ch 186, § 10108, 10201, 10204

C85, § 534.305

534.306 Association's lien on savings accounts.

Every association shall at all times have a lien upon the savings accounts of a savings account holder as security for repayment of money loaned to the person and as security for other indebtedness of the person to the association and the lien shall attach and continue without assignment or pledge to or possession by the association of any evidence of ownership. The lien may be enforced to satisfy any past due indebtedness by charging the indebtedness to the debtor's savings account.

[C39, § **9340.11**; C46, 50, 54, 58, § 534.35; C62, 66, 71, 73, 75, 77, 79, 81, § 534.12]

C85, § 534.306

534.307 Dividends service fee.

After making such provisions for absorbing immediate and possible future losses, the board of directors of such association shall annually, or at such other intervals as the board of directors may determine, declare and apportion as a dividend to members, according to its articles of incorporation, such portion of the association's net profits as it may deem available, and as authorized under this chapter. Members shall participate in dividends in proportion to their respective investments therein. Dividends for a particular month may be paid on sums invested by a member by the tenth day of that month or by such later date of that month as is authorized by the superintendent, which shall in no event be later than the twentieth day of a particular month. If the tenth day of said month or other authorized date falls on a Sunday, holiday or another business day on which the particular association is normally closed, then money received by the next business day may earn dividends from the first of that month. The board of directors may also devise other methods of paying dividends, including payment of dividends from date of investment to date of withdrawal, subject to the approval of the superintendent. Additionally a service fee not to exceed one dollar per dividend period may be charged to a member's account when no activity has taken place in said account for the eight preceding quarterly periods and the principal of such account is less than fifty dollars.

[C73, § 1187; C97, § 1902, 1903; C24, 27, 31, 35, § 9347, 9350; C39, § 9347, 9347.1; C46, 50, 54, 58, § 534.45, 534.46; C62, 66, 71, 73, 75, 77, 79, 81, § 534.42, 534.43]

C85, § 534.307

87 Acts, ch 171, §36

534.308 Savings liability classes of accounts.

The savings liability of an association is not limited, but consists only of the aggregate amount of share accounts of its members, plus dividends credited to the accounts, less redemption and withdrawal payments. Except as limited by the board of directors, a member may make additions to the member's share account in the amounts and at the times the member elects. Share accounts shall be opened for cash. The members of an association are not responsible for losses which its savings liability is not sufficient to satisfy, and share accounts are not subject to assessment, nor are the holders of share accounts liable for unpaid installments on their accounts. Dividends shall be declared in accordance with this chapter.

An association shall not prefer one of its share accounts over any other share account as to the right to participate in dividends as to time or amount, except that an association may classify its savings accounts according to the location of the offices at which the accounts are opened, the character, amount or duration of the accounts, or the regularity of additions to the accounts, and may agree in advance to pay an additional rate of earnings for particular classes of accounts such as a variable rate or bonus for saving larger amounts, or for maintaining savings over a longer period of time or with regularity, as determined by the board of directors. However, all classes of accounts shall be available to all qualifying members. The board of directors may also determine that earnings shall not be paid on an account which has a withdrawable value in an amount less than fifty dollars. Except as provided in section 534.517, preference between share account members shall not be created with respect to the distribution of assets upon voluntary or involuntary liquidation, dissolution, or winding up of an association. An association shall not contract with respect to the savings liability in a manner inconsistent with this chapter.

[S13, § 1898-a, -c; C24, 27, 31, 35, § 9334, 9336; C39, § 9334, 9340.07, 9340.11; C46, 50, 54, 58, § 534.24, 534.31, 534.35; C62, 66, 71, 73, 75, 77, 79, 81, § 534.10]

84 Acts, ch 1112, § 3; 85 Acts, ch 194, §11

C85, § 534.308

534.309 Adverse claims to deposits.

1. An association is not required, in the absence of a court order or indemnity required by this section, to recognize any claim to, or any claim of authority to exercise control over, a deposit account made by a person or persons other than:

a. The customer in whose name the account is held by the association.

b. An individual or group of individuals who are authorized to draw on or control the account pursuant to certified corporate resolution or other written arrangement with the customer, currently on file with the association, which has not been revoked by valid corporate action in the case of a corporation, or by a valid agreement or other valid action appropriate for the form of legal organization of any other customer, of which the association has received notice and which is not the subject of a dispute known to the association as to its original validity. The deposit account records of an association are presumptive evidence as to the identity of the customer on whose behalf the money is held.

2. To require an association to recognize an adverse claim to, or adverse claim of authority to control, a deposit account, whoever makes the claim must do either of the following:

a. Obtain and serve on the association an appropriate court order or judicial process directed to the association, restraining any action with respect to the account until further order of such court or instructing the association to pay the balance of the account, in whole or in part, as provided in the order or process.

b. Deliver to the association a bond, in form and amount and with sureties satisfactory to the association, indemnifying the association against any liability, loss, or expense which the association might incur because of its recognition of the adverse claim or because of its refusal by reason of such claim to honor any check or other order of anyone described in subsection 1, paragraphs "a" and "b".

91 Acts, ch 85, §1

534.401 Division of savings and loan associations.

1. *Superintendent of savings and loan associations.* The superintendent of savings and loan associations is the administrator of professional licensing and regulation appointed pursuant to section 546.10, subsection 2, or an individual appointed by the administrator as provided in section 546.10, subsection 6.

2. *General supervisory power.* The superintendent has general supervision over all supervised organizations.

The superintendent may appoint examiners and assistants necessary to properly execute the duties of the office.

Before entering upon their duties, the superintendent and each examiner appointed by the superintendent shall take an oath of office and shall each give bond to the state, signed by a responsible surety company, in the penal sum of two thousand dollars, conditioned upon faithful and impartial discharge of the person's duty and on proper accounting for all funds and other valuables which may come into the person's hands. The bonds shall be approved by and filed with the auditor of state, together with oaths of office of the officers.

The superintendent may adopt further rules deemed necessary to enable savings and loan associations to properly carry on the activities authorized under this chapter.

3. *Duties.* The superintendent shall, at least once each year, cause examination and audit to be made of the affairs of every association subject to this chapter. If an association is insured under Title IV of the National Housing Act, 12 U.S.C. ch. 13, the superintendent may, in lieu of examination and audit, accept an examination or audit made by the federal office of thrift supervision. An association may, in lieu of examination and audit by the superintendent, at the option of the superintendent be audited by a certified public accountant, or by a public accountant qualified and licensed to practice accountancy under the Code of Iowa. At least two copies of each examination or audit report, signed and verified by the accountant making it, shall promptly be filed with the superintendent. When, in the judgment of the superintendent, the condition of an association renders it necessary or expedient to make an extra examination or audit or to devote extraordinary attention to its affairs, the superintendent shall cause such work to be done. A copy of every examination or audit report shall be furnished to the association examined, exclusive of confidential comments made by the examiner, and a copy of every report and comments and any other information pertaining to an association may be furnished to the federal home loan bank board, federal home loan bank, and federal office of thrift supervision. A copy of an examination or audit report shall be presented to the board of directors at its next regular or special meeting, their action on it shall be recorded in the minutes, and two certified copies of the minutes shall be transmitted to the superintendent.

4. *Superintendent's annual report.* The superintendent, as of December 31 of each year, shall prepare and publish a report showing in general terms the condition of all savings and loan associations doing business in

this state, and containing other general information as in the superintendent's judgment seems desirable. The reports shall also list the names of all examiners and other assistants appointed by the superintendent, together with their respective salaries and expenses, shall list all receipts from savings and loan associations, and shall show all expenditures made on account of the supervision and examination of the associations.

[C97, § 1904, 1906; C24, 27, 31, § 9354, 9355, 9360; C35, § 9354, 9354-f1, 9355, 9360; C39, § **9354, 9354.1, 9360**; C46, 50, 54, 58, § 534.52, 534.53, 534.57; C62, 66, 71, 73, 75, 77, 79, 81, § 534.41; 82 Acts, ch 1253, § 17]

C85, § 534.401

86 Acts, ch 1245, § 756; 88 Acts, ch 1158, §79; 91 Acts, ch 92, §12; 94 Acts, ch 1187, §21

534.402 Judicial review.

Judicial review of the actions of the superintendent may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

[C62, 66, 71, 73, 75, 77, 79, 81, § 534.68]

C85, § 534.402

2003 Acts, ch 44, §114

534.403 Examinations.

1. *Superintendent's authority examinations.* The superintendent and examiners shall have full access to all books and papers of an association which relate to its business, and to books, records, and papers kept by an officer, director, agent, or employee relating to, or upon which any record of its business is kept, and may summon witnesses and administer oaths or affirmations in the examination of the directors, officers, agents, or employees of an association, or any other person, in relation to its affairs, transactions, and condition, and may require and compel the production of records, books, papers, contracts, or other documents by court order, if not voluntarily produced.

2. *Expenses, per diem, vacation, and sick leave.* If the examination is made under section 534.401, subsection 3, each examiner shall file with the superintendent an itemized, certified, and sworn voucher of the examiner's expense for the time the examiner is actually engaged in an examination. On the fifteenth and last days of each month each examiner shall file in triplicate with the superintendent a certified statement of the actual days engaged in examinations. The salaries shall be included in a two-week payroll period. Upon approval of the superintendent, the director of the department of administrative services is authorized to issue warrants for payment of the vouchers and salaries, including a prorated amount for vacation and sick leave. Repayment to the state shall be made as provided by section 534.408, subsection 4. Savings and loan examiners shall be paid salaries at rates commensurate with, and shall be reimbursed for meals and lodging at the same rate and in the same manner as, that which is received by federal examiners operating under the federal home loan bank board.

3. *Record required.* A record of all examinations, reports, and related information shall be kept in the superintendent's office, showing in detail as to each association all matters connected with the conduct of its business, its financial standing, and everything touching its solvency, plan of business, and integrity.

The examinations, reports, and information shall be kept confidential in the office of the superintendent, and are not subject to publication or disclosure to others except as provided in this chapter. However, the superintendent may furnish any examination, report, or information to the federal office of thrift supervision,

federal deposit insurance corporation, or a successor deposit insurance instrumentality, federal home loan bank board, or financial institution regulatory authorities of any state. Any evidence of felonious acts on the part of the officers, directors, or employees of an association may be referred by the superintendent to proper authorities. Members of associations, other than their officers and directors, are not entitled to inspection of any such records or information, and are not entitled to any information relative to the names of the members of an association, or the amounts invested by them, as disclosed in the superintendent's office, or in the records of an association.

4. *Revocation of authority.* If an association refuses to submit to examination, the superintendent shall revoke its certificate of authority.

[C97, § 1904; C24, 27, 31, 35, § 9354, 93559358; C39, § **9354, 93569358**; C46, 50, 54, 58, § 534.52, 534.54534.56; C62, 66, 71, 73, 75, 77, 79, 81, § 534.41]

C85, § 534.403

88 Acts, ch 1158, §80; 90 Acts, ch 1208, § 13, 14; 91 Acts, ch 92, §13; 2003 Acts, ch 145, §286

534.404 Access to and release of information.

1. Exclusiveness of access.

a. A member may inspect the books and records of an association as they pertain to the member's loan or savings investment. Otherwise, the right of inspection and examination of the books and records is limited to the following:

(1) The superintendent or a duly authorized representative.

(2) Persons duly authorized to act for the association.

(3) A federal instrumentality or agency authorized to inspect or examine the books and records of an insured association or of an uninsured member by the federal home loan bank.

b. The accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and by the superintendent and the superintendent's examiners and representatives. However, the association may, upon receipt of the written consent of a member, furnish information concerning that member's loans and savings investments to a person who the association has reason to believe intends to use the information in connection with a credit transaction involving the member on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the member. However, written consent of a member is not required for the release of information concerning the member's loans to any of the following:

(1) Another association.

(2) A federal association.

(3) A bank.

(4) A credit union.

(5) An industrial loan company.

(6) A bona fide credit bureau.

(7) A real estate broker seeking the information in connection with the closing of a loan involving a member.

(8) A person acting in a fiduciary capacity as an agent for the member.

c. A member or any other person shall not have access to the books and records except upon express action and authority of the board of directors.

d. An association shall compile prior to its annual meeting, and shall make available to any member upon request of the member, a list by name of the aggregate remuneration paid by the association during the preceding fiscal year to each of the association's five highest paid officers and to each director of the association.

2. *Communication with members.* In the event, however, that any member or members desire to communicate with other members of the association with reference to any question pending or to be presented for consideration at a meeting of the members, the association shall furnish upon request a statement of the approximate number of members of the association at the time of such request, and an estimate of the cost of forwarding such communication. The requesting member or members shall then submit the communication to the superintendent who, if the superintendent finds it to be appropriate, truthful and in the best interests of the association and all its members, shall execute a certificate setting out such findings, forward the certificate together with the communications to the association, and direct that the communication be prepared and mailed by the association to the members upon the requesting member's or members' payment to it of the expenses of such preparation and mailing.

3. *Applicability of section to federal associations.* Insofar as the provisions of this section are not inconsistent with federal law, such provisions shall apply to federal savings and loan associations whose home offices are located in this state, and to the members thereof except that the communication provided for in subsection 2 shall be submitted to the federal home loan bank board, Washington, D.C., in the case of a federal savings and loan association and forwarded only upon that board's certificate and direction.

[C97, § 1904; C24, 27, 31, 35, § 9357; C39, § **9315, 9357**; C46, 50, 54, 58, § 534.10, 534.55; C62, 66, 71, 73, 75, 77, 79, 81, § 534.5; 81 Acts, ch 175, § 1; 82 Acts, ch 1253, § 9]

84 Acts, ch 1112, § 2

C85, § 534.404

534.405 Conservatorship operation termination.

If the superintendent, as a result of any examination or from a report made to the superintendent finds that a savings and loan association is violating a provision of its certificate of incorporation, or bylaws, or the laws of this state, or of the United States, or a lawful order of the superintendent, or is conducting its business in an unsafe manner, the superintendent may by an order direct discontinuance of the violation or unsafe practice, and conformance with all requirements of law. A conservator shall not be appointed for a solvent association if a violation or unsafe practice can be corrected otherwise. If an association refuses or neglects to comply with the order within the time specified in it, or if it appears to the superintendent that an association is in an unsafe condition or is conducting its business in an unsafe manner, or if the superintendent finds that an impairment of capital exists to such extent that it threatens loss to the members, or if an association refuses to submit its books, papers, and accounts to the inspection of the superintendent or the superintendent's representative, the superintendent, by written order signed by the superintendent, may appoint a conservator to take charge of the association and manage its business until the superintendent permits the board of directors to resume management of the business or reorganizes the association, or until a receiver is appointed to liquidate its affairs.

A conservator so appointed has, subject to approval of the superintendent, all the rights, powers, and privileges possessed by the officers, board of directors, and members of the association. The conservator shall not retain special counsel or other experts, or incur any expenses other than normal operating expenses, or liquidate assets, except in the ordinary course of operations. The directors and officers shall remain in office and the employees shall remain in their respective positions, but the superintendent may remove any director, officer, or employee. While the association is in the charge of a conservator, members of the association shall continue to make payments to the association in accordance with the terms of their contracts and the conservator, in the conservator's discretion, may permit members to withdraw in the ordinary course of business, or under and subject to rules the superintendent may prescribe.

The conservator may accept savings but savings received by the conservator may be segregated if the superintendent so orders in writing and if so ordered such savings are not subject to offset and shall not be used to liquidate an indebtedness of the association existing at the time the conservator was appointed for it, or any subsequent indebtedness incurred for the purpose of liquidating the indebtedness of the association existing at the time a conservator was appointed. All expenses of the association during conservatorship shall be paid by the association.

The appointment of a conservator shall be evidenced by the superintendent issuing a certificate, signed by the superintendent, delivered to the president, or the vice president, or to at least three members of the board of directors of the association, certifying that a conservator has been appointed pursuant to this section. Within six months from the date upon which the conservator takes charge of an association, the superintendent shall determine whether to restore the management of the association to the board of directors. The determination shall be evidenced by the superintendent's certificate under the seal of the office, delivered to the president, or vice president, or to the board of directors of the association, that the conservator is redelivering the management of the association to the board of directors of the association then in office.

After the management of the association has been redelivered to the board of directors of an association, the association shall be managed and operated as though no conservator had been appointed. At any time prior to the redelivery of the management to the board of directors, the superintendent shall determine whether the association shall be required to reorganize. That determination shall be evidenced by a certificate, signed by the superintendent, under the seal of the office, delivered to an executive officer of the association, stating that unless the association reorganizes under the laws of this state within a period of sixty days from the date of the certificate, or within such further time as the superintendent approves, the superintendent shall liquidate the association.

If the association has the insurance protection provided by Title IV of the National Housing Act, 12 U.S.C. ch. 13, a signed and sealed copy of each order and certificate mentioned in this section shall be promptly sent by the superintendent by registered mail to the federal office of thrift supervision, Washington, D.C. If the association is insured by the savings association insurance fund of the federal deposit insurance corporation, the resolution trust corporation shall be named receiver if the superintendent has determined the need for a receivership.

Actions taken by the superintendent under this section are not subject to section 17A.18, subsection 3.

[C39, § 9361; C46, 50, 54, 58, § 534.58; C62, 66, 71, 73, 75, 77, 79, 81, § 534.46]

C85, § 534.405

88 Acts, ch 1158, §81; 90 Acts, ch 1208, § 15; 91 Acts, ch 92, §14

534.406 Receivership.

If a building and loan or savings and loan association is conducting its business illegally, or in violation of its

articles of incorporation or bylaws, or is practicing deception upon its members or the public, or is pursuing a plan of business that is injurious to the interest of its members, or if its affairs are in an unsafe condition, the superintendent shall notify the directors of the association, and, if they fail to put its affairs upon a safe basis, the superintendent shall advise the attorney general, who shall take the necessary steps to wind up its affairs in the manner provided by law. In the proceedings a receiver may be appointed by the court and the proceedings shall be the exclusive liquidation or insolvency proceeding and a receiver shall not be appointed in any other proceedings.

[C97, § 1907; C24, 27, 31, 35, 39, § **9362**; C46, 50, 54, 58, § 534.59; C62, 66, 71, 73, 75, 77, 79, 81, § 534.47]

C85, § 534.406

85 Acts, ch 195, §49; 88 Acts, ch 1158, §82

534.407 Revocation of certificate.

If a certificate of authority to do business has been issued to an association, and it violates any of the provisions of this chapter, the superintendent may revoke the certificate.

[C97, § 1917; C24, 27, 31, 35, 39, § **9387**; C46, 50, 54, 58, § 534.84; C62, 66, 71, 73, 75, 77, 79, 81, § 534.63]

C85, § 534.407

88 Acts, ch 1158, §83

534.408 Supervisory fees.

1. *Payable to division.* Associations shall pay fees by delivering to the superintendent a check payable to the savings and loan division of the department of commerce. All fees collected under this chapter shall be deposited with the treasurer of state in the general fund of the state.

2. *Incorporation fee.* Simultaneously with the filing with the superintendent of a certificate of incorporation, the corporation shall pay an incorporation fee of one hundred dollars.

3. *Change of location or change of name.* A fee of fifty dollars shall accompany each application to the superintendent for permission to change the location of the home office or to change the name of the association.

4. *Supervision and examination fee.* At the time of filing its annual report each association shall pay to the superintendent an annual filing fee of fifty dollars. The superintendent shall assess against an association the actual and necessary expenses incidental to examinations, or to supervision, or to a special audit made pursuant to an order of the superintendent acting under authority of this chapter. The annual assessment to each association shall also include a fair proportion of the cost of administration of the savings and loan division.

5. *Merger fee.* At the time of filing with the superintendent a merger agreement, the association proposing to merge shall submit a fee of one hundred fifty dollars, which fee shall be paid in equal parts by the associations which are parties to the proposed merger.

6. *For reorganization, transfer of assets, and dissolution.* A fee of fifty dollars shall accompany a proposed plan of reorganization, a proposal for the transfer of assets in bulk, and a certificate of dissolution, filed with

the superintendent for approval.

7. *For approval of superintendent.* The superintendent, in the superintendent's discretion, may charge a fee of not exceeding ten dollars upon each application for the superintendent's approval, as provided by this chapter.

[C97, § 1913; C24, 27, 31, 35, 39, § **9380**; C46, 50, 54, 58, § 534.78; C62, 66, 71, 73, 75, 77, 79, 81, § 534.61]

C85, § 534.408

86 Acts, ch 1246, § 619; 87 Acts, ch 234, §437; 88 Acts, ch 1158, § 84; 90 Acts, ch 1247, § 16; 91 Acts, ch 92, § 15; 91 Acts, ch 260, § 1245; 92 Acts, ch 1163, § 104

534.409 Enforcement of Iowa consumer credit code.

1. The superintendent shall enforce the Iowa consumer credit code, chapter 537, with respect to associations, as provided in sections 537.2303, 537.2305, and 537.6105.

2. The superintendent shall cooperate with the administrator, and shall assist the administrator whenever necessary to provide for the discharge of the duties of the administrator.

3. Notwithstanding other provisions of this chapter to the contrary, the superintendent shall authorize to be furnished to the administrator, access to or copies of records in the possession of the superintendent or other persons which relate to a savings and loan association when necessary to enable the administrator to enforce chapter 537.

4. The superintendent shall make an annual report in writing to the administrator. A copy of the report shall be furnished at cost by the superintendent to each association or other person upon request. The annual report shall contain:

a. A summary of applications for organization approved or denied by the superintendent since the last report.

b. A summary of the volume of consumer installment credit outstanding per association as of December 31 of the year for which the report is made.

c. An estimate of the disbursements of agency funds for consumer credit protection during the calendar year ending the preceding December 31.

d. Information which the superintendent may deem appropriate and advisable to disclose.

e. Information which the administrator may require to be included.

[C75, 77, 79, 81, § 534.70]

C85, § 534.409

2003 Acts, ch 44, §114

534.501 Articles of incorporation.

1. *Original articles.* The original articles of incorporation of an association shall set forth:

a. The name of the association.

- b. Whether the association is organized as a mutual association or a stock association.
 - c. That the association will operate under this chapter.
 - d. The period of duration if for a limited period, but in the absence of any statement in the articles an association shall have perpetual duration.
 - e. The officer or officers authorized to sign instruments pertaining to real estate.
 - f. Whether or not the association will have a corporate seal, and whether such seal must be affixed to instruments pertaining to real estate.
 - g. If a stock association, the information specified in section 490.202 and sections 490.601 and 490.602.
 - h. Any other provision not inconsistent with this chapter.
 - i. The person to whom the certificate of incorporation should be mailed by the secretary of state after filing.
 - j. The address of its registered office including street and number, if any, the name of the county in which the registered office is located, and the name of its registered agent or agents at such address.
 - k. The name and address of each incorporator.
 - l. The name and address and initial term of office of each member of the initial board of directors.
 - m. Any provision eliminating or limiting the personal liability of a director to the corporation or its shareholders or members, for monetary damages for breach of fiduciary duty as a director, provided that the provision does not eliminate or limit the liability of a director for any breach of the director's duty of loyalty to the association or its shareholders or members, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or for any transaction from which the director derives an improper personal benefit. A provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.
2. *Articles may omit powers.* It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this chapter.
3. *Restated articles.* Restated articles of incorporation shall set forth the information specified in paragraphs "a", "b", "c", "d", "e", "f", "g", "h", "i", "j", and "m" of subsection 1.
4. *Amendment procedure.* The procedure for amending articles of incorporation or adopting restated articles for mutual associations is that specified in chapter 504, subchapter X, and for stock associations it is that specified in section 490.726 and sections 490.1002 through 490.1005.
5. *Effective date.* Original articles, amendments, and restatements are effective on the date they are filed with the secretary of state, or on such later effective date as is stated therein. The secretary of state shall not accept any of these documents for filing unless it has been approved by the superintendent.

[C73, § 1184; C97, § 1891, 18931895; C24, 27, 31, 35, 39, § **9310, 9313, 93159317, 9319**; C46, 50, 54, 58, § 534.4, 534.8, 534.9, 534.11534.13; C62, 66, 71, 73, 75, 77, 79, 81, § 534.3; 82 Acts, ch 1253, § 29]

C83, § 534.85

C85, § 534.501

87 Acts, ch 212, §15, 16; 88 Acts, ch 1170, §12; 90 Acts, ch 1205, § 54; 2004 Acts, ch 1049, §188, 191, 192

534.502 Bylaws.

1. *General provisions.* The initial bylaws of an association shall be adopted by its board of directors. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the association not inconsistent with the law or the articles. If the articles of a stock association so provide, the bylaws may contain provisions restricting the transfer of shares.

2. *Effective date.* Amendments to bylaws or restatements of bylaws are effective on the date they are adopted if they have been preapproved by the superintendent or on the date they are approved by the superintendent if they were not preapproved, provided that the amendment or restatement is effective on a later effective date if so provided therein.

[82 Acts, ch 1253, § 29]

C83, § 534.86

C85, § 534.502

534.503 Voting by members.

Each member shall have one vote for each one hundred dollars of net equity above share loans in the member's share account owned and held by the member at any election, and may vote the same by proxy, but no person shall vote more than ten percent of the savings liability at the time of said election excepting that proxies held and voted by an individual member or a proxy committee shall not be included in said ten percent limitation. Every proxy shall be in writing and shall, unless otherwise specified in the proxy, continue in force for eleven months from the date thereof, provided that upon receipt of a written request for a new proxy solicitation that is signed by at least two percent of the members of the association, all proxies executed prior to the date of receipt of the written request shall be void upon the expiration of sixty days following the date of receipt of the written request. No proxies shall be voted at any meeting unless such proxies have been on file with the secretary of the association for verification at least five days before the date of the meeting. Anyone depositing or transferring savings as collateral security shall be deemed the owner of such share account within the meaning of this section. Notice of the regular annual meeting of members of an association shall be given by publishing said notice in a newspaper of general circulation in the county in which the office of said association is located at least thirty days before the date set for said annual meeting. Proxies may be revoked by any member upon written notice to the secretary of an association; by execution of a written proxy to another agent; or by personal attendance by the member at the members' meetings. Each member as defined by section 534.102, shall, regardless of shares, be entitled to at least one vote at any members' meeting.

[C97, § 1900; C24, 27, 31, 35, § 9342; C39, § 9342; C46, 50, 54, 58, § 534.41; C62, 66, 71, 73, 75, 77, 79, 81, § 534.12; 82 Acts, ch 1253, § 11, 12]

C85, § 534.503

534.504 Meetings of stockholders.

Sections 490.701 through 490.732 apply to stock associations.

[82 Acts, ch 1253, § 29]

C83, § 534.87

C85, § 534.504

90 Acts, ch 1205, § 55; 2002 Acts, ch 1154, §120, 125

534.505 Incorporating an association.

1. *Plan of incorporation.* One or more persons may petition for approval of a plan of incorporation for an association by forwarding to the superintendent the following:

- a. The proposed original articles of incorporation.
- b. The proposed original bylaws.
- c. An application for approval of each proposed office.
- d. Other information the superintendent requires.

2. *Procedures.* If the superintendent approves the plan of incorporation, the superintendent shall note the approval on the original articles, and the original articles shall be filed with the secretary of state.

3. *Certificate of operation.* A corporation shall not operate as an association under this chapter until it has received a certificate of operation from the superintendent. The superintendent shall not issue a certificate of operation to the association until approved articles and bylaws have been adopted, the superintendent has received satisfactory proof that the corporation will be an insured association before receiving any money in savings accounts, and the interests of the public and members have been adequately protected.

[C73, § 1184; C97, § 1891, 18931895; C24, 27, 31, 35, 39, § **9310, 9313, 93159317, 9319**; C46, 50, 54, 58, § 534.4, 534.8, 534.9, 534.11534.13; C62, 66, 71, 73, 75, 77, 79, 81, § 534.3; 82 Acts, ch 1253, § 29]

C83, § 534.89

C85, § 534.505

87 Acts, ch 171, § 37

534.506 Account insurance required.

1. An association organized under this chapter as a condition of maintaining its privilege of organization after July 1, 1984 shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the association. The insurance shall be obtained from the federal deposit insurance corporation or another insurance plan approved by the superintendent, provided that each association organized under this chapter shall acquire deposit insurance from the appropriate agency of the federal government.

2. The superintendent may furnish to an official of an insurance plan by which the accounts of the association are insured, any information relating to examinations and reports of the status of that association for the purpose of determining availability of insurance to that association.

84 Acts, ch 1196, § 4; 91 Acts, ch 16, § 3; 91 Acts, ch 92, § 16

534.507 Name.

The name of an association shall contain the words "*savings bank*" or the words "*savings and loan association*". An association shall not advertise or hold itself out to the public as a commercial bank; however, a corporate name, logo, or signage existing on January 1, 1989, depicting the name of the association may be used for as long as the association chooses to continue to use the name, logo, or signage existing on that date.

84 Acts, ch 1112, § 8; 90 Acts, ch 1208, § 16

534.508 Stock association capitalization.

1. *In general.* Sections 490.601 through 490.604, 490.620 through 490.628, 490.630, and 490.1704 apply to stock associations.

2. *Permanent capital.* Except as provided in this chapter, the total of the par values of all outstanding shares of voting common capital stock shall be permanent capital of the stock association and shall not be retired until final liquidation of the stock association. A stock association shall not reduce its outstanding voting common capital stock without first obtaining the consent of the superintendent. Consent shall be withheld if the reduction will cause the par value of outstanding voting common capital stock to be less than the minimum required by rules adopted by the superintendent.

3. *Capital stock as security.* A stock association shall not make a loan secured by the pledge of its capital stock.

4. *Dividends on capital stock.* A stock association may declare and pay dividends on capital stock in cash or property out of the unreserved and unrestricted earned surplus of the stock association, or in its own shares, except when the stock association is in an impaired condition or when the payment thereof would cause the stock association to be in an impaired condition. A split-up or division of the issued shares of capital stock into a greater number of shares without increasing the stated capital of the stock association is authorized, and shall not be construed to be a dividend within the meaning of this subsection.

[82 Acts, ch 1253, § 13, 29]

C83, § 534.19, 534.91

C85, § 534.508

90 Acts, ch 1205, § 56

534.509 Conversions.

1. *Types authorized.* The following types of conversions are authorized:

a. Mutual association to stock association.

b. Stock association to mutual association.

c. Mutual association or stock association to federal mutual association or federal stock association.

d. Federal mutual association or federal stock association to mutual association or stock association.

e. Stock association to a bank chartered under chapter 524.

2. *Insurance.* The organization must be either an insured association, a federal association, or an insured bank

after any conversion.

3. *Plan of conversion.* The board of directors shall approve a plan of conversion by a majority vote of all directors then serving. The plan shall include the following:

- a. The proposed restated articles of incorporation.
- b. The proposed restated bylaws.
- c. The effect of the conversion on each type of member or each class of stockholders.
- d. Other information the superintendent of savings and loan associations requires.
- e. If the conversion is to a bank, information required by the superintendent of banking.

4. *Superintendent of savings and loan associations' approval.* The plan of conversion shall be submitted to the superintendent for approval. The superintendent shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The plan is inequitable to a class of members or shareholders.

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

5. *Superintendent of banking's approval.* The plan of conversion shall be submitted to the superintendent of banking for approval if the conversion is to a bank. The superintendent of banking shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.
- c. The character and fitness of the members of the initial board of directors is not such as to command the confidence of the community and to warrant the belief that the organization's business will be honestly and efficiently conducted.
- d. The capital structure of the organization is not adequate in relation to its anticipated business.
- e. The organization will not have sufficient personnel with adequate knowledge and experience to conduct its business and administer any fiduciary accounts which it proposes to handle.
- f. The plan does not provide for the closing or sale of all of the offices which must be discontinued in order for the organization to have only those home and branch offices which a bank is allowed to have under chapter 524.

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

6. *Member or stockholder approval.* The plan of conversion must be approved at an annual meeting of members or stockholders, or at a special meeting called to consider the plan, by a majority vote of the members represented in person or by proxy if a mutual association or federal mutual association, or a majority vote of each class of voting stock represented in person or by proxy if a stock association or federal stock association.

If the proposed conversion is the conversion of a mutual association to a stock association, the board of directors shall cause written notice of the date, time and purpose of the meeting at which the members will be asked to vote on the proposal to be mailed by first class mail, postage prepaid, to each member of the association not less than thirty days prior to the date of the meeting, and the board shall cause a copy of this notice to be posted in a conspicuous location in each of the association's offices from the date of mailing until the date of the meeting. The notice to be mailed to members and posted also shall give notice, in a form and manner to be prescribed by rule of the superintendent, the rights of a member to have access to and communicate with other members as provided in section 534.404, subsection 2 and the procedures that are to be followed under that provision. The mailed notice may be included in an envelope containing a periodic statement of account to the member. The superintendent may require that the date for the meeting of members be postponed to a date certain, not more than thirty days after the date originally prescribed, if the superintendent determines that such additional time is necessary to enable members who have requested to communicate with other members under section 534.404, subsection 2, to properly exercise that right.

If the proposed conversion is the conversion of a stock association to any other type of entity, the board of directors shall cause written notice of the proposed conversion and the earliest date when the proposed conversion might become effective to be posted in a conspicuous location in each of the association's offices commencing thirty days prior to the date of the shareholder's meeting at which the proposal will be voted upon and until thirty days after that date.

If the plan of conversion is approved, a copy of the minutes of the meeting, certified and acknowledged by the secretary or assistant secretary, shall be filed with the superintendent.

7. *Conversion to association.* If a state association results from the plan of conversion, the superintendent shall issue a certificate of incorporation when all of the following have occurred:

- a. The superintendent has received adequate assurance that the association will be an insured association upon issuance of the certificate of incorporation.
- b. The superintendent has approved the plan of conversion.
- c. The superintendent has received the certified minutes of approval under subsection 6.

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

8. *Conversion to federal association.* If a federal association results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the superintendent when all of the following have occurred:

- a. The superintendent has received a copy of the charter issued to a converting association by the federal home loan bank board or a certificate showing the organization of such association as a federal savings and loan association, certified by the secretary or assistant secretary of the federal home loan bank board.
- b. The superintendent has approved the plan of conversion.
- c. The superintendent has received the certified minutes of approval under subsection 6.

9. *Conversion to a bank.* If a bank results from the plan of conversion, the association shall cease to be an association and shall no longer be subject to the supervision and control of the superintendent when all of the following have occurred:

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

b. The superintendent has approved the plan of conversion.

c. The superintendent has received the certified minutes of approval under subsection 6.

10. *Certification.* The superintendent shall prepare a certificate of conversion upon the occurrence of all of the events stated in subsection 7, 8, or 9. This certificate shall include the name of the corporation which adopted the plan of conversion, the name of the corporation after the conversion, and the effective date of conversion. The original certificate shall be filed with the secretary of state. The superintendent shall provide a certified copy of the certificate to any person upon payment of a five dollar fee. A certified copy of this certificate shall be sufficient proof of that conversion for purposes of establishing the liability for debts or the ownership of assets as provided in section 534.510, subsections 2 and 3.

11. *Competition preserved.* A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another bank in the same community, and the superintendent of banking shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, subsection 1, paragraph "b" or "c". A conversion of an association to a bank under this section shall not prevent the subsequent incorporation of another association in the same community, and the superintendent of savings and loan associations shall not find the existence of the bank resulting from the conversion to be grounds for disapproving the incorporation of another association in the same community under this chapter.

[C35, § 9402-f19402-f8; C39, § **9315.1, 9402.19402.8**; C46, 50, 54, 58, § 534.10, 534.102534.109; C62, 66, 71, 73, 75, 77, 79, 81, § 534.24534.30; 82 Acts, ch 1253, § 30]

C83, § 534.92

84 Acts, ch 1067, § 45

C85, § 534.509

534.510 Effects of conversion.

1. *Continuation.* The legal existence of an entity shall not terminate as a result of a conversion under section 534.509. The entity resulting from a conversion shall be a continuation of the same corporate entity which adopted the plan of conversion.

2. *Liabilities.* The corporation resulting from a conversion is liable for all obligations incurred by the corporation before, during or after the conversion.

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

4. *Pending actions.* Pending actions in any court or tribunal to which the corporation adopting a plan of

conversion is a party shall not be abated or discontinued by reason of the conversion, but may be prosecuted in the same manner as if the conversion had not been made.

[C35, § 9402-f19402-f8; C39, § **9315.1, 9402.19402.8**; C46, 50, 54, 58, § 534.10, 534.102534.109; C62, 66, 71, 73, 75, 77, 79, 81, § 534.24534.30; 82 Acts, ch 1253, § 31]

C83, § 534.93

C85, § 534.510

534.511 Merger.

1. *Merger defined.* As used in this section, the terms "*merger*" or "*merge*" means any plan by which the assets and liabilities of an entity are combined with those of one or more other entities, including transactions in which one of the corporate entities survives and transactions in which a new corporate entity is created.

2. *Types authorized.* An association may merge only with one or more other state associations, federal associations, association holding companies, bank holding companies, or banks.

3. *Plan of merger.* The board of directors of each merging entity shall approve an identical plan of merger by a majority vote of all directors then serving. The plan shall include the following:

- a. The proposed name of the surviving organization.
- b. The proposed articles of incorporation of the surviving organization.
- c. The proposed bylaws of the surviving organization.
- d. The effect of the merger on each type of member or each class of stockholders.
- e. Other information required by the superintendent.

4. *Superintendent of savings and loan associations' approval.* The plan of merger shall be submitted to the superintendent of savings and loan associations for approval. The superintendent shall reject the plan based on any of the following determinations:

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

The superintendent shall notify the organizations which submitted the plan of the superintendent's decision, and the reasons for rejection if the plan is rejected.

5. *Superintendent of banking's approval.* The plan of merger shall be submitted to the superintendent of banking for approval if the proposed merger is with or into a bank or bank holding company. The superintendent of banking shall reject the plan based on any of the following determinations:

- a. The plan is inconsistent with applicable statutes or regulations.
- b. The plan does not contain all required information.

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

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

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

6. *Member or stockholder approval.* The plan of merger must be approved at an annual meeting of members or stockholders, or at a special meeting called to consider the plan, by a majority vote of the members represented in person or by proxy of each of the mutual associations or federal mutual associations included in the plan, or a majority vote of each class of voting stock represented in person or by proxy of each of the stock associations, federal stock associations, bank holding companies or banks included in the plan. If so approved, a copy of the minutes of the meeting, certified and acknowledged by the secretary or assistant secretary, shall be filed with the superintendent.

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

8. *Certification.* The superintendent shall prepare a certificate of merger upon the occurrence of all of the events stated in subsections 3, 4, 5, 6, and 7. This certificate shall include the name of the surviving association, federal association, or bank and the effective date of the merger. The original certificate shall be filed with the secretary of state. The superintendent shall provide a certified copy of the certificate to any person upon payment of a five dollar fee. A certified copy of this certificate is sufficient proof of the merger for purposes of establishing liability for debts or the ownership of assets as provided in section 534.512, subsections 1 and 2. An association involved in a merger may transfer assets or receive assets under the plan of merger only after the certificate of merger has been issued by the superintendent.

9. *Competition preserved.* A merger under this section shall not prevent the subsequent incorporation of another bank in the community in which the merged association is located, and the superintendent of banking shall not find the merger to be grounds for disapproving the incorporation of another bank in the same community under section 524.305, subsection 1, paragraph "b" or "c". A merger under this section shall not prevent the subsequent incorporation of another association in the community in which the merged association is located, and the superintendent of savings and loan associations shall not find the merger to be grounds for disapproving the incorporation of another association in the same community under this chapter.

10. *Limitations.* Nothing contained in this chapter shall be construed to authorize an association to merge with or be acquired wholly or in part by a foreign institution unless all applicable laws and regulations of the United States would specifically authorize a merger with or acquisition by a foreign institution. For purposes of this subsection the term "*foreign institution*" means a federal association whose home office is located in another state, a bank whose home office is located in another state, or a bank holding company which is with respect to the state of Iowa an "*out-of-state bank holding company*" as defined or referred to in 12 U.S.C. § 1842(d), and for purposes of this subsection the words "*acquire*" or "*acquisition*" mean to directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any association or the power to control in any manner the election of a majority of the directors of any association.

19. [S13, § 1907-b, -c; C24, 27, 31, 35, 39, § **93669370**; C46, 50, 54, 58, § 534.64534.68; C62, 66, 71, 73,

75, 77, 79, 81, § 534.36534.40; 82 Acts, ch 1253, § 32]

10. [S13, § 1907-b, -c; C24, 27, 31, 35, 39, § **93669370**; C46, 50, 54, 58, § 534.64534.68; C62, 66, 71, 73, 75, 77, 79, 81, § 534.36534.40; 82 Acts, ch 1253, § 35]

C83, § 534.94, § 534.97

C85, § 534.511

88 Acts, ch 1158, §85; 90 Acts, ch 1208, §17

534.512 Effects of merger.

1. *Liabilities.* The association, federal association or bank resulting from a merger is liable for all obligations incurred by each of the associations, federal associations, bank holding companies or banks included in the merger before, during, or after the merger.

2. *Assets.* All property of each association, federal association, bank holding company or bank adopting a plan of merger, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, choses in action, and every other right and privilege immediately vests in the association, federal association, bank holding companies or bank resulting from the merger by act of law and without any other conveyance, act or deed, except to the extent an interest in property passed to another person under the explicit terms of the plan of merger.

3. *Pending actions.* Pending actions in any court or tribunal to which any association, federal association, bank holding company or bank adopting a plan of merger is a party shall not be abated or discontinued by reason of the merger, but may be prosecuted in the same manner as if the merger had not been made.

[S13, § 1907-b, -c; C24, 27, 31, 35, 39, § **93669370**; C46, 50, 54, 58, § 534.64534.68; C62, 66, 71, 73, 75, 77, 79, 81, § 534.36534.40; 82 Acts, ch 1253, § 33]

C83, § 534.95

C85, § 534.512

534.513 Liquidation.

1. *Voluntary liquidation.* Building and loan or savings and loan associations, by a vote of three-fourths of the members of such association represented in person or by proxy, may go into voluntary liquidation upon such plan as shall be determined upon by the members at their meeting.

2. *Reorganization liquidation.* Any savings and loan association, including one in receivership, may reorganize under any plan approved by its board of directors and by the superintendent. Such reorganization may include reduction of savings credits of its member, not pledged as security for real estate loans, and may also include segregation of assets of uncertain or doubtful value by transfer thereof to trustees for management and liquidation or by transfer to a separate fund within the association, to be managed and liquidated by the association for the benefit of the members whose savings credits have been reduced in connection with such segregation.

3. *Supervision during liquidation.* During the period of voluntary liquidation of any such association, the superintendent shall have substantially the same powers and duties as to supervision as before such liquidation, and the persons in charge of such voluntary liquidation shall furnish and deposit with the superintendent such bonds as the superintendent shall require and approve, and shall semiannually, or more

often if required by the superintendent, report fully as to their doings and progress, and as to the financial condition of the association. Upon completion of such liquidation they shall file with the superintendent a verified final report of such liquidation and disbursement of proceeds and upon approval of such report the superintendent shall issue a written order discharging the liquidators, and their duties shall thereupon cease.

4. *Transfer of mortgages maturity.* In case any such association resolves to go into voluntary liquidation, it shall have power after crediting the mortgages given by the borrowing member with the full book value of the stock, to sell and assign such mortgages to a similar building and loan association, or to any other parties who will hold the same upon the terms under which such mortgage was given to the association. In that event the said mortgage shall be held to become due, if no other time can be agreed upon between the mortgagor and the association, within three years after the assignment thereof.

1. [S13, § 1907-a; C24, 27, 31, 35, 39, § **9363**; C46, 50, 54, 58, § 534.61; C62, 66, 71, 73, 75, 77, 79, 81, § 534.33]

2. [C39, § **9362.1**; C46, 50, 54, 58, § 534.60; C62, 66, 71, 73, 75, 77, 79, 81, § 534.32]

3. [C39, § **9363.1**; C46, 50, 54, 58, § 534.62; C62, 66, 71, 73, 75, 77, 79, 81, § 534.34]

4. [S13, § 1907-a; C24, 27, 31, 35, 39, § **9364**; C46, 50, 54, 58, § 534.63; C62, 66, 71, 73, 75, 77, 79, 81, § 534.35]

C85, § 534.513

2005 Acts, ch 3, §88

534.514 Bulk transfers.

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

2. *Approval.* An association may be the transferor under a bulk transfer upon the prior written consent of the superintendent of savings and loan associations and upon the majority vote of members represented in person or by proxy if a mutual association, or a majority vote of each class of voting stock represented in person or by proxy if a stock association. An association may be the transferee under a bulk transfer upon the approval of its board of directors.

3. *Transfers to banks.* A bulk transfer by an association to a bank is void unless written consent to the transfer is obtained from the superintendent prior to the transfer.

[S13, § 1907-b, -c; C24, 27, 31, 35, 39, § **93669370**; C46, 50, 54, 58, § 534.64534.68; C62, 66, 71, 73, 75, 77, 79, 81, § 534.36534.40; 82 Acts, ch 1253, § 34]

C83, § 534.96

C85, § 534.514

534.515 Unincorporated associations.

1. *Statutes applicable.* All unincorporated organizations, associations, societies, partnerships, or individuals conducting and carrying on a business, the purpose of which is to create a fund derived from periodical payments by members of such organizations, associations, societies, or other persons, upon contracts or

otherwise, as well as from fines, forfeitures, incidental fees, and payment of premiums and interest; which fund is to be loaned or advanced to members of the organization, associations, society, or to the persons making such periodical payments, for the purpose of enabling them to acquire the ownership or free possession of real estate, or personal property, or to construct buildings, or any or all of such purposes, shall be deemed building and loan associations; and the provisions of this chapter shall apply to all such building and loan associations as far as the same can be made applicable to unincorporated organizations, associations, societies, partnerships, or individuals.

2. *Statement of resources, liabilities, and plan.* Every such unincorporated organization, association, society, partnership, or individual conducting and carrying on the business defined in this section shall, before transacting any business in this state, submit to the executive council a full and complete sworn statement of the resources and liabilities of such organization, association, society, partnership, or individual, and of the proposed plan or method of doing business.

3. *Deposit of securities.* An unincorporated building and loan association shall not carry on its business within this state unless it first deposits with the superintendent at least fifty thousand dollars of first mortgages and negotiable notes in the same amount secured by real estate in the state, bearing interest at a rate not less than five percent per annum, which mortgages shall not exceed one-half the actual value of the real estate upon which they are taken.

4. *Additional deposits.* The superintendent may require that a further amount of such securities be deposited with the superintendent as in the superintendent's judgment is necessary to protect the members of the building and loan association, or the persons making periodical payments to it.

5. *Securities held in trust.* The notes, mortgages, and securities deposited with the superintendent, with all interest and accumulations on them, shall be held in trust by the superintendent for the purpose of fulfilling and carrying out all contracts made by such building and loan associations with their members, and with the persons making periodical payments to them.

6. *Approval certificate of authority.* If the executive council approves the plan or method of business of such a building and loan association, it shall endorse its approval upon the statement of the resources and liabilities and plan of business presented to it, and the statement shall be filed in the office of the superintendent, who shall issue a certificate to the building and loan association to transact business within the state, if the association has deposited with the superintendent the mortgages and securities required by the other provisions of this chapter.

7. *Officers to give bonds approval.* An officer of such a building and loan association who signs or endorses checks, or handles any of the funds or securities of the association, shall give bond or fidelity insurance for the faithful performance of the officer's duty in a sum as the superintendent may require, and no such officer is qualified to enter upon the duties of the office until the officer's bond is approved by, and deposited with, the superintendent. The bond may be increased or additional sureties required by the superintendent if in the superintendent's judgment it becomes necessary to protect the interest of the association or its members, or persons making periodical payments of money to it.

8. *Examination.* The superintendent may at any time the superintendent deems proper make, or cause to be made, an examination of such a building and loan association, or the superintendent may call upon it for a report of its condition upon any given day which has passed, as often as four times each year, which report shall contain the information required in this section.

9. *Expense of examination.* The expense of making an examination shall be paid by the building and loan association, and if made by the superintendent in person the superintendent shall be paid the superintendent's

necessary expenses only; if made by an examiner designated by the superintendent, the examiner shall receive not to exceed twenty-five dollars a day for the time employed by the superintendent, and the examiner's necessary expenses.

10. *Annual reports.* On or before the first day of February of each year, every such building and loan association shall file with the superintendent its annual report in writing for the year ending on the thirty-first day of December preceding, giving a complete statement in detail of all of its receipts from all sources, and all disbursements made during the year, arranged and itemized as required by the superintendent. The report shall also show the number of members or persons making periodical payments to the association, the number and amount of loans made to the persons, the interest received from them, the number and amounts of mortgages, contracts, or other securities held by the association, the actual cash value of the real estate securing the mortgages or contracts, the salary paid to each of its officers during the preceding year, the assets and liabilities of the association at the end of the year, and any other matters which in the judgment of the superintendent are required to give the superintendent full information as to the business transacted by the building and loan association.

11. *Failure to furnish reports.* If such a building and loan association fails or refuses to furnish the superintendent the report required in subsection 10, the officers or persons conducting the business of the building and loan association shall forfeit the sum of twenty-five dollars for each day that the report is withheld, and the superintendent may maintain an action, jointly or severally, against them in the name of the state to recover that penalty, and the penalty shall be paid into the state treasury when recovered by the superintendent.

12. *Criminal offenses.* If any officer or agent of any such building and loan association, or any person conducting the business thereof, shall knowingly and willfully swear falsely to any statement in regard to any matter in this chapter required to be made under oath, the person shall be guilty of perjury and punished accordingly. And if any officer, agent or employee of any such association, or any person transacting the business thereof, shall issue, utter, or offer to utter, any warrant, check, order, or promise to pay of such association, or shall sign, transfer, cancel, or surrender any note, bond, draft, mortgage, or other evidence of indebtedness belonging to such association, or shall demand, collect, or receive any money from any member or other person in the name of such association without being authorized so to do, the person shall be guilty of a fraudulent practice; or if any such officer, agent, or employee of such association, or any person transacting the business thereof, shall embezzle, convert to the person's own use, or shall use or pledge for the person's own benefit or purpose, any moneys, securities, credits, or other property belonging to the association, the person shall be guilty of theft; or if the person shall knowingly solicit, transact, or attempt to transact any business for any such association which has not procured and does not hold the certificate of authority from the superintendent to transact business in this state as provided in this section, the person shall be guilty of a serious misdemeanor; or if the person shall knowingly make, or cause to be made, any false entries in the books of the association, or shall, with intent to deceive any person making an examination of such association, as herein provided, exhibit to the person making the examination any false entry, paper, or statement, the person shall be guilty of a fraudulent practice.

13. *Revocation of certificate receiver.* If any such building and loan association holding a certificate of authority to transact business within this state issued by the superintendent as provided in this chapter, shall violate any of the provisions of this chapter, or shall fail to deposit with the superintendent such further amount of mortgages or securities as the superintendent may require under this chapter, the superintendent shall at once revoke the certificate and notify the executive council of its revocation; and under the direction of the executive council, application shall be made by the attorney general to the proper court for the appointment of a receiver to wind up the affairs of the association. In the proceedings the amount due from the borrowing members or persons making periodical payments upon contracts or mortgages given by them shall be ascertained in the manner provided in section 534.405; and the amount owing upon mortgages or

contracts from members of the association or persons making periodical payments to it, shall be treated and considered as due and payable within a reasonable time, to be fixed by the court after the appointment of a receiver.

[S13, § 1920-a1920-j; C24, 27, 31, 35, 39, § **93909402**; C46, 50, 54, 58, § 534.89534.101; C62, 66, 71, 73, 75, 77, 79, 81, § 534.66]

C85, § 534.515

88 Acts, ch 1158, §86

Footnotes

Similar provision, § 534.606

534.516 Liquidation in lieu of insurance.

In lieu of acquiring and maintaining the account insurance required in section 534.506, an association may with the approval of the superintendent enter into voluntary liquidation as provided in section 534.513.

85 Acts, ch 153, §2

534.517 Priority of public funds upon dissolution.

After payment of the costs and expenses of dissolution, the first claim upon the assets of an association shall be the claims for public funds deposited pursuant to chapter 12C and claims which are given priority by applicable statute. If the assets are insufficient for payment of the claims in full, then priority shall be determined as specified by the statutes or, in the absence of conflicting provisions, on a pro rata basis.

85 Acts, ch 194, §12

534.518 Dissolution.

The dissolution of an association shall be conducted pursuant to procedures approved by the superintendent. Upon dissolution, the association shall surrender its certificate of authority to the superintendent, and the superintendent shall publish notice of the dissolution in a newspaper of general circulation in the county of the home office of the association.

90 Acts, ch 1208, §18

534.519 Mutual holding companies.

1. An association may reorganize as a mutual holding company in the manner and with the effect provided in the federal National Housing Act of 1934, 12 U.S.C. § 1730a(s). The mutual holding company may engage in activities permitted by the federal National Housing Act of 1934, 12 U.S.C. § 1730a(s). For purposes of 12 U.S.C. § 1730a(s)(5)(D), investments in service corporations shall be deemed available for purchase without regard to the limitation contained in section 534.213, subsection 1, paragraph "i", on the amount of such investments.

2. A mutual holding company shall be deemed a mutual association for purposes of sections 534.401, 534.403, 534.501, 534.502, 534.503, 534.505, 534.509, 534.510, 534.511, 534.512, 534.513, 534.514, 534.601, 534.602, 534.603, 534.604, 534.605, 534.606, 534.701, 534.702, 534.703, 534.704, and 534.705.

3. Except as otherwise provided in this chapter, a mutual holding company has all powers set forth in section 490.302.

4. The superintendent may adopt rules pursuant to chapter 17A pertaining to mutual holding companies.

5. Proxies of the association shall continue in force as proxies of the mutual holding company.

90 Acts, ch 1208, §19; 91 Acts, ch 258, §62

534.601 Directors.

The business of the association shall be directed by a board of directors of not less than five nor more than twenty-five adult individuals elected by ballot from among the members or stockholders by a plurality of the votes of the members or stockholders present or voting by proxy. If authorized by vote of the members or stockholders, the directors may elect all directors. At all times at least two-thirds of the directors must be bona fide residents of this state.

[C97, § 1892; C24, 27, 31, 35, 39, § **9312**; C46, 50, 54, 58, § 534.7; C62, 66, 71, 73, 75, 77, 79, 81, § 534.67; 82 Acts, ch 1253, § 29]

C83, § 534.88

C85, § 534.601

534.602 Indemnity bonds.

1. *Domestic companies bonds custody.* The officers and employees of a domestic association who sign or endorse checks or handle funds or securities of an association shall give bonds or fidelity insurance as the board of directors may require; and no such officer shall be deemed qualified to enter upon the duties of the office until the officer's bond is approved by the board of directors and by the superintendent. The bonds shall be deposited and filed with the superintendent. The associations may in connection with obtaining bonds or insurance acquire and hold membership in mutual insurance or bonding companies. No such bond shall be terminated or canceled because of failure to pay premium or for any other cause until after ten days' written notice to the superintendent of intention to cancel the bond.

2. *Additional bonds.* All such bonds shall be increased or additional securities required by the board of directors or the superintendent when it becomes necessary to protect the interests of the association or its members.

3. *Disqualified sureties.* No director shall be accepted as surety on such bonds, and no person shall be accepted as surety on the bond of more than one office of said association.

4. *Liability of directors.* The directors shall be individually liable for loss to the association or its members caused by their failure to require a compliance with the provisions of this section.

[C97, § 1895; C24, 27, 31, 35, 39, § **93199322**; C46, 50, 54, 58, § 534.14534.17; C62, 66, 71, 73, 75, 77, 79, 81, § 534.7]

C85, § 534.602

88 Acts, ch 1158, §87

534.603 Acknowledgments by employees.

No public officer qualified to take acknowledgments or proofs of execution of written instruments shall by reason of the public officer's membership in or being an officer of or employment by a savings and loan association interested in such instrument be disqualified from taking and certifying to the acknowledgment or proof of execution of any written instrument in which such association is interested, and any such acknowledgment or proof heretofore taken or certified is hereby legalized and declared valid.

[C39, § 9388.1; C46, 50, 54, 58, § 534.86; C62, 66, 71, 73, 75, 77, 79, 81, § 534.65]

C85, § 534.603

534.604 Compensation of officers and agents.

No officers, employee, or agent of any association shall receive directly or indirectly any salary or other compensation, except for services actually rendered. Any compensation paid in violation of this section may be recovered by the association or by any shareholder or borrower, in the name and for the use of such association, within three years from the receipt of such illegal compensation, from the person accepting the same, or from any officer knowingly consenting to the allowance thereof.

[S13, § 1902-a; C24, 27, 31, 35, 39, § 9349; C46, 50, 54, 58, § 534.48; C62, 66, 71, 73, 75, 77, 79, 81, § 534.45]

C85, § 534.604

534.605 Transactions of officers, directors, employees.

It shall be unlawful for an officer, director or employee of an association:

1. To solicit, accept or agree to accept, directly or indirectly, from any person other than the association any gratuity, compensation or other personal benefit for any action taken by the association or for endeavoring to procure any such action.
2. To make a real estate loan or real estate contract to a director, officer, or employee of the association, or to an attorney or firm of attorneys regularly serving the association in the capacity of attorney at law, or to a partnership in which a director, officer, employee, attorney, or firm of attorneys has an interest, without the prior notification of the superintendent, fifteen days prior to closing the loan or executing the contract, who may prohibit the proposed transaction by order. A real estate loan or real estate contract shall not be made to a corporation in which any of the parties are stockholders, except that with the prior approval of its board of directors a real estate loan or real estate contract may be made to a corporation in which a party owns no more than fifteen percent of the total outstanding stock and in which the stock owned by all the parties does not exceed twenty-five percent of the total outstanding stock. However, this section does not prohibit an association from making loans pursuant to sections 534.202 and 534.208 and loans on the security of a first lien on the home property or manufactured or mobile home owned and occupied by a director, officer, or employee of an association, or by an attorney or member of a firm of attorneys regularly serving the association in the capacity of attorney at law.

A loan made to an affiliated party is subject to the association's normal lending policies and procedures, and shall be approved by a two-thirds vote of the directors, the interested director not voting.

3. To have any interest, direct or indirect, in the purchase at less than its face value of any evidence of a savings liability or other indebtedness issued by the association or other assets at less than their fair market value.
4. An association operating under this chapter may indemnify any present or former director, officer, or

employee in the manner and in the instances authorized in sections 490.850 through 490.859. If the association is a mutual association, the references in those sections to stockholder shall be deemed to be references to members.

[C97, § 1918; C24, 27, 31, 35, 39, § **9388**; C46, 50, 54, 58, § 534.85; C62, 66, 71, 73, 75, 77, 79, 81, § 534.8]

83 Acts, ch 71, § 6

C85, § 534.605

87 Acts, ch 212, §17; 90 Acts, ch 1205, § 57; 90 Acts, ch 1208, § 20; 2001 Acts, ch 153, §15; 2001 Acts, ch 176, §80; 2002 Acts, ch 1154, §121, 125

534.606 Criminal offenses.

If any officer, director, or agent of any building and loan or savings and loan association shall knowingly and willfully swear falsely to any statement in regard to any matter in this chapter required to be made under oath, the person shall be guilty of perjury. If any director of any such association shall vote to declare a dividend greater than has been earned; or if any officer or director or any agent or employee of any such association shall issue, utter, or offer to utter, any warrant, check, order, or promise to pay of such association, or shall sign, transfer, cancel, or surrender any note, bond, draft, mortgage, or other evidence of indebtedness belonging to such association, or shall demand, collect, or receive any money from any member or other person in the name of such association without being authorized to do so by the board of directors in pursuance of its lawful power, the person shall be guilty of a fraudulent practice; or if any such officer, director, agent, or employee shall embezzle or convert to the person's own use, or shall use or pledge for the person's own benefit or purpose, any moneys, securities, credits, or other property belonging to the association, the person shall be guilty of theft; or if the person shall knowingly do or attempt to do business for such association that has not procured and does not hold the certificate of authority therefor as in this chapter provided, the person shall be guilty of a serious misdemeanor; or if the person shall knowingly make or cause to be made any false entries in the books of the association, or shall, with the intent to deceive any person making an examination in this chapter required to be made, exhibit to the person making the examination any false entry, paper, or statement, the person shall be guilty of a fraudulent practice; or if the person shall knowingly do or solicit business for any building and loan or savings and loan association which has not procured the required certificate therefor, the person shall be guilty of a serious misdemeanor.

[C97, § 1918; C24, 27, 31, 35, 39, § **9388.1**; C46, 50, 54, 58, § 534.85; C62, 66, 71, 73, 75, 77, 79, 81, § 534.64]

C85, § 534.606

Footnotes

Similar provision, § 534.515

534.607 Indemnification.

Except as otherwise provided in section 534.602, sections 490.850 through 490.859 apply to associations incorporated under this chapter.

87 Acts, ch 212, §18; 90 Acts, ch 1205, §58; 2002 Acts, ch 1154, §122, 125

534.701 State reciprocity.

When by the laws of any other state, territory, country, or nation, or by the decision or rulings of the appropriate and proper officers thereof, any greater taxes, fines, penalties, licenses, fees, deposits of money or other securities, or other obligations or prohibitions, are demanded of building and loan or savings and loan associations of this state, as a condition to be complied with before doing business or granting loans in that state, so long as such laws continue in force, the same requirements, obligations, and prohibitions of whatever kind shall be imposed on all building and loan or savings and loan associations of such other state, territory, country, or nation doing business in this state, and upon their agents. The superintendent shall enforce this section.

[C97, § 1916; C24, 27, 31, 35, 39, § **9386**; C46, 50, 54, 58, § 534.83; C62, 66, 71, 73, 75, 77, 79, 81, § 534.62]

C85, § 534.701

88 Acts, ch 1158, §88

534.702 Admission of foreign associations.

1. *Application.* If a foreign association desires to transact business within this state, it shall furnish to the superintendent a certified copy of its articles of incorporation, or charter and bylaws, and a certified copy of the state laws under which it is organized, together with a report for the year next preceding, verified by its president, vice president, secretary, and at least three directors, which report shall show:

- a. The amount of its authorized savings liability and the par value of its shares, if any.
- b. The increase in savings liability.
- c. The withdrawal from savings liability during the year.
- d. The amount of savings liability in force at the end of the year.
- e. A detailed statement of all funds received during the year and all disbursements.
- f. The salaries paid each of its officers.
- g. A detailed statement of its assets and liabilities at the end of the year and their nature.
- h. A reconciliation of its net worth for the current year to the date of application and the previous three fiscal years.
- i. A detailed description of the anticipated types of business to be performed within the state.
- j. Any additional information required of domestic associations under section 534.505, subsection 1.

As used in this section, to transact business means to have an office, agency or agent in this state.

2. *Approval by superintendent certificate of authority.* If upon receipt of the report the superintendent finds from a review of the report that the association is properly managed, that its financial condition is satisfactory, and that its business is conducted upon a safe and reliable plan and one equitable to its members, the superintendent shall issue a like certificate of authority, signed by the superintendent as in the case of domestic associations.

3. *Conditions attending approval.* A foreign association shall not be authorized to do business in this state if

the foreign association's articles of incorporation are not found by the superintendent to be in substantial compliance with the laws of this state, and affording equal security and protection to its members.

4. *Deposit by foreign association.* Before the superintendent issues a certificate to a foreign association, it shall deposit with the superintendent two hundred fifty thousand dollars, either in cash, or bonds of the United States or of the state of Iowa, or of a county or municipal corporation of the state, or notes secured by first mortgages on real estate, or a like amount in other security which is satisfactory to the superintendent.

The foreign association may collect and use the interest on any securities so deposited as long as it fulfills its obligations and complies with this chapter. Upon the approval of the superintendent, it may also exchange the securities for other securities of equal value.

5. *Liability of deposit.* The deposit made with the superintendent shall be held as security for all claims of resident members of the state against the association, and is liable for all judgments or decrees thereon, and subject to their payment.

6. *Superintendent as process agent.* The foreign associations shall also file with the superintendent a duly authorized copy of a resolution adopted by the board of directors of the association, stipulating and agreeing that, if any legal process or notice affecting the association is served on the superintendent, and a copy thereof mailed, postage prepaid, by the party procuring and issuing it, or the party's attorney, to the association, addressed to its home office, then such service and mailing of process or notice has the same effect as personal service on the association within this state.

7. *Manner of service.* When proceedings have been commenced against or affecting a foreign building and loan or savings and loan association, as contemplated in subsection 6, and notice has been served upon the superintendent, the notice shall be by duplicate copies, one of which shall be filed in the superintendent's office, and the other mailed by the superintendent, postage prepaid, to the home office of the association.

8. *Amendment to articles.* Within ten days after the adoption of an amendment to its articles of incorporation or bylaws, a foreign association shall file a duly certified copy of the amendment with the superintendent.

9. *Operations subject to supervision.* Subject to the laws and regulations of the United States, a foreign association transacting business within this state is subject to the provisions of this chapter and is subject to the supervision of the superintendent as to its operations in this state. Notwithstanding subsection 2 of section 534.102, the term "association" or "state association" in this chapter shall include a foreign association and any foreign association which is a party to a plan of merger under section 534.511 as to its operations in this state.

10. *Limited exemption for solvent foreign associations.* A foreign savings and loan association is exempt from the requirements of this section if the association's business in this state is limited to the sale of certificates of deposit through independent broker-dealers registered under section 502.406, unless the superintendent of savings and loans by order determines the association is insolvent.

1. [C97, § 1908; C24, 27, 31, 35, 39, § **9371**; C46, 50, 54, 58, § 534.69; C62, 66, 71, 73, 75, 77, 79, 81, § 534.48]

2. [C97, § 1908; C24, 27, 31, 35, 39, § **9372**; C46, 50, 54, 58, § 534.70; C62, 66, 71, 73, 75, 77, 79, 81, § 534.49]

3. [S13, § 1908-a; C24, 27, 31, 35, 39, § **9373**; C46, 50, 54, 58, § 534.71; C62, 66, 71, 73, 75, 77, 79, 81, § 534.50]

4. [C97, § 1909; C24, 27, 31, 35, 39, § **9374**; C46, 50, 54, 58, § 534.72; C62, 66, 71, 73, 75, 77, 79, 81, §

534.51]

5. [C97, § 1910; C24, 27, 31, 35, 39, § **9375**; C46, 50, 54, 58, § 534.73; C62, 66, 71, 73, 75, 77, 79, 81, § 534.52]

6. [C97, § 1911; C24, 27, 31, 35, 39, § **9376**; C46, 50, 54, 58, § 534.74; C62, 66, 71, 73, 75, 77, 79, 81, § 534.53]

7. [C97, § 1911; C24, 27, 31, 35, 39, § **9377**; C46, 50, 54, 58, § 534.75; C62, 66, 71, 73, 75, 77, 79, 81, § 534.54]

8. [C97, § 1912; C24, 27, 31, 35, 39, § **9378**; C46, 50, 54, 58, § 534.76; C62, 66, 71, 73, 75, 77, 79, 81, § 534.55]

84 Acts, ch 1067, § 44; 84 Acts, ch 1081, §26

C85, § 534.702

87 Acts, ch 171, §38; 88 Acts, ch 1149, §1; 88 Acts, ch 1158, §89

534.703 Fees foreign associations.

Foreign building and loan or savings and loan associations shall pay to the superintendent the following fees, which shall be paid by the superintendent into the state treasury: For an application to do business in this state, two hundred dollars; for a certificate of authority or an annual renewal of a certificate, one hundred dollars; for filing an annual statement of the assets of the association as shown by the statement filed, amounts to fifty thousand dollars or less, six dollars; if more than fifty thousand dollars and less than one hundred thousand dollars, ten dollars; if one hundred thousand dollars or more and less than two hundred fifty thousand dollars, twenty dollars; if two hundred fifty thousand dollars or more, and less than five hundred thousand dollars, forty dollars; if five hundred thousand dollars or more and less than one million dollars, sixty dollars; and if one million dollars or more, one hundred dollars.

[C97, § 1913; C24, 27, 31, 35, 39, § **9379**; C46, 50, 54, 58, § 534.77; C62, 66, 71, 73, 75, 77, 79, 81, § 534.56]

C85, § 534.703

88 Acts, ch 1158, §90

534.704 Sale of stock if unauthorized foreign company penalty.

It shall be unlawful for an agent, solicitor or other person to sell stock or solicit share accounts or solicit persons to subscribe for same in any association named in section 534.702, subsection 3 which has not been authorized to do business in this state, and any person convicted of so doing shall be guilty of a serious misdemeanor.

This section does not make unlawful the activities of a broker-dealer registered under section 502.406 when the broker-dealer makes available in this state certificates of deposit issued by a foreign association whose deposits are insured by a federal insurer.

[S13, § 1915-a; C24, 27, 31, 35, 39, § **9385**; C46, 50, 54, 58, § 534.82; C62, 66, 71, 73, 75, 77, 79, 81, § 534.57]

C85, § 534.704

88 Acts, ch 1149, §2

534.705 Reports penalty.

1. *Annual statement.* All associations doing business in this state shall, on or before the first day of February of each year, file with the superintendent a detailed report and financial statement of their business for the year ending the thirty-first day of December next preceding, and the report shall be verified by the president and secretary or by three directors of the association, and shall show:

- a. The date when the association was incorporated.
- b. The increase in savings liability.
- c. The amount of withdrawals during the year.
- d. The total savings liability at the end of the year.
- e. A statement of the assets and liabilities at the end of the year.
- f. The salary paid to each of its officers during the year.

2. *Additional report by foreign company.* All foreign building and loan or savings and loan associations shall, in addition to the above, report the name of each shareholder or member of such association residing within the state, together with the post-office address of each and the number of shares or investment owned by each of said persons on the first day of January preceding.

3. *Violations.* If an association fails or refuses to furnish the superintendent the report required in subsections 1 and 2 it shall forfeit the sum of twenty-five dollars for every day the report is withheld and the superintendent may maintain an action in the name of the state to recover that penalty and the penalty shall be paid into the treasury of the state.

1. [C97, § 1914; C24, 27, 31, 35, 39, § **9382**; C46, 50, 54, 58, § 534.79; C62, 66, 71, 73, 75, 77, 79, 81, § 534.58]

2. [C97, § 1914; C24, 27, 31, 35, 39, § **9383**; C46, 50, 54, 58, § 534.80; C62, 66, 71, 73, 75, 77, 79, 81, § 534.59]

3. [C97, § 1915; C24, 27, 31, 35, 39, § **9384**; C46, 50, 54, 58, § 534.81; C62, 66, 71, 73, 75, 77, 79, 81, § 534.60]

C85, § 534.705

88 Acts, ch 1158, §91, 92