

524.1102 Loans and other transactions with affiliates.

1. A state bank shall not make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or invest any of its funds in the shares, bonds, capital securities, or other obligations of an affiliate, or accept the shares, bonds, capital securities, or other obligations of an affiliate as collateral security for advances made to any customer, if the aggregate amount of the loans, extensions of credit, repurchase agreements, investments and advances against such collateral security will exceed:

a. In the case of any one affiliate, ten percent of the aggregate capital of the state bank.

b. In the case of all such affiliates, twenty percent of the aggregate capital of the state bank.

2. Within the foregoing limitations, each loan or extension of credit of any kind or character to an affiliate shall be secured by collateral in the form of shares of stock, bonds, capital securities or other such obligations having a market value at the time of making the loan or extension of credit of at least twenty percent more than the amount of the loan or extension of credit, or of at least ten percent more than the amount of the loan or extension of credit if it is secured by obligations of any state, or of any political subdivision or agency of the state, or of at least one hundred percent of the amount of the loan or extension of credit if it is secured by a segregated deposit account which the state bank may set off.

3. A loan or extension of credit to a director, officer, clerk, or other employee or any representative of any affiliate is deemed to be a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

4. The provisions of [this section](#) shall not apply to loans or extensions of credit fully secured by obligations of the United States, or the farm credit banks, or the federal home loan banks, or obligations fully guaranteed by the United States as to principal and interest. The provisions of [this section](#) shall not apply to indebtedness of any affiliate for unpaid balances due a state bank on assets purchased from the state bank.

5. For purposes of [this section](#), the terms “*extension of credit*” and “*extensions of credit*” are deemed to include any purchase of securities under a repurchase agreement, other assets or obligations under a repurchase agreement, and the discount of promissory notes, bills of exchange, conditional sales contracts, or similar paper, whether with or without recourse.

[C71, 73, 75, 77, 79, 81, §524.1102]

[89 Acts, ch 257, §19, 20](#); [91 Acts, ch 20, §1](#); [95 Acts, ch 148, §93](#); [2012 Acts, ch 1023, §157](#)

Referred to in [§524.1103](#), [§524.1104](#), [§524.1602](#)