

524.706 Officer dealing with state bank.

1. *a.* An executive officer of a state bank may receive loans and extensions of credit, as defined in section 524.904, subsection 1, from a state bank of which the person is an executive officer, as follows:

(1) For amounts secured by a lien on a dwelling which is expected, after the obligation is incurred, to be owned by the executive officer and used as the officer's principal residence.

(2) For amounts to finance the education of a child or children of the executive officer.

(3) For amounts which in the aggregate do not at any one time exceed the higher of twenty-five thousand dollars or two and one-half percent of the bank's aggregate capital, but in no event more than one hundred thousand dollars.

(4) For amounts which do not, in the aggregate, exceed the principal amounts of segregated deposit accounts which the bank may lawfully set off. An interest in or portion of a segregated deposit account does not satisfy the requirements of this subparagraph if that interest or portion is also pledged to secure the payment of a debt or obligation of any person other than the executive officer. If the deposit is eligible for withdrawal before the secured loan matures, the bank shall establish internal procedures to prevent the release of the security without the bank's prior consent.

(5) For amounts secured by bonds, notes, certificates of indebtedness, or treasury bills of the United States or by other such obligations fully guaranteed by the United States as to principal and interest.

(6) For amounts secured by unconditional takeout commitments or guarantees of any department, agency, bureau, board, commission, or establishment of the United States or any corporation wholly owned directly or indirectly by the United States.

b. A state bank shall not loan money or extend credit to an executive officer of the state bank, and an executive officer of a state bank shall not receive a loan or extension of credit from the state bank, exceeding the limitations imposed by this section or for a purpose other than that authorized by this section. Such loans and extensions of credit shall not exceed an amount totaling more than fifteen percent of the aggregate capital of the state bank, except for loans and extensions of credit identified in paragraph "a", subparagraphs (4), (5), and (6). Any such loan on real property shall comply with section 524.905. A majority of the board of directors, voting in the absence of the applying executive officer, whether or not the executive officer is also a director, shall give its prior approval to any obligation of an executive officer to the state bank of which the person is an executive officer. Approval shall be recorded in the minutes.

2. Section 524.612, subsection 2, applies to executive officers, and section 524.612, subsections 3 and 4, apply to all officers and employees.

3. Upon the request of the board of directors, an officer or employee of a state bank shall submit to the board of directors a personal financial statement which shall include the names of all persons to whom the officer or employee is obligated, the dates, terms, and amounts of each loan or other obligation, the security for the loan or obligation, and the purpose for which the proceeds of the loan or other obligation has been or is to be used.

4. Upon the request of the superintendent, a director or an officer of a state bank shall submit to the superintendent a personal financial statement which shall show the names of all persons to whom the director or officer is obligated, the dates, terms, and amounts of each loan or other obligation, the security for the loan or obligation, and the purpose for which the proceeds of the loan or other obligation has been or is to be used.

[C97, §1869; S13, §1869; C24, 27, 31, 35, 39, §9220; C46, 50, 54, 58, 62, 66, §528.6; C71, 73, 75, 77, 79, 81, §524.706; 82 Acts, ch 1253, §1]

83 Acts, ch 101, §109; 84 Acts, ch 1032, §3; 91 Acts, ch 7, §2; 95 Acts, ch 148, §74; 96 Acts, ch 1056, §9

Referred to in §524.612, 524.1601, 524.1806