



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

March 22, 2012

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 2202, an Act relating to matters under the purview of the Banking Division of the Department of Commerce, and including effective date provisions.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad".

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House



Senate File 2202

AN ACT
RELATING TO MATTERS UNDER THE PURVIEW OF THE BANKING DIVISION
OF THE DEPARTMENT OF COMMERCE, AND INCLUDING EFFECTIVE DATE
PROVISIONS.

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

DIVISION I
MUTUAL OWNERSHIP FOR STATE-CHARTERED BANKS AND STATE HOLDING
COMPANIES TO FACILITATE CONVERSIONS BY FEDERALLY CHARTERED
SAVINGS ASSOCIATIONS

Section 1. Section 524.103, subsections 27 and 28, Code

2011, are amended to read as follows:

27. "Member" means a person with a membership interest in a state bank organized as a limited liability company or incorporated as a mutual corporation under this chapter.

28. "Membership interest" means a member's share of the profits and losses, the right to receive distributions of assets, and any right to vote or participate in management of a state bank organized as a limited liability company under this chapter or of a state bank incorporated as a mutual corporation under this chapter.

Sec. 2. Section 524.103, Code 2011, is amended by adding the following new subsections:

NEW SUBSECTION. 27A. "Member vote" means one vote for each one hundred dollars, or fraction thereof, of the withdrawal value of a member's account with respect to a mutual corporation.

NEW SUBSECTION. 29A. "Mutual bank holding company" means a bank holding company that is a mutual corporation or that owns or controls a mutual corporation.

NEW SUBSECTION. 29B. "Mutual corporation" means a corporation that is incorporated on a mutual ownership basis under this chapter or converted to become subject to this chapter and is not authorized to issue capital stock.

Sec. 3. Section 524.103, subsections 35, 36, and 39, Code 2011, are amended to read as follows:

35. "Shareholder" means one who is a holder of record of shares in a state bank. If a state bank is organized as a limited liability company under this chapter, "shareholder" means any a member of the limited liability company. If a state bank is incorporated as a mutual corporation under this chapter, "shareholder" means a member of the mutual corporation.

36. "Shares" means the units into which the proprietary interests in a state bank incorporated as a stock corporation are divided, including any membership interests of a state bank organized as a limited liability company under this chapter.

39. "State bank" means any bank incorporated pursuant to the provisions of this chapter after January 1, 1970, and any "state bank" ~~or "savings bank"~~ incorporated pursuant to the laws of this state and doing business as such on January 1, 1970, or a bank organized as a limited liability company or a mutual corporation under this chapter.

Sec. 4. Section 524.103, Code 2011, is amended by adding the

following new subsection:

NEW SUBSECTION. 39A. "*Stock corporation*" means a corporation which is authorized to issue capital stock.

Sec. 5. Section 524.302, subsection 1, paragraph d, Code 2011, is amended to read as follows:

d. (1) The If the state bank will be a stock corporation, the aggregate number of common and preferred shares which the state bank shall have authority to issue and the par value of such shares. If such shares are to be divided into classes or series, the number of shares of each class or series and a statement of the par value of the shares of each class or series.

(2) If the state bank will be a mutual corporation, that the corporation will be a mutual corporation.

Sec. 6. NEW SECTION. 524.316 State banks as mutual corporations.

The superintendent may adopt rules to ensure that a state bank incorporated as a mutual corporation is operating in a safe and sound manner and is subject to the superintendent's authority in the same manner as a state bank incorporated as a stock corporation.

Sec. 7. Section 524.405, Code 2011, is amended to read as follows:

524.405 Increase or decrease of capital structure.

1. A state bank incorporated as a stock corporation may increase its capital structure or effect an allocation of amounts within its capital structure, by the use of any of the following methods:

- a. Sale of authorized but unissued shares.
- b. Transfer of surplus or undivided profits to capital for authorized but unissued shares.
- c. Transfer of undivided profits to surplus.
- d. Authorization and issuance of common shares, preferred shares, or capital notes or debentures.

2. The superintendent, whenever it appears necessary to do so in the interest of the safety of the deposits of a state bank incorporated as a stock corporation, may require that the capital structure of the state bank be increased by either of the methods provided for in subsection 1, paragraphs "a" and "d".

3. Capital or surplus shall not be decreased except with the approval of the superintendent.

4. A state bank incorporated as a mutual corporation

may raise capital by accepting payments on savings and demand accounts and by any other means authorized by the superintendent. Whenever it appears necessary to do so in the interest of the safety of the deposits of a state bank incorporated as a mutual corporation, the superintendent may require that the capital structure of the state bank be increased by any means authorized by the superintendent.

Sec. 8. Section 524.521, subsections 1 and 2, Code 2011, are amended to read as follows:

1. The articles of incorporation of a stock corporation must prescribe the classes of shares and the number of shares of each class that the state bank is authorized to issue. If more than one class of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class. Prior to the issuance of shares of a class, the preferences, limitations, and relative rights of that class must be described in the articles of incorporation. All shares of a class must have preferences, limitations, and relative rights identical with those of other shares of the same class except to the extent otherwise permitted by section 524.523.

2. The articles of incorporation of a stock corporation must authorize both of the following:

a. One or more classes of shares that together have unlimited voting rights.

b. One or more classes of shares, which may be the same class or classes as those with voting rights, that together are entitled to receive the net assets of the state bank upon dissolution.

Sec. 9. Section 524.523, subsection 1, Code 2011, is amended to read as follows:

1. The shares of a state bank incorporated as a stock corporation shall be represented by certificates signed by such officers, employees, or agents as are authorized by the articles of incorporation or bylaws to sign. If no contrary provisions are made in the articles of incorporation or bylaws, the certificates shall be signed by the president or a vice president and the cashier or an assistant cashier of the state bank.

Sec. 10. Section 524.526, subsection 1, unnumbered paragraph 1, Code 2011, is amended to read as follows:

A state bank incorporated as a stock corporation may do any of the following:

Sec. 11. Section 524.527, Code 2011, is amended to read as

follows:

524.527 Liability of shareholders.

1. A purchaser of the shares of a state bank incorporated as a stock corporation is not liable to the bank, its creditors, or depositors with respect to the shares except to pay the consideration for which the shares were authorized to be issued under section 524.521, or the consideration specified in the subscription agreement authorized under section 524.525.

2. Unless otherwise provided in the articles of incorporation, a shareholder of a state bank is not personally liable for the acts or debts of the state bank, its creditors, or depositors.

3. A member of a state bank incorporated as a mutual corporation is not personally liable for the acts or debts of the state bank, its creditors, or depositors.

Sec. 12. NEW SECTION. 524.538A Voting by member of mutual corporation.

All holders of savings, demand, or other authorized accounts of a bank incorporated as or converted to be a mutual corporation are members of the state bank. In the consideration of all questions requiring action by the members of the state bank, each holder of an account shall be permitted to cast one vote for each one hundred dollars, or fraction thereof, of the withdrawal value of the member's account. No member, however, shall cast more than one thousand member votes. All accounts shall be nonassessable.

Sec. 13. Section 524.545, Code 2011, is amended to read as follows:

524.545 Options for shares.

A state bank incorporated as a stock corporation may authorize the granting of options to officers and employees to purchase unissued shares of the state bank in accordance with a plan approved by the superintendent.

Sec. 14. NEW SECTION. 524.1421 Mutual to stock conversions.

1. A mutual corporation, a mutual holding company, a federal mutual association, or a federal mutual holding company, subject to the provisions of this chapter, may convert into a stock corporation that is either a state bank or a state bank mutual bank holding company upon approval of the superintendent.

2. A mutual corporation, a mutual holding company, a federal mutual association, or a federal mutual holding company shall make an application to the superintendent for approval of

the conversion in a manner prescribed by the superintendent and shall deliver to the superintendent, when available, the following:

- a. Articles of conversion.
- b. A business plan addressing factors prescribed by the superintendent.
- c. Proof of publication of the notice required by section 524.1422.
- d. The applicable fee payable to the secretary of state, under section 490.122, for the filing and recording of the articles of conversion.

3. The superintendent may adopt rules governing mutual to stock conversions.

Sec. 15. NEW SECTION. 524.1422 Notice of mutual to stock conversion.

Within thirty days after an application for conversion has been accepted for processing, the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company shall publish a notice of the delivery of the articles of conversion to the superintendent in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company has its principal place of business, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company has its principal place of business. The notice shall set forth the information required by the superintendent.

Sec. 16. Section 524.1504, subsection 1, paragraphs e and f, Code 2011, are amended to read as follows:

e. ~~The~~ For a stock corporation, the number of shares entitled to vote on the amendment, and if the shares of any class are entitled to vote thereon as a class, the number of shares of each class. For a mutual corporation, the number of member votes entitled to be cast.

f. The number of shares or member votes voted for and against such amendment, respectively, and if the shares of any class are entitled to vote thereon as a class, the number of shares of each such class voted for and against such amendment.

Sec. 17. NEW SECTION. 524.1809 Mutual bank holding companies.

1. A state bank may be owned, directly or indirectly, by a mutual bank holding company.

2. A mutual holding company authorized pursuant to 12 U.S.C. § 1467a and regulations promulgated thereunder may convert to a mutual bank holding company authorized under this chapter.

3. A mutual corporation may reorganize as a mutual holding company in the manner provided in 12 U.S.C. § 1467a(o). The resulting mutual holding company shall be a mutual bank holding company authorized under this chapter.

4. A mutual bank holding company authorized under this chapter shall also be subject to chapter 490, the Iowa business corporations Act. If a provision of chapter 490 conflicts with the provisions of this chapter or a rule of the superintendent adopted pursuant to this chapter, the provisions of this chapter or rule of the superintendent shall control.

5. The superintendent may adopt rules pursuant to chapter 17A pertaining to mutual bank holding companies and reorganizations into mutual bank holding companies under this chapter.

Sec. 18. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

MISCELLANEOUS PROVISIONS

Sec. 19. Section 524.226, unnumbered paragraph 4, Code 2011, is amended to read as follows:

The superintendent, during the period of the superintendent's management of the property and business of the state bank, ~~and prior to such time as the superintendent may apply to the district court for appointment as receiver,~~ may require reimbursement by the state bank to the extent of the expenses incurred by the superintendent in connection with such management.

Sec. 20. Section 524.802, subsection 9, Code 2011, is amended to read as follows:

9. Acquire and hold shares of stock in the appropriate federal home loan bank and to exercise all powers conferred on member banks of the federal home loan bank system that are not inconsistent with this chapter. A purchase of federal home loan bank shares which causes the state bank's holdings to exceed fifteen percent of aggregate capital requires the prior approval of the superintendent. In addition, a state bank may own federal home loan bank shares in an amount exceeding