

Senate File 586 - Enrolled

Senate File 586

AN ACT

RELATING TO BANKS, MAKING APPROPRIATIONS, AND MAKING CIVIL
PENALTIES APPLICABLE.

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

Section 1. Section 12.61, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. "*Financial institution*" means a state bank as defined in section 524.103, ~~subsection 41,~~ a federally chartered state bank having its principal office within this state, a federally chartered credit union having its principal office within this state, a federally chartered savings and loan association having its principal office within the state, a credit union organized under [chapter 533](#), or a trust company organized or incorporated under the laws of this state.

Sec. 2. Section 422.61, subsection 1, Code 2021, is amended to read as follows:

1. "*Financial institution*" means a state bank as defined in section 524.103, ~~subsection 41~~, a state bank chartered under the laws of any other state, a national banking association, a trust company, a federally chartered savings and loan association, an out-of-state state chartered savings bank, a financial institution chartered by the federal home loan bank board, a non-Iowa chartered savings and loan association, or a production credit association.

Sec. 3. Section 453A.8, subsection 6, Code 2021, is amended to read as follows:

6. The director may authorize a bank as defined by section 524.103, ~~subsection 8~~, to sell stamps. A bank authorized to sell stamps shall comply with all of the requirements governing the sale of stamps by the department. [Section 453A.12](#) shall apply to any bank authorized to sell stamps.

Sec. 4. Section 524.102, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 10. The opportunity for state banks to adopt, in a manner that is compatible with and subject to the purposes of this chapter, new and emerging technologies that enhance the efficiency and convenience of banking products and services.

Sec. 5. Section 524.103, Code 2021, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. "*Affiliate*" means the same as defined in section 524.1101.

NEW SUBSECTION. 22A. "*Federal savings association*" means a corporation organized under 12 U.S.C. §1464.

NEW SUBSECTION. 32A. "*National bank*" means a corporation organized under 12 U.S.C. §21 whose deposits are insured by the federal deposit insurance corporation or whose powers are limited exclusively to the exercise of trust or fiduciary powers.

NEW SUBSECTION. 34A. "*Out-of-state bank*" means a corporation, other than a credit union, industrial bank, or trust company, that is authorized by the laws of another state to solicit, receive, or accept money or its equivalent for

deposit or to otherwise engage in the business of banking.

NEW SUBSECTION. 36A. "*Safe deposit box*" means a safe, lock box, or other secure storage receptacle located on the premises of a bank.

Sec. 6. Section 524.103, subsections 6, 8, 10, 12, 13, 16, 17, 20, 22, 25, 27, 29, 33, 34, 38, 39, 41, 44, and 48, Code 2021, are amended to read as follows:

6. "*Articles of incorporation*" means the original, amended, or restated articles of incorporation and all amendments thereto and includes articles of merger. ~~"Articles of incorporation" also means the original or restated articles of organization and all amendments including articles of merger if a state bank is organized as a limited liability company under this chapter.~~

8. "*Bank*" means a corporation ~~or limited liability company~~ organized under [this chapter](#) ~~or 12 U.S.C. §21~~, a national bank, a federal savings association, or an out-of-state bank.

10. "*Board of directors*" means the board of directors of a state bank as provided in [section 524.601](#). ~~For a state bank organized as a limited liability company under this chapter, "board of directors" means a board of directors or board of managers as designated by the limited liability company in its articles of organization or operating agreement.~~

12. "*Business of banking*" means engaging in the regular business of soliciting, receiving, or accepting money or its equivalent for deposit, and any other business generally done by banks.

13. "*Calculation date*" means the most recent of the following:

a. The date the state bank's statement of condition is required to be filed pursuant to [section 524.220, subsection 2](#).

b. The date an event occurs that reduces or increases the state bank's aggregate capital by ten percent or more.

c. As the superintendent may direct.

16. "*Chief executive officer*" means the person designated by the board of directors to be responsible for the implementation of and adherence to board policies and resolutions by all officers and employees of the state bank.

17. a. "*Contractual commitment to advance funds*" means a

state bank's obligation to do either of the following:

(1) Advance funds under a standby letter of credit or other similar arrangement.

(2) Make payment, directly or indirectly, to a third person contingent upon default by a customer of the state bank in performing an obligation and to make such payment in keeping with the agreed upon terms of the customer's contract with a third person, or to make payments upon some other stated condition.

b. The term does not include commercial letters of credit and similar instruments where the issuing state bank expects the beneficiary to draw on the issuer, that do not guarantee payment, and that do not provide for payment in the event of a default by a third person.

20. "*Director*" means a member of the board of directors ~~and includes a manager of a state bank organized as a limited liability company under~~ [this chapter](#).

22. "*Executive officer*" means a person who participates or has authority to participate, other than in the capacity of a director ~~or manager~~, in major policymaking functions of a state bank, whether or not the officer has an official title, whether or not such a title designates the officer as an assistant, or whether or not the officer is serving without salary or other compensation. The chief executive officer, chairperson of the board, the president, every vice president, and the cashier of a state bank are deemed to be executive officers, unless such an officer is excluded, by resolution of the board of directors of a state bank or by the bylaws of the state bank, from participation, other than in the capacity of a director, in major policymaking functions of the state bank, and the officer does not actually participate in the major policymaking functions. All officers who serve on a board of directors are deemed to be executive officers, except as provided for in section 524.701, subsection 3.

25. "*Insured bank*" means a ~~state~~ bank the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act.

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](#).

29. "*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](#).

33. "*Officer*" means chief executive officer, executive officer, or any other administrative official of a state bank elected by the state bank's board of directors to carry out any of the state bank's operating rules and policies.

34. "*Operations subsidiary*" means a wholly owned corporation incorporated and controlled by a state bank that performs functions which the state bank is authorized to perform.

38. "*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 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.

39. "*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](#).~~

41. "*State bank*" means any bank incorporated pursuant to the provisions of [this chapter](#) after January 1, 1970, and any "*state 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.

44. "*Supervised financial organization*" as defined and used in the Iowa consumer credit code, [chapter 537](#), includes a ~~person~~ state bank organized pursuant to [this chapter](#).

48. "*Unincorporated area*" means a ~~village within which an~~ area where a state bank or national bank has its principal place of business that is not within a municipal corporation.

Sec. 7. Section 524.103, subsection 26, Code 2021, is amended by striking the subsection.

Sec. 8. Section 524.105, subsection 2, Code 2021, is amended

to read as follows:

2. All state banks are subject to the provisions and requirements of [this chapter](#) in every particular, and all national banks out-of-state banks, and federal savings associations, now or hereafter doing business in this state, are subject to the provisions of [this chapter](#), to the extent applicable, from July 1, ~~1995~~ 2021.

Sec. 9. Section 524.107, subsections 1 and 2, Code 2021, are amended to read as follows:

1. A person, other than a state bank which is subject to the provisions of [this chapter](#), an out-of-state bank, and a national bank or federal savings association authorized by the laws of the United States to engage in the business of receiving money for deposit, and except as provided in subsection 2, shall not engage in this state in the business of receiving money for deposit, transact the business of banking, or establish in this state a place of business for such purpose.

2. A person doing business in this state shall not use the words "bank" ~~or "trust"~~ or use any derivative, plural, or compound of the words "bank", "banking", or "bankers", ~~or "trust"~~ in any manner which would tend to create the impression that the person is authorized to engage in the business of banking or to act in a fiduciary capacity, except a state bank authorized to do so by [this chapter](#) or a an out-of-state bank authorized to do so by the laws of another state, a national bank to the extent permitted by the laws of the United States, a bank holding company as defined in section 524.1801, a savings and loan holding company as defined in 12 U.S.C. §1467a, or a federal savings association to the extent permitted by the laws of the United States, ~~or, insofar as the word "trust" is concerned, an individual permissibly serving as a fiduciary in this state, pursuant to [section 633.63](#), or, insofar as the words "trust" and "bank" are concerned, a nonresident corporate fiduciary permissibly serving as a fiduciary in this state pursuant to [section 633.64](#).~~

Sec. 10. Section 524.109, subsection 1, Code 2021, is amended to read as follows:

1. A state bank may be organized under [this chapter](#) as a

bankers' bank. The bankers' bank is subject to all rights, privileges, duties, restrictions, penalties, liabilities, conditions and limitations applicable to a state bank generally, except as limited in the definition of bankers' bank contained in section 524.103, ~~subsection 9~~. However, a bankers' bank shall have the same powers as those granted by federal law and regulation to a national bank organized as a bankers' bank under 12 U.S.C. §27.

Sec. 11. Section 524.203, Code 2021, is amended to read as follows:

524.203 Superintendent — vacancy.

If the office of the superintendent of banking is vacant or the superintendent is unable to serve, the chief of the bank bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent. If the chief of the bank bureau is unable to serve, the chief examiner of the finance bank bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent. If both the chief of the bank bureau and the chief examiner of the finance bank bureau are unable to serve, the chief of the ~~professional licensing and regulation~~ finance bureau of the banking division shall be the acting superintendent until the governor appoints a new superintendent or acting superintendent.

Sec. 12. Section 524.207, subsections 2 and 6, Code 2021, are amended to read as follows:

2. All fees and assessments generated as the result of a ~~federally chartered~~ national bank or federal savings and ~~loan~~ association converting to a ~~state-chartered~~ state bank on or after December 31, 2015, and thereafter, are payable to the superintendent. The superintendent shall pay all the fees and assessments received by the superintendent pursuant to [this subsection](#) to the treasurer of state within the time required by [section 12.10](#) and the fees and assessments shall be deposited into the department of commerce revolving fund created in [section 546.12](#). An amount equal to such fees and assessments deposited into the department of commerce revolving fund is appropriated from the department of commerce

revolving fund to the banking division of the department of commerce for the fiscal year in which a ~~federally chartered national~~ bank or ~~federal~~ savings and ~~loan~~ association converted to a ~~state-chartered~~ state bank and an amount equal to such annualized fees and assessments deposited into the department of commerce revolving fund in succeeding years is appropriated from the department of commerce revolving fund to the banking division of the department of commerce for succeeding fiscal years for purposes related to the discharge of the duties and responsibilities imposed upon the banking division of the department of commerce, the superintendent, and the state banking council by the laws of this state. This appropriation shall be in addition to the appropriation of moneys otherwise described in [this section](#). If a ~~state-chartered~~ state bank converts to a ~~federally chartered~~ national bank or ~~federal~~ savings and ~~loan~~ association, any appropriation made pursuant to [this subsection](#) for the following fiscal year shall be reduced by the amount of the assessment paid by the ~~state-chartered~~ state bank during the fiscal year in which the ~~state-chartered~~ state bank converted to a ~~federally chartered~~ national bank or ~~federal~~ savings and ~~loan~~ association.

6. All moneys received by the superintendent pursuant to a multi-state settlement with a provider of financial services such as a mortgage lender, a mortgage servicer, or any other person regulated by the banking division of the department of commerce shall be deposited into the department of commerce revolving fund created in [section 546.12](#) and an amount equal to the amount deposited into the fund is appropriated to the banking division of the department of commerce for the fiscal year in which such moneys are received and in succeeding fiscal years for the purpose of promoting financial-related education and supporting those duties of the banking division related to financial regulation that are limited to nonrecurring expenses such as equipment purchases, training, technology, and retirement payouts related to the oversight of mortgage lending, ~~state-chartered~~ state banks, and other financial services regulated by the banking division. This appropriation shall be in addition to the appropriation of moneys otherwise described in [this section](#). The superintendent

shall submit a report to the department of management and to the legislative services agency detailing the expenditure of moneys appropriated to the banking division pursuant to this subsection during each fiscal year. The initial report shall be submitted on or before September 15, 2016, and each September 15 thereafter. Moneys appropriated pursuant to this subsection are not subject to [section 8.33](#) and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in [this subsection](#).

Sec. 13. Section 524.208, Code 2021, is amended to read as follows:

524.208 Examiners and other employees.

The superintendent may appoint examiners and other employees, including for the banking division's internal information technology group, as the superintendent deems necessary to the proper discharge of the duties imposed upon the superintendent by the laws of this state. Pay plans shall be established for employees, other than clerical employees or employees of the professional licensing and regulation bureau of the banking division, who examine the accounts and affairs of state banks and who examine the accounts and affairs of other persons, subject to supervision and regulation by the superintendent, which are substantially equivalent to those paid by the federal deposit insurance corporation and other federal supervisory agencies in this area of the United States.

Sec. 14. Section 524.211, subsection 1, Code 2021, is amended to read as follows:

1. The superintendent, general counsel, examiners, and other employees assigned to the bank bureau of the banking division are prohibited from obtaining a loan of money or property from a ~~state-chartered~~ state bank, or any person or entity affiliated with a ~~state-chartered~~ state bank, unless they do not personally participate in the examination, oversight, or official review concerning the regulation of the state bank.

Sec. 15. Section 524.211, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 8. The superintendent shall not participate in the examination, oversight, or official review

concerning the regulation of any state bank or any other enterprise, person, or affiliate subject to the regulatory purview of the banking division of which the superintendent is a shareholder, member, partner, owner, director, officer, or employee. The superintendent shall recuse themselves from participation in any such examination, oversight, or official review and the state banking council shall designate a member who satisfies the qualifications identified in section 524.201, subsection 1, and who is not a shareholder, member, partner, owner, director, officer, or employee of the regulated entity to act in place of the superintendent.

Sec. 16. Section 524.212, subsection 1, Code 2021, is amended to read as follows:

1. The superintendent, members of the state banking council, general counsel, examiners, or other employees of the banking division shall not disclose, in any manner, to any person other than the person examined and those regulatory agencies referred to in [section 524.217, subsection 2](#), any information relating specifically to the supervision and regulation of any state bank, persons subject to the provisions of [chapter 533A, 533C, 533D, 535B, 535D, 536, or 536A](#), any affiliate of any state bank, or an affiliate of a person subject to the provisions of [chapter 533A, 533C, 536, or 536A](#), except when ordered to do so by a court of competent jurisdiction and then only in those instances referred to in section 524.215, subsection 2, paragraphs "a", "b", "c", "e", and "f".

Sec. 17. Section 524.217, subsection 6, Code 2021, is amended to read as follows:

6. The superintendent may enter into contractual agreements with other state regulators of financial institutions to share examiners or to assist in each state's respective examinations or other supervisory activities. A contractual agreement pursuant to this section may provide for reimbursement to the state providing assistance. The division of banking shall be reimbursed for any costs incurred when providing services to other states pursuant to [this subsection](#). Any division of banking personnel assisting another state with its examination examinations or other supervisory activities shall be covered

by the provisions of the other state's tort claims act, to the extent permitted by the laws of the other state. If the law of the other state does not extend coverage to the division of banking personnel working on the other state's examination examinations or other supervisory activities, the provisions of chapter 669 shall apply.

Sec. 18. Section 524.218, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

524.218 Regulation and examination of service providers.

1. Whenever a state bank, or any subsidiary or affiliate of a state bank that is subject to examination by the superintendent, causes to be performed for itself, by contract or otherwise, a covered service, such performance shall be subject to regulation and examination by the superintendent to the same extent as if the covered service was being performed by the state bank itself.

2. For purposes of this section, "*covered service*" means and includes all of the following:

a. Data processing services.

b. Activities that support financial services, including but not limited to lending, funds transfer, payment processing, fiduciary activities, trading activities, and deposit taking.

c. Internet-related services, including but not limited to web services and electronic bill payments, mobile applications, system and software development and maintenance, and security monitoring.

d. Activities related to the business of banking.

3. The superintendent may, in the superintendent's discretion, accept examinations authorized or required to be conducted by this section, which are made by other state or federal financial regulatory agencies listed in section 524.217, subsection 2, in lieu of any examination authorized or required under the laws of this state.

Sec. 19. Section 524.220, subsection 1, Code 2021, is amended to read as follows:

1. A state bank shall, upon request, render a full, clear, and accurate statement of its condition to the superintendent, in a format prescribed by the superintendent, verified by the oath of two of its officers, and attested by at least two of

the directors. The superintendent may, in the superintendent's discretion, use any form of statement of condition that is used by the federal deposit insurance corporation or the federal reserve system, and the superintendent may rely on a statement of condition a state bank submits to the federal deposit insurance corporation or the federal reserve system.

Sec. 20. Section 524.221, subsection 3, Code 2021, is amended to read as follows:

3. The provisions of [this section](#), insofar as applicable, shall apply to the records of a national bank, ~~or a federally chartered savings bank or a federally chartered~~ federal savings and loan association, or an out-of-state bank.

Sec. 21. Section 524.223, Code 2021, is amended to read as follows:

524.223 Power of superintendent to issue orders.

1. Whenever it shall appear to the superintendent that a state bank, or any director, officer, employee, or substantial shareholder of the state bank, is engaging or has engaged, or the superintendent has reasonable cause to believe that the state bank, director, officer, employee, or substantial shareholder is about to engage, in an unsafe or unsound practice in conducting the business of such state bank, or is violating or has violated, or the superintendent has reasonable cause to believe that the state bank, director, officer, employee, or substantial shareholder is about to violate, any provision of [this chapter](#) or of any regulation adopted pursuant to [this chapter](#), or any condition imposed in writing by the superintendent in connection with the approval of any matter required by [this chapter](#), or any written agreement entered into with the superintendent, or any provision of [chapter 12C](#) or any rules adopted pursuant to [chapter 12C](#), the superintendent may issue and serve upon the state bank, director, officer, employee, or substantial shareholder a notice containing a statement of the facts constituting the alleged violation or violations, or the unsafe or unsound practice or practices, and fixing a time and place at which a hearing will be held to determine whether an order to cease and desist should be issued to the state bank, director, officer, employee, or substantial shareholder.

2. If the state bank, director, officer, employee, or substantial shareholder fails to appear at the hearing it shall be deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at such hearing, the superintendent shall find that any violation or unsafe or unsound practice specified in the notice has been established, the superintendent may issue and serve upon the state bank, director, officer, employee, or substantial shareholder an order to cease and desist from any such violation or practice. Such order may require the state bank and its directors, officers, and employees, and shareholders to cease and desist from any such violation or practice and, further, to take affirmative action to correct the conditions resulting from any such violation or practice. In addition, if the violation or practice involves a failure to comply with [chapter 12C](#) or any rules adopted pursuant to [chapter 12C](#), the superintendent may recommend to the committee established under [section 12C.6](#) that the bank be removed from the list of financial institutions eligible to accept public funds under [section 12C.6A](#) and may require that during the current calendar quarter and up to the next succeeding eight calendar quarters that the bank do any one or more of the following:

a. Not accept public funds deposits.

b. Return to the depositors some or all uninsured public funds held in demand deposits and, when deposit instruments or agreements mature, return to the depositors some or all deposits representing proceeds of such instruments or agreements.

c. Pledge collateral to the treasurer of state having a value at all times up to one hundred ten percent of the public funds held by the bank.

d. Comply with such other requirements as the superintendent may impose.

3. Any order issued pursuant to [this section](#) shall become effective upon service of the order on the state bank, director, officer, employee, or substantial shareholder and shall remain effective except to such extent that it is stayed, modified, terminated, or set aside by action of the

superintendent or of the district court of the Polk county in which the state bank has its principal place of business.

4. The superintendent may apply to the district court of the Polk county in which the state bank has its principal place of business for the enforcement of any order pursuant to this section and such court shall have jurisdiction and power to order and require compliance.

5. For purposes of this section, "substantial shareholder" means a shareholder exercising a controlling influence over the management or policies of a state bank as determined by the superintendent.

Sec. 22. Section 524.224, Code 2021, is amended to read as follows:

524.224 Grounds for ~~management of state bank by superintendent~~ order to cease business — appointment of receiver.

1. The superintendent may ~~take over the management of the property and business of,~~ without prior notice or hearings, order a state bank to cease to carry on its business whenever it ~~appears to the superintendent~~ determines that:

a. The state bank has violated its articles of incorporation or any law of this state.

b. The capital of the state bank is impaired.

c. The state bank is conducting its business in an unsafe or unsound manner.

d. The state bank is insolvent or is otherwise in such condition that it is unsound, unsafe or inexpedient for it to transact business.

e. The state bank has suspended or refused payment of its deposits or other liabilities contrary to the terms thereof, or the superintendent determines the state bank is unlikely to be able to pay its deposits or other liabilities in the near future.

f. The state bank refuses to make its records available to the superintendent for examination or otherwise refuses to make available, through an officer or employee having knowledge thereof, information required by the superintendent for the proper discharge of the duties of the superintendent's office.

g. The state bank neglects or refuses to observe any order

of the superintendent made pursuant to the provisions of this chapter, unless the enforcement of such order is stayed in a proceeding brought by the state bank.

h. The state bank has not transacted any business or performed any of the duties, contemplated by its authorization to do business, for a period of ~~one year~~ thirty days.

~~*i.* The state bank has failed to renew its corporate existence in the manner provided for in [section 524.314](#) within one hundred eighty days prior to the expiration thereof.~~

~~2. The superintendent shall thereafter manage the property and business of the state bank until such time as the superintendent may relinquish to the state bank the management thereof, upon such conditions as the superintendent may prescribe, or until its affairs be finally dissolved as provided in [this chapter](#) Upon ordering a state bank to cease to carry on its business, the superintendent shall immediately appoint the federal deposit insurance corporation as receiver pursuant to section 524.1310.~~

Sec. 23. Section 524.225, Code 2021, is amended to read as follows:

524.225 Procedures — judicial review.

Judicial review of the actions of the superintendent may be sought in accordance with [chapter 17A](#). However, contested case provisions of [chapter 17A](#), the Iowa administrative procedure Act, do not apply to an action by the superintendent to ~~take over the management of or to manage~~ order a state bank to cease to carry on its business and to appoint a receiver, as authorized by [sections section 524.224](#) and ~~524.226~~.

Sec. 24. Section 524.228, Code 2021, is amended to read as follows:

524.228 ~~Interim~~ Emergency cease and desist order — final order — suspension.

1. If it appears to the superintendent that a state bank, or any director, officer, employee, or substantial shareholder of the state bank is engaging in or is about to engage in an unsafe or unsound practice or dishonest act in conducting the business of the state bank that is likely to cause insolvency or substantial dissipation of assets or earnings of the state bank, or is likely to seriously weaken the condition of the

state bank or otherwise seriously prejudice the interests of its depositors prior to the completion of the proceedings conducted pursuant to [section 524.223](#), 524.606, subsection 2, or [524.707, subsection 2](#), the superintendent may issue an interim emergency order requiring the state bank, director, officer, employee, or substantial shareholder to cease and desist from any such practice or act, and to take affirmative action, including suspension of the director, officer, or employee to prevent such insolvency, dissipation, condition, or prejudice pending completion of the proceedings. The interim emergency order becomes effective upon service upon the state bank, or upon the director, officer, employee, or substantial shareholder of the state bank and, unless set aside, limited, or suspended by a court as provided in [this chapter](#), remains effective and enforceable pending the completion of the administrative proceedings pursuant to the interim emergency order and until such time as the superintendent dismisses the charges specified in the interim emergency order, or, if a final cease and desist order is issued against the state bank or the director, officer, employee, or substantial shareholder until the effective date of the final order.

2. Within ten days after the state bank concerned or any director, officer, employee, or substantial shareholder is served with an interim emergency order, the state bank or such director, officer, employee, or substantial shareholder may apply to the district court ~~in the~~ of Polk county ~~in which the bank has its principal place of business~~, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such interim emergency order pending the completion of the administrative proceedings. If serious prejudice to the interests of the superintendent, the state bank, the officer, director, employee, or substantial shareholder would result from such hearing, the court may order the judicial proceeding to be conducted in camera.

3. The interim emergency order shall contain a concise statement of the facts constituting the alleged unsafe or unsound practice or alleged dishonest act, and shall fix a time and place at which a hearing will be held to determine whether a final order to cease and desist should issue against the

state bank or any director, officer, employee, or substantial shareholder. The hearing shall be fixed for a date not later than thirty days after service of the interim emergency order unless a later date is set at the request of the party so served. If the state bank, or the director, officer, employee, or substantial shareholder fails to appear at the hearing, the state bank, or the director, officer, employee, or substantial shareholder is deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at the hearing the superintendent finds that any unsafe or unsound practice or dishonest act specified in the interim emergency order has been established, the superintendent may issue and serve upon the state bank, or the director, officer, employee, or substantial shareholder a final order to cease and desist from any such practice or act. The order may require the state bank, or the director, officer, employee, or substantial shareholder to cease and desist from any such practice or act and, further, to take affirmative action, including suspension of the director, officer, or employee.

4. A hearing provided for in [this section](#) shall be presided over by an administrative law judge appointed in accordance with [section 17A.11](#). The hearing shall be private, unless the superintendent determines after full consideration of the views of the party afforded the hearing, that a public hearing is necessary to protect the public interest. After the hearing, and within thirty days after the case has been submitted for decision, the superintendent shall review the proposed order of the administrative law judge and render a final decision, including findings of fact upon which the decision is predicated, and issue and serve upon each party to the proceeding an order consistent with [this section](#).

5. Any final order issued by the superintendent pursuant to subsection 3 becomes effective upon service of the final order on the state bank, director, officer, employee, or substantial shareholder and shall remain effective except to the extent that it is stayed, modified, terminated, or set aside by action of the superintendent or of the district court of the Polk county ~~in which the state bank has its principal place of~~

~~business~~ in accordance with the terms of [chapter 17A](#).

6. In the case of violation or threatened violation of, or failure to obey, an interim emergency order issued pursuant to subsection 1 or a final order issued pursuant to subsection 3, the superintendent may apply to the district court of the Polk county ~~in which the state bank has its principal place of business~~ for the enforcement of the order and such court shall have jurisdiction and power to order and require compliance with the interim emergency order or final order.

7. For purposes of [this section](#), "*substantial shareholder*" means a shareholder exercising a controlling influence over the management or policies of a state bank as determined by the superintendent.

Sec. 25. NEW SECTION. 524.230 Superintendent authority — supervision of state bank.

1. The superintendent may, by order and without prior notice, appoint a supervisor for a state bank if the superintendent determines that the state bank is in an unsafe and unsound condition and an order of supervision is necessary to protect the best interests of the state bank, its depositors, creditors, shareholders, or the public.

2. A state bank that is under an order of supervision shall not, without the prior approval of the superintendent or the supervisor, unless otherwise permitted by the order of supervision, do any of the following:

- a. Dispose of, sell, transfer, convey, or encumber the state bank's assets.
- b. Lend or invest the state bank's money.
- c. Incur a debt, liability, or obligation.
- d. Pay a cash dividend.
- e. Remove an executive officer or director, effect any change in the positions of executive officer or director, or change the number of executive officers or directors.

3. The superintendent may serve as supervisor of a state bank or may appoint as supervisor any person, including an employee of the banking division, who the superintendent determines is qualified for the position.

4. The superintendent, during the period of supervision of the state bank, may require reimbursement by the state

bank to the extent of the reasonable expenses attributable to the service of a supervisor, including costs incurred by the division of banking and expenses of the supervisor and any professional employees appointed to assist or represent the supervisor.

5. A supervisor appointed pursuant to this section shall serve until the date specified in the order of supervision or the date when the superintendent determines that the conditions necessary to terminate the order have been satisfied, whichever is earlier. The superintendent may terminate an order of supervision at any time.

6. When a state bank has adequately addressed the conditions that necessitated the order of supervision, the superintendent shall return the state bank to its former or new management under conditions reasonable and necessary to prevent a recurrence of the conditions that caused the order of supervision.

7. The superintendent, at any time during the period of supervision of a state bank, may order the state bank to cease to carry on its business in accordance with the provisions of section 524.224. Notwithstanding any other provision of law to the contrary, the banking division, the superintendent, the examiners, and all other employees of the banking division shall not be liable to any person if a state bank subject to a supervision order pursuant to this section ceases to carry on the business of banking pursuant to section 524.224 or closes or fails pursuant to any applicable provision of federal law.

Sec. 26. Section 524.301, Code 2021, is amended to read as follows:

524.301 Incorporators — organizers.

A state bank may be incorporated ~~or organized as a limited liability company~~ under [this chapter](#) by one or more individuals eighteen years of age or older, a majority of whom shall be residents of this state and citizens of the United States.

Sec. 27. Section 524.302, subsection 1, unnumbered paragraph 1, Code 2021, is amended to read as follows:

The articles of incorporation of a state bank, in the form prescribed by the superintendent, ~~shall~~ must set forth all of the following:

Sec. 28. Section 524.302, subsection 1, paragraph b, Code 2021, is amended to read as follows:

b. The ~~location~~ physical address of its proposed principal place of business including the name of the municipal corporation, if any, and county.

Sec. 29. Section 524.303, subsection 2, Code 2021, is amended to read as follows:

2. Applicable fees, payable to the secretary of state as specified in [section 489.117](#) or [section 490.122](#), for the filing ~~and recording~~ of the articles of incorporation.

Sec. 30. Section 524.304, subsection 1, unnumbered paragraph 1, Code 2021, is amended to read as follows:

The incorporators or organizers of a state bank shall, within thirty days of the acceptance of the application for processing, publish notice of the proposed incorporation or organization ~~once each week for two successive weeks~~ in a newspaper of general circulation published in the municipal corporation which is proposed as the principal place of business of the state bank, or if there is none, a newspaper of general circulation published in the county, or in a county adjoining the county, in which the proposed state bank is to have its principal place of business. The notice shall set forth all of the following:

Sec. 31. Section 524.305, subsection 1, paragraph b, Code 2021, is amended to read as follows:

b. The convenience and needs of the public will be served by the proposed state bank, including by accepting deposits from, lending money in, and processing payments in the area the proposed state bank will primarily serve.

Sec. 32. Section 524.305, subsections 3 and 4, Code 2021, are amended to read as follows:

3. Within thirty days after the date of the ~~second~~ publication of the notice required under [section 524.304](#), any interested person may submit written comments and information to the superintendent concerning the application. Comments challenging the legality of an application must be submitted separately in writing. The superintendent may extend the thirty-day comment period, if, in the judgment of the superintendent, extenuating circumstances which justify the

extension exist.

4. Within thirty days after the date of the ~~second~~ publication of the notice required by [section 524.304](#), any interested person may submit a written request of the superintendent for a hearing on the application. The request shall state the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the superintendent. If the reasons are related to factual disputes, the disputes shall be described. A written request for a hearing shall be evaluated by the superintendent, who may grant or deny the request in whole or in part. A hearing request shall generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the superintendent.

Sec. 33. Section 524.306, Code 2021, is amended to read as follows:

524.306 Incorporation or organization of state bank.

1. Unless a delayed effective date or time is specified, the corporate or organizational existence of a state bank begins when the articles of incorporation, with the superintendent's approval indicated on the articles of incorporation, are filed with the secretary of state. ~~The secretary of state shall record the articles of incorporation and forward a copy of them to the county recorder of the county in which the state bank is to have its principal place of business.~~

2. The secretary of state's ~~acknowledgment of filing of~~ the articles of incorporation is conclusive proof that the incorporators or organizers satisfied all conditions precedent to incorporation or organization, except in a proceeding instituted by the superintendent to cancel or revoke the incorporation or involuntarily dissolve the corporation or organization.

Sec. 34. Section 524.307, Code 2021, is amended to read as follows:

524.307 Initial organization of state bank.

Upon incorporation, ~~or organization as a limited liability company,~~ of the state bank, the initial board of directors

shall hold an organizational meeting within this state, at the call of a majority of the directors, to complete the organization of the state bank by electing officers, adopting bylaws, if any are to be adopted, and conducting any other business properly brought before the board at the meeting.

Sec. 35. Section 524.310, subsection 2, Code 2021, is amended to read as follows:

2. The provisions of [this section](#) shall not require any state bank existing and operating on January 1, 1970, to add to, modify or otherwise change its corporate or organizational name, either on January 1, 1970, or ~~upon renewal of its corporate existence pursuant to [section 524.314](#)~~ at any time thereafter.

Sec. 36. Section 524.312, Code 2021, is amended to read as follows:

524.312 Location of state bank — exceptions.

1. A state bank originally incorporated or organized pursuant to [this chapter](#) shall have its principal place of business within the ~~city limits of a municipal corporation.~~ ~~The existence of a state bank shall not, however, be affected by the subsequent discontinuance of the municipal corporation.~~ A state bank existing and operating on January 1, 1970, which does not have its principal place of business within the city limits of a municipal corporation, may renew its corporate or organizational existence pursuant to [section 524.314](#) without regard to ~~[this section](#)~~ and may also operate as a bank or convert to and operate as a bank office when acquired by or merged into another state bank and approved by the superintendent state of Iowa.

2. A state bank may, with the prior written approval of the superintendent, change the location of its principal place of business to a new location within the state.

3. If a change in the location of the principal place of business of a state bank is proposed, application for approval of the superintendent shall be made as required by the superintendent pursuant to [this section](#). A change in location of the principal place of business of a state bank, including a change from one municipal corporation to another municipal corporation within an urban complex, requires an amendment to

~~the articles of incorporation pursuant to [sections 524.1502](#), [524.1504](#), and [524.1506](#). A state bank seeking approval of a change of location pursuant to [this subsection](#) shall publish a notice of the proposed change of location in a newspaper of general circulation in the municipal corporation or unincorporated area in which the state bank has its principal place of business, or if there is none, in a newspaper of general circulation in the county, or in a county adjoining the county, in which the state bank has its principal place of business, and in the municipal corporation in which it seeks to establish its principal place of business, or if there is none, in a newspaper of general circulation in the county, or in a county adjoining the county, in which the municipal corporation is located. The notice shall be published within thirty days after the application to the superintendent for approval of the change in location is accepted for processing. The notice shall set forth the name of the state bank, the present location of its principal place of business, the location to which it proposes to move its principal place of business, and the date upon which the application was accepted for processing by the superintendent.~~

4. Within thirty days after acceptance of an application for approval of a change of location of the principal place of business of a state bank pursuant to [subsection 3](#), the superintendent shall commence an investigation into the circumstances of the application as deemed necessary by the superintendent, giving due consideration to factors substantially similar to those set forth in [section 524.305](#), [subsection 1](#), paragraphs "c" through "f". Within ~~one hundred eighty~~ ninety days after the application has been accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation. The superintendent shall give written notice of the decision to the state bank, and in the event of disapproval a statement of the reasons for the disapproval. If the superintendent approves the change in location the superintendent shall deliver the articles of amendment to the secretary of state. As a condition of receiving the decision of the superintendent with respect to the application, the state bank shall reimburse the

superintendent for all expenses incurred by the superintendent in connection with the application.

5. A state bank approved under the provisions of section 524.305, subsection 8, shall not commence its business at any location other than ~~within a municipal corporation or unincorporated area in which was located~~ the principal place of business or an office of the state bank the condition of which was the basis for the superintendent authorizing incorporation or organization of the new state bank.

Sec. 37. Section 524.313, Code 2021, is amended to read as follows:

524.313 Bylaws.

A state bank may adopt bylaws. The power to adopt, amend, or repeal bylaws or adopt new bylaws is vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws of a state bank may contain any provisions for the regulation and management of the affairs of the state bank not inconsistent with law or the articles of incorporation. ~~For a state bank organized as a limited liability company under [this chapter](#), "bylaws" means the operating agreement of the state bank.~~

Sec. 38. Section 524.521, Code 2021, is amended to read as follows:

524.521 Authorized shares.

1. The articles of incorporation of a state bank incorporated as a stock corporation must prescribe the classes of shares and series of shares within a class and the number of shares of each class that the state bank is authorized to issue. If more than one class or series of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class or series, and before the issuance of shares of a class or series, describe the terms, including the preferences, rights, and limitations of that class or series. ~~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~~ Except to the extent otherwise permitted by section 524.522, all shares of a class or series must have terms, including preferences, rights, and limitations, and relative

rights identical with those of other shares of the same class ~~except to the extent otherwise permitted by [section 524.523](#) or series.~~

2. The articles of incorporation of a state bank incorporated as a stock corporation must authorize both of the following:

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

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

3. The articles of incorporation of a state bank incorporated as a stock corporation may authorize one or more classes or series of shares that have any of the following qualities:

a. Have special, conditional, or limited voting rights, or no right to vote, unless prohibited by [this chapter](#).

b. Are redeemable or convertible as specified in the articles of incorporation in any of the following ways:

(1) At the option of the state bank, the shareholders, or another person or upon the occurrence of a ~~designated~~ specified event.

(2) For cash, indebtedness, securities, or other property.

(3) In a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events.

c. Preferred shares are redeemable only by resolution of the board of directors with the prior approval of the superintendent. Preferred shares which are redeemable according to the terms of their issuance shall be redeemed only in accordance with such terms. Preferred shares which are redeemed shall be canceled and shall not be reissued. Preferred shares which are not redeemable according to the terms of their issuance are redeemable only pro rata, by lot, or by such other equitable method as determined by the board of directors.

d. (1) If preferred shares are redeemed by a state bank, the redemption effects a cancellation of the shares, and

a statement of cancellation shall be filed as provided in this paragraph. The filing of the statement of cancellation constitutes an amendment to the articles of incorporation and reduces the number of preferred shares of the class which the state bank is authorized to issue by the number which are canceled.

(2) The statement of cancellation shall be executed by the state bank by its president or a vice president and by its cashier or an assistant cashier, and acknowledged by one of the officers signing such statement, and shall set forth all of the following:

(a) The name of the state bank and the effective date of its articles of incorporation.

(b) The number of preferred shares canceled through redemption, itemized by classes.

(c) The aggregate number of issued shares, itemized by classes, after giving effect to the cancellation.

(d) The amount, expressed in dollars, of the stated capital of the state bank after giving effect to the cancellation.

(e) The number of shares which the state bank has authority to issue, itemized by classes, after giving effect to the cancellation.

(3) The statement of cancellation, together with the applicable filing ~~and recording~~ fees, shall be delivered to the superintendent who shall, if the superintendent finds the statement of cancellation satisfies the requirements of this section, deliver it to the secretary of state for filing ~~and recording~~ in the secretary of state's office ~~and the statement of cancellation shall also be filed and recorded in the office of the county recorder~~. The capital of the state bank is deemed to be reduced by the par value of the shares canceled upon the effective date of the redemption.

e. Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative.

f. Have preference over any other class or series of shares with respect to distributions, including dividends and distributions upon the dissolution of the state bank.

4. The description of the designations, preferences,

rights, and limitations, and relative rights of share classes or series of shares in [subsection 3](#) is not ~~all-inclusive~~ exhaustive.

5. Unless the articles of incorporation or bylaws otherwise provide, the board of directors, by resolution duly adopted and with the approval of the superintendent as provided in section 524.405, may issue from time to time, in whole or in part, the shares authorized by the articles of incorporation.

Sec. 39. Section 524.522, subsection 1, unnumbered paragraph 1, Code 2021, is amended to read as follows:

If the articles of incorporation provide for such, the board of directors may determine, in whole or in part, the preferences, rights, and limitations, ~~and relative rights,~~ within the limits set forth in [section 524.521](#), of either of the following:

Sec. 40. Section 524.523, subsection 2, unnumbered paragraph 1, Code 2021, is amended to read as follows:

~~Each~~ At a minimum, each share certificate must state on its face, ~~at a minimum,~~ all of the following:

Sec. 41. Section 524.523, subsection 3, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

3. *a.* If the state bank is authorized to issue different classes of shares or series of shares within a class, the front or back of each certificate must summarize all of the following:

(1) The preferences, rights, and limitations applicable to each class and series.

(2) Any variations in preferences, rights, and limitations among the holders of the same class or series.

(3) The authority of the board of directors to determine the terms of future classes or series.

b. Alternatively, each certificate may state conspicuously on its front or back that the state bank will furnish to the shareholder the information in paragraph "a" on request in writing and without charge.

Sec. 42. Section 524.523, subsection 4, Code 2021, is amended to read as follows:

4. Each share certificate must be signed ~~either manually or~~

~~in facsimile~~ by two officers as set forth in [subsection 1](#), and may bear the corporate seal or its facsimile.

Sec. 43. Section 524.524, Code 2021, is amended to read as follows:

524.524 Consideration for shares.

Except in the case of a distribution of shares authorized by section 524.543 or shares issued upon exchanges or conversion, common or preferred shares of a state bank may be issued only for cash in an amount not less than that ~~determined~~ approved by the superintendent.

Sec. 44. Section 524.525, subsection 4, paragraph b, Code 2021, is amended to read as follows:

b. Unless the subscription agreement provides otherwise, the state bank may rescind the agreement and may sell the shares if the debt remains unpaid more than twenty days after the state bank ~~sends~~ delivers a written demand for payment to the subscriber.

Sec. 45. Section 524.526, Code 2021, is amended to read as follows:

524.526 Fractional shares.

1. A state bank incorporated as a stock corporation may issue fractions of a share or in lieu of doing so may do any of the following:

a. ~~Issue fractions of a share or pay~~ Pay in money ~~cash~~ the value of fractions of a share.

b. Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.

~~*b.*~~ *c.* Arrange for disposition of fractional shares by the shareholders of the state bank.

~~*c.* Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.~~

2. Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by [section 524.523, subsection 2](#).

3. The holder of a fractional share or scrip is entitled to exercise the rights of a shareholder, including the ~~right~~ rights to vote, to receive dividends, and to participate in

the assets of the state bank upon liquidation, but only if the fractional share or scrip provides for such rights.

4. The board of directors may authorize the issuance of scrip subject to any condition ~~considered desirable~~, including either of the following:

a. That the scrip will become void if not exchanged for full shares before a specified date.

b. That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scrip holders.

Sec. 46. Section 524.527, subsections 1 and 2, Code 2021, are amended to read as follows:

1. A purchaser of the shares of a state bank incorporated as a stock corporation is not liable to the state 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~~ A shareholder of a state bank is not personally liable for any liabilities of the state bank, including liabilities arising from the acts or debts of the state bank, its creditors, or depositors, subject to the following exceptions:

a. To the extent provided in a provision of the articles of incorporation permitted by section 524.302, subsection 2, paragraph "c".

b. By reason of the shareholder's own acts or conduct.

Sec. 47. Section 524.528, subsections 1 and 2, Code 2021, are amended to read as follows:

1. The shareholders of a state bank do not have a preemptive right to acquire the state bank's unissued shares except to the extent ~~provided in the articles of incorporation~~ so provide.

2. A statement included in the articles of incorporation that "the state bank elects to have preemptive rights", or words of similar ~~import~~ effect, means that, the following principles apply except to the extent ~~otherwise expressly provided in the articles of incorporation, the following principles apply~~ expressly provide otherwise:

a. ~~A shareholder~~ The shareholders of a state bank ~~has~~ have

a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire a proportional amount of the state bank's unissued shares upon the decision of the board of directors to issue such shares.

b. A shareholder may waive the shareholder's preemptive right. A waiver evidenced in writing is irrevocable even though it is not supported by consideration.

c. There is no preemptive right with respect to any of the following:

(1) Shares issued as compensation to directors, managers, officers, employees, or agents, ~~or employees~~ of the state bank, its subsidiaries, or its affiliates.

(2) Shares issued to satisfy conversion or option rights created to provide compensation to directors, managers, officers, employees, or agents, ~~or employees~~ of the state bank, its subsidiaries, or its affiliates.

(3) Shares authorized in the articles of incorporation that are issued within six months from the effective date of incorporation or organization.

d. ~~A holder~~ Holders of shares of any class or series without ~~general voting rights power~~ but with preferential rights to distributions or assets ~~has~~ have no preemptive rights with respect to shares of any class or series.

e. ~~A holder~~ Holders of shares of any class or series with ~~general voting rights power~~ but without preferential rights to distributions or assets ~~has~~ have no preemptive rights with respect to shares of any class or series with preferential rights to distributions or assets unless the shares with preferential rights are convertible into or carry a right to subscribe for or acquire shares without preferential rights.

f. Shares subject to preemptive rights that are not acquired by shareholders may be issued to any person for a period of one year after being offered to shareholders at a consideration set by the board of directors that is not lower than the consideration set for the exercise of preemptive rights. An offer at a lower consideration or after the expiration of one year is subject to the shareholders' preemptive rights.

Sec. 48. Section 524.532, Code 2021, is amended to read as

follows:

524.532 Meetings of shareholders.

Meetings of shareholders may be held at a place, ~~within this state,~~ as provided in the articles of incorporation or the bylaws, or as fixed in accordance with their provisions. In the absence of any such provision, all meetings shall be held at the principal place of business of the state bank. An annual meeting of the shareholders shall be held during the specific month as shall be provided in the articles of incorporation, at the location, date, and time as stated in or fixed in accordance with the bylaws. Failure to hold the annual meeting during the month shall not work a forfeiture or dissolution of the state bank. Special meetings of the shareholders may be called by the president, the board of directors, the holders of not less than one-tenth of all the shares entitled to vote at the meeting, or other officers or persons as provided in the articles of incorporation or the bylaws. If a state bank holds a shareholder meeting at a location outside this state, the articles of incorporation or bylaws must permit any or all shareholders to participate by any means of communication as specified in section 524.533, subsection 4.

Sec. 49. Section 524.533, subsections 1 and 3, Code 2021, are amended to read as follows:

1. Written notice stating the place, day and hour of a meeting of the shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the cashier, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at the meeting. If mailed, the notice is deemed to be delivered when deposited in the United States mail addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the state bank with postage prepaid. As used in this section, the term "notice" means as defined in section 490.141.

3. A shareholder's attendance at a meeting results in both all of the following:

a. Waives the shareholder's objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting ~~or promptly upon the shareholder's arrival~~ objects to holding the meeting or transacting business at the meeting.

b. Waives the shareholder's objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Sec. 50. Section 524.535, subsection 2, Code 2021, is amended to read as follows:

2. The bylaws or, in the absence of an applicable bylaw, the board of directors may fix or provide the manner of fixing, ~~in advance, a date as~~ the record date for any determination of shareholders entitled to notice of ~~or~~ a shareholder's meeting, to demand a special meeting, to vote, or to take any other action at a meeting of shareholders, ~~the~~. A record date to be fixed under this section shall not be more than seventy days and, in the case of a meeting of shareholders, not less than ten days prior to before the date on which of the meeting or particular action, requiring the determination of shareholders, ~~is to be taken and shall not be retroactive.~~ If a record date is not fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for the determination of shareholders. If a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in [this section](#), the determination applies to any adjournment of the meeting.

Sec. 51. Section 524.536, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

524.536 Shareholders' voting list for meeting.

1. The officer or agent having charge of the stock transfer books for shares of a state bank shall, at least ten days before each meeting of shareholders, prepare a complete

alphabetical list of the names of all its shareholders who are entitled to vote at the meeting or any adjournment of the meeting. The list shall be arranged by voting group and within each voting group by class or series of shares, and show the address of and the number of shares held by each shareholder. Nothing contained in this subsection shall require the state bank to include on such list the electronic mail address or other electronic contact information of a shareholder.

2. *a.* The shareholders' list shall be available for inspection by any shareholder beginning ten days before the meeting and continuing through the meeting. The shareholders' list shall be made available in at least one of the following locations:

(1) The state bank's principal place of business.

(2) A reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting. In the event that the state bank determines to make the list available on an electronic network, the state bank shall take reasonable steps to ensure that such information is available only to shareholders of the state bank.

b. A shareholder, or the shareholder's agent or attorney, is entitled on written demand to inspect the list at any time during usual business hours and at the shareholders' expense, during the period it is available for inspection.

3. The list of shareholders shall also be produced and kept open at the time and place of the meeting and is subject to the inspection of a shareholder, or a shareholder's agent or attorney, during the entire duration of the meeting. The original stock transfer books are prima facie evidence as to which shareholders are entitled to examine the list or transfer books or to vote at a meeting of shareholders.

4. Failure to comply with the requirements of this section shall not affect the validity of action taken at a meeting of shareholders.

Sec. 52. Section 524.537, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting

and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the laws of this state or of the United States or by the articles of incorporation or bylaws. This requirement does not apply to the election of directors as provided in section 524.538, subsection 4.

Sec. 53. Section 524.538, subsections 1, 3, and 5, Code 2021, are amended to read as follows:

1. Each outstanding share of a state bank shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of a class or series may be limited or denied by the articles of incorporation.

3. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by the shareholder's duly authorized ~~attorney in fact~~ attorney-in-fact. A proxy shall not be valid after eleven months from the date of its execution.

5. In an election of directors, a state bank shall not vote its own shares held by it as sole trustee unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how the shares shall be voted. ~~However, shares held in trust by a state bank pursuant to an instrument in effect prior to January 1, 1970, under the terms of which the manner in which such shares shall be voted could not be determined by a donor or beneficiary of the trust, may be voted in an election of directors of a state bank upon petition filed by the state bank, to a court of competent jurisdiction, and the appointment by such court of an individual to determine the manner in which the shares shall be voted.~~ When the shares of a state bank are held by such state bank and one or more persons as trustees, the shares may be voted by such other person or persons as trustees, in the same manner as if the person or persons were the sole trustee. Whenever shares cannot be voted by reason of being held by a state bank as sole trustee, the shares shall be excluded in determining whether matters voted upon by the shareholders were adopted by the requisite number of shares.

Sec. 54. Section 524.538A, Code 2021, is amended to read as follows:

524.538A Voting by member of mutual corporation.

All holders of savings, demand, or other authorized accounts of a state 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. 55. Section 524.544, subsection 1, Code 2021, is amended to read as follows:

1. Whenever any person proposes to purchase or otherwise acquire directly or indirectly any of the outstanding shares of a state bank, and the proposed purchase or acquisition would result in control or in a change in control of the state bank, the person proposing to purchase or acquire the shares shall first apply in writing to the superintendent for a certificate of approval for the proposed change of control. The superintendent shall grant the certificate if the superintendent is satisfied that the person who proposes to obtain control of the state bank is qualified by character, experience, and financial responsibility to control and operate the state bank in a sound and legal manner, and that the interests of the depositors, creditors, and shareholders of the state bank, and of the public generally, will not be jeopardized by the proposed change of control. A person which will become a bank holding company upon completion of an acquisition shall make application to the superintendent for a certificate of approval as provided in [this section](#). Any other bank holding company shall comply with section 524.1804 in lieu of seeking a certificate of approval under this section. In any situation where the president or cashier of a state bank has reason to believe any of the foregoing requirements have not been complied with, it shall be the duty of the president or cashier to promptly report in writing such facts to the superintendent upon obtaining knowledge thereof.

~~As used in [this section](#), the term "control" means the power, directly or indirectly, to elect the board of directors. If there is any doubt as to whether a change in the ownership of the outstanding shares is sufficient to result in control thereof, or to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the superintendent.~~

Sec. 56. Section 524.544, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. As used in this section, the term "control" means owning, controlling, or having the power to vote twenty-five percent or more of any class of voting securities of a state bank or having the power, directly or indirectly, to elect the board of directors. If there is any doubt as to whether a change in the ownership of the outstanding shares is sufficient to result in control thereof, or to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the superintendent.

Sec. 57. Section 524.544, subsection 2, Code 2021, is amended by striking the subsection.

Sec. 58. Section 524.604, subsection 1, paragraph d, Code 2021, is amended to read as follows:

d. Review of the adequacy of the state bank's internal controls and determination of the most appropriate method to satisfy the state bank's audit needs pursuant to section 524.608.

Sec. 59. Section 524.604, subsection 2, Code 2021, is amended to read as follows:

2. Directors of a state bank shall discharge the duties of their position in good faith and with that diligence, care and skill which ordinarily prudent persons would exercise under similar circumstances in like positions. The directors shall have a continuing responsibility to assure themselves that the state bank is being managed according to law and that the practices and policies adopted by the board are being implemented.

Sec. 60. Section 524.605, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. Directors of a state bank who vote for or assent to

the declaration of any dividend or other distribution of the assets of a state bank to its shareholders in willful or negligent violation of the provisions of this chapter, ~~or~~ of any restrictions contained in the articles of incorporation, or of any order by the superintendent restricting the payment of dividends or other distribution of assets, shall be jointly and severally liable to the state bank for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of this chapter, ~~or~~ of the restrictions in the articles of incorporation, or of any order by the superintendent restricting the payment of dividends or other distribution of assets.

Sec. 61. Section 524.606, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. If, in the opinion of the superintendent, any director of a state bank or bank holding company has violated any law relating to such state bank or bank holding company, ~~or~~ has engaged in unsafe or unsound practices in conducting the business of such state bank or bank holding company, or has caused such state bank or bank holding company to violate any provision of this chapter or any other law relating to banks or banking, the superintendent may cause notice to be served upon such director, to appear before the superintendent to show cause why the director should not be removed from office. A copy of such notice shall be sent to each director of the state bank or bank holding company affected, by registered or certified mail. If, after granting the accused director a reasonable opportunity to be heard, the superintendent finds that the director violated any law relating to such state bank or bank holding company, ~~or~~ engaged in unsafe or unsound practices in conducting the business of such state bank or bank holding company, or has caused such state bank or bank holding company to violate any provision of this chapter or any other law relating to banks or banking, the superintendent, in the superintendent's discretion, may order that such director be removed from office, and that such director be prohibited from serving in any capacity in any other state bank, bank holding

company, bank affiliate, trust company, or an entity licensed under [chapter 533A](#), [533C](#), [533D](#), [535B](#), [536](#), or [536A](#). A copy of the order shall be served upon such director and upon the state bank or bank holding company of which the person is a director at which time the person shall cease to be a director of the state bank or bank holding company. The resignation, termination of employment, or separation of such director, including a separation caused by the closing of the state bank or bank holding company at which the person serves as a director, does not affect the jurisdiction and authority of the superintendent to cause notice to be served and proceed under this subsection against the director, if the notice is served before the end of the six-year period beginning on the date the director ceases to be a director with the state bank.

Sec. 62. Section 524.607, subsections 1 and 2, Code 2021, are amended to read as follows:

1. The board of directors shall hold at least nine regular meetings each calendar year. No more than one regular meeting shall be held in any one calendar month. Unless the articles of incorporation or bylaws provide otherwise, any director may participate in any meeting of the board of directors ~~may permit directors to participate in meetings~~ through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

2. A special meeting may be called by any executive officer or a director. Notice of a meeting shall be given to each director, either personally or by mail, at least two days in advance of the meeting. Notice of a regular meeting shall not be required if the articles of incorporation, bylaws, or a resolution of the board of directors provide for a regular monthly meeting date. As used in this section, the term "notice" means as defined in section 490.141.

Sec. 63. Section 524.607, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. A director may waive any notice required by this chapter, the articles of incorporation, or the bylaws before or after the date and time stated in the notice.

Except as provided in subsection 3, the waiver must be in writing, signed by the director entitled to the notice, whether before or after the time stated in the notice, and delivered to the state bank for filing by the state bank with the minutes or corporate records.

Sec. 64. Section 524.607, subsection 3, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

3. A director's attendance at or participation in a meeting waives any required notice to the director of such meeting unless all of the following apply:

a. The director at the beginning of the meeting, or promptly upon arrival, objects to holding the meeting or transacting business at the meeting because the meeting is not lawfully called or convened.

b. The director does not, after objecting, vote for or assent to action taken at the meeting.

Sec. 65. Section 524.607, subsection 4, Code 2021, is amended by striking the subsection.

Sec. 66. Section 524.607A, subsection 1, Code 2021, is amended to read as follows:

1. Unless the articles of incorporation or bylaws provide otherwise, action required or permitted to be taken under this chapter at a board of directors' meeting may be taken without a meeting if the action is consented to by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. A consent may be signed by manual, facsimile, conformed, or electronic signature and may be delivered by electronic transmission. As used in this subsection, "electronic signature" means the same as defined in section 554D.103.

Sec. 67. Section 524.608, Code 2021, is amended to read as follows:

524.608 Auditing procedures.

1. In addition to any examination made by the banking division or other supervisory agency, the board of directors shall review the adequacy of the state bank's internal controls

and cause to be made no less frequently than once each calendar year additional auditing procedures that the board deems to be appropriate. The board shall determine the state bank's audit needs and record in the board's minutes the extent to which audit procedures are to be employed. ~~A report which summarizes significant audit findings shall be delivered to the superintendent as soon as practical upon completion.~~

2. The superintendent may require that more comprehensive auditing procedures be applied to a state bank's account records when deemed necessary. These auditing procedures may range from limited scope agreed-upon procedures to an unqualified audit opinion.

Sec. 68. Section 524.610, subsection 1, Code 2021, is amended to read as follows:

1. The shareholders of a state bank shall fix the reasonable compensation of directors for their services as members of the board of directors. Subject to approval by the shareholders at an annual or special meeting called for that purpose, the shareholders of a state bank may adopt a pension or profit-sharing plan, or both, or other plan of deferred compensation for directors, to which a state bank may contribute. Changes to such a pension or profit-sharing plan or other plan of deferred compensation, other than changes that affect eligibility requirements for directors under the plan, benefits provided to directors pursuant to the plan, and contributions required by the state bank or directors under the plan, may be adopted by the board of directors without shareholder approval.

Sec. 69. Section 524.611, subsection 2, Code 2021, is amended to read as follows:

2. The oath shall be signed by the director, acknowledged before an ~~officer~~ individual authorized to ~~take acknowledgments of deeds~~ perform notarial acts, and delivered to the superintendent.

Sec. 70. Section 524.703, subsection 2, Code 2021, is amended to read as follows:

2. Subject to approval by the shareholders at an annual or special meeting called for the purpose, the board of directors of a state bank may adopt a pension or profit-sharing plan,

or both, or other plan of deferred compensation, for both officers and employees, to which the state bank may contribute. Changes to such a pension or profit-sharing plan or other plan of deferred compensation, other than changes that affect eligibility requirements for officers and employees under the plan, benefits provided to officers and employees pursuant to the plan, and contributions required by state banks, officers, or employees under the plan, may be adopted by the board of directors without shareholder approval.

Sec. 71. Section 524.707, subsection 2, Code 2021, is amended to read as follows:

2. Section 524.606, subsection 2, which provides for the removal of directors by the superintendent, shall have equal application to officers and employees of a state bank, bank holding company, bank affiliate, or trust company.

Sec. 72. Section 524.802, subsections 9, 11, and 13, Code 2021, are 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, including where the ownership of shares exceeding fifteen percent of the state bank's aggregate capital is needed to support the state bank's participation in the federal home loan bank's acquired member assets program provided for in 12 C.F.R. pt. 955, requires the prior approval of the superintendent. ~~In addition, a state bank may own federal home loan bank shares in an amount exceeding fifteen percent of the state bank's aggregate capital, but not exceeding twenty-five percent of the state bank's aggregate capital, if the ownership of shares exceeding fifteen percent is needed to support the state bank's participation in the federal home loan bank's acquired member assets program as provided for in 12 C.F.R. pt. 955.~~

11. Become Subject to section 524.109, subsection 2, become a member of a bankers' bank.

13. Acquire, hold, and improve real estate for the sole purpose of economic or community development, provided that

the state bank's aggregate investment in all acquisitions and improvements of real estate under **this subsection** shall not exceed fifteen percent of a state bank's aggregate capital and ~~shall be subject to the prior approval of the superintendent,~~ the state bank provides the superintendent with thirty days' prior written notice of its intention to acquire, hold, and improve the real estate, and the superintendent does not object to the state bank's proposed plan within thirty days. For purposes of this section, the term "community development" includes public welfare investments as defined in section 524.901, subsection 7, paragraph "a", and other investments as permitted under 12 U.S.C. §24 and its implementing regulations.

Sec. 73. NEW SECTION. **524.802A Electronic activities of state bank.**

1. A state bank may conduct in electronic form any activities that are expressly authorized for state banks under any provision of this chapter, including in sections 524.801, 524.802, and 524.804, and activities that are the functional equivalent of any activities expressly authorized for state banks under this chapter. A state bank may perform, provide, or deliver through electronic means any activity, function, product, or service it is authorized to perform by any provision of this chapter and must comply with all applicable laws and regulations.

2. Subject to the prior approval of the superintendent, a state bank may, beginning on July 1, 2021, engage in new or innovative electronic activities that are part of the business of banking. When determining whether a state bank is authorized to engage in a new or innovative electronic activity that is not traditionally offered by banks via electronic means, the superintendent shall consider whether the activity is expressly authorized for state banks under this chapter, whether the activity is the functional equivalent of any activity authorized for state banks, whether the activity is a logical extension of any activity authorized for state banks, whether the state bank has the expertise necessary to understand and manage the activity, and whether the activity presents risks similar to those state banks already assume.

3. A state bank that engages in any new or innovative

electronic activities must conduct these activities in a safe and sound manner and must maintain adequate systems to identify, measure, monitor, and control the risks associated with its electronic activities. These systems must include policies, procedures, internal controls, and management information systems governing the electronic activities of the state bank and may be tailored to the specific risks presented by the electronic activities of the state bank. A state bank engaging in new or innovative electronic activities must also maintain adequate and effective information security infrastructure and controls.

4. The superintendent may adopt rules pursuant to chapter 17A to implement the provisions of this section, including but not limited to application procedures, identifying the systems, processes, and technologies a state bank must maintain in order to engage in certain new or innovative electronic activities, and determining that additional new or innovative electronic activities are authorized for state banks without prior approval.

Sec. 74. Section 524.803, subsection 3, Code 2021, is amended to read as follows:

3. Any real property which is held by a state bank pursuant to [this section](#) and which it ceases to use for banking purposes, or is acquired for future use but not used within ~~a reasonable period of time~~ five years after title is vested in the state bank, shall be sold or disposed of by the state bank as directed by the superintendent. This deadline may be extended up to an additional five years with prior approval of the superintendent, but in no event may a state bank hold the property for more than ten years.

Sec. 75. Section 524.810A, subsection 1, unnumbered paragraph 1, Code 2021, is amended to read as follows:

A bank shall permit a person named in and authorized by a court order to open, examine, and remove the contents of a safe deposit box located at the bank. If a court order has not been delivered to the bank, the following persons may access and remove any or all contents of a safe deposit box located at a state bank which box is described in an ownership or rental agreement or lease between the state bank and a deceased owner

or lessee:

Sec. 76. Section 524.812, subsection 3, Code 2021, is amended to read as follows:

3. If the contents are not claimed within two years after their removal from the safe deposit box, the state bank may proceed to sell so much of the contents as is necessary to pay the past due rentals and the expense incurred in opening the safe deposit box, replacement of the locks thereon and the sale of the contents. The sale shall be held at the time and place specified in a notice published prior to the sale once each week for two successive weeks in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the state bank 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 state bank has its principal place of business. The state bank shall also post this notice on the state bank's internet site for at least two weeks prior to the sale. A copy of the notice so published shall be mailed to the customer at the customer's last known address as shown upon the records of the state bank. The notice shall contain the name of the customer and need only describe the contents of the safe deposit box in general terms. The contents of any number of safe deposit boxes may be sold under one notice of sale and the cost thereof apportioned ratably among the several safe deposit box customers involved. At the time and place designated in said notice the contents taken from each respective safe deposit box shall be sold separately to the highest bidder for cash and the proceeds of each sale applied to the rentals and expenses due to the state bank and the residue from any such sale shall be held by the state bank for the account of the customer or customers. Any amount so held as proceeds from such sale shall be credited with interest at the customary annual rate for savings accounts at said state bank, or in lieu thereof, at the customary rate of interest in the community where such proceeds are held. The crediting of interest shall not activate said account to avoid an abandonment as unclaimed property under [chapter 556](#).

Sec. 77. Section 524.816, Code 2021, is amended by striking

the section and inserting in lieu thereof the following:

524.816 Deposit account insurance.

A state bank organized under this chapter shall be an insured bank and shall acquire and maintain insurance from the federal deposit insurance corporation, or its successor, to protect each depositor against loss of funds held on account by the state bank to the extent the federal deposit insurance corporation insures such deposits.

Sec. 78. Section 524.819, Code 2021, is amended to read as follows:

524.819 Clearing checks at par.

Checks drawn on a state bank shall be cleared at par by the state bank on which they are drawn. [This section](#) shall not be applicable where checks are received by a state bank as special collection items.

Sec. 79. Section 524.821, Code 2021, is amended to read as follows:

524.821 Electronic transmission of funds — restrictions.

1. A state bank may engage in any transaction incidental to the conduct of the business of banking and otherwise permitted by applicable law, by means of either the direct transmission of electronic impulses to or from customers and banks or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank. Subject to the provisions of [chapter 527](#), except as preempted by other applicable law, a state bank may utilize, establish, or operate, alone or with one or more other banks, federal savings and loan associations ~~incorporated under 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 customers and banks may transmit and receive electronic impulses constituting transactions pursuant to this section. However, except as preempted by other applicable law, such utilization, establishment, or operation shall be lawful only when in compliance with [chapter 527](#). Nothing in this section shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in [this section](#) 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 bank.

2. A state bank which offers its customers, or any of them, the opportunity to engage in transactions with or through the state bank in the manner authorized by subsection 1 shall not require a customer to deal with or through the state bank in that manner in lieu of writing checks in the usual manner upon a conventional checking account, and shall not impose any extraordinary charge upon customers who choose to write checks in the usual manner upon a conventional checking account maintained at that state bank. The term "*extraordinary charge*", as used in this subsection, is a charge in excess of a fair and reasonable charge, based upon the costs to the state bank of providing and maintaining checking account services.

Sec. 80. Section 524.901, subsection 7, paragraph a, subparagraph (2), Code 2021, is amended to read as follows:

(2) ~~Community development corporations or community development projects~~ Public welfare investments to the same extent a national bank may invest in such corporations or projects pursuant to 12 U.S.C. §24 and its implementing regulations.

Sec. 81. Section 524.901, subsection 7, paragraph a, subparagraph (3), Code 2021, is amended by striking the subparagraph.

Sec. 82. Section 524.901, subsection 7, paragraph c, Code 2021, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (02) The term "*public welfare investment*" means an investment that primarily benefits low and moderate-income individuals, low and moderate-income areas, or other areas targeted by a governmental entity for redevelopment. "*Public welfare investment*" includes investments that primarily support any of the types of activities identified in 12 C.F.R. §24.6. "*Public welfare investment*" includes an investment that would receive consideration under 12 C.F.R. pt. 25 as a qualified investment. "*Public welfare investment*" includes an investment in any of the following areas:

(a) A targeted service area as defined in section 8B.1,

subsection 13.

(b) A small city as defined in section 15.352, subsection 10.

(c) An area of the state that is not part of a federally designated standard metropolitan statistical area.

Sec. 83. Section 524.901, subsection 8, Code 2021, is amended to read as follows:

8. A state bank, in the exercise of the powers granted in this chapter, may purchase cash value life insurance contracts which may include provisions for the lump sum payment of premiums and which may include insurance against the loss of the lump sum payment. State banks may only purchase cash value life insurance contracts if the contract is tied to an employee benefit the state bank is obligated to pay. The cash value life insurance contracts, together with the investment in annuity contracts authorized in subsection 8A, purchased from any one company shall not exceed fifteen percent of aggregate capital of the state bank, and in the aggregate from all companies, together with the investment in annuity contracts authorized in subsection 8A, shall not exceed twenty-five percent of aggregate capital of the state bank unless the state bank has obtained the approval of the superintendent prior to the purchase of any cash value life insurance contract in excess of this limitation. Purchase and sale of such contracts shall be conducted in accordance with safe and sound banking practices.

Sec. 84. Section 524.901, Code 2021, is amended by adding the following new subsections:

NEW SUBSECTION. 8A. A state bank, in the exercise of the powers granted in this chapter, may purchase annuity contracts so long as the annuity contract is tied to an employee benefit the state bank is obligated to pay. The total investment in annuity contracts purchased from any one company, together with the cash value of life insurance contracts authorized in subsection 8, shall not exceed fifteen percent of aggregate capital of the state bank, and in the aggregate from all companies, together with the cash value of life insurance contracts authorized in subsection 8, shall not exceed twenty-five percent of aggregate capital of the state

bank unless the state bank has obtained the approval of the superintendent prior to the purchase of any cash value life insurance contract in excess of this limitation. Purchase and sale of such contracts shall be conducted in accordance with safe and sound banking practices.

NEW SUBSECTION. 10. A state bank, upon the approval of the superintendent, may invest in the shares or equity interests of any corporation or other entity which develops or utilizes new or innovative technologies that are or may be applicable to the provision of banking or other financial products or services, including the covered services identified in section 524.218, subsection 2. A state bank's total investment in any combination of shares or equity interests of the entities identified in this paragraph shall not exceed five percent of its aggregate capital.

NEW SUBSECTION. 11. A state bank, upon the approval of the superintendent, may invest up to five percent of its aggregate capital in a tax equity financing transaction in which the state bank provides equity financing to fund a project or projects that generate tax credits and the equity-based structure of the transaction permits the transfer of such tax credits to the state bank. A state bank may take a majority financial position, but shall be a passive investor and shall not take a management position, in each such project, subject to the following:

a. The state bank shall not participate in the operation of any project or facility resulting from such a transaction or the sale of energy, if any, derived from the project.

b. The state bank shall obtain a legal opinion or otherwise demonstrate a good-faith determination that the tax credits are available before engaging in a tax equity financing transaction.

c. The tax benefits or other payments the state bank receives from the transaction shall repay the state bank's investment and provide the expected rate of return at the time of the investment.

d. Except as provided under paragraph "c", the state bank shall not share in any appreciation in value of its interests in the project or in any of the real or personal assets

associated with the project.

e. The state bank's total investment in any combination of shares or equity interests of any tax equity financing transactions pursuant to this subsection shall be limited to fifteen percent of its aggregate capital.

Sec. 85. Section 524.904, subsection 2, Code 2021, is amended to read as follows:

2. A state bank may grant loans and extensions of credit to one borrower in an amount not to exceed fifteen percent of the state bank's aggregate capital as defined in [section 524.103](#), unless the additional lending ~~provisions~~ provision described in subsection 3 ~~or 4~~ apply applies.

Sec. 86. Section 524.904, subsection 3, paragraphs a, b, and e, Code 2021, are amended by striking the paragraphs.

Sec. 87. Section 524.904, subsection 4, Code 2021, is amended by striking the subsection.

Sec. 88. Section 524.904, subsection 5, paragraph a, Code 2021, is amended to read as follows:

a. A state bank may grant loans and extensions of credit to a borrowing group in an amount not to exceed twenty-five percent of the state bank's aggregate capital if all loans and extensions of credit to any one borrower within a borrowing group conform to [subsection 2 or 3](#), and the financial strength, assets, guarantee, or endorsement of any one borrowing group member is not relied upon as a basis for loans and extensions of credit to any other borrowing group member. ~~A state bank may grant loans and extensions of credit to a borrowing group in an amount not to exceed thirty-five percent of aggregate capital if all loans and extensions of credit to any one borrower within a borrowing group conform to subsection 2, 3, or 4, and the financial strength, assets, guarantee, or endorsement of any one borrowing group member is not relied upon as a basis for loans and extensions of credit to any other borrowing group member.~~ While not to be construed as an endorsement of the quality of any loan or extension of credit, the superintendent may authorize a state bank to grant loans and extensions of credit to a borrowing group in an amount not to exceed fifty percent of aggregate capital if all loans and extensions of credit to any one borrower within a borrowing

group conform to [subsection 2 or 3](#), and the financial strength, assets, guarantee, or endorsement of any one borrowing group member is not relied upon as a basis for loans and extensions of credit to any other borrowing group member.

Sec. 89. Section 524.905, subsections 2 and 3, Code 2021, are amended to read as follows:

2. *Protective payments — escrow accounts.* A bank may include in the loan documents signed by the borrower a provision requiring the borrower to pay the bank 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 bank in order to better secure the loan. The bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A bank receiving funds in escrow 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~~ may pay interest to the borrower on those funds, ~~calculated on a daily basis, at the rate the bank pays to depositors of funds in ordinary savings accounts.~~ A bank which maintains an escrow account in connection with any loan authorized by [this section](#), 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.

3. *Escrow reports.* A state bank may act as an escrow agent with respect to real property, and may receive funds and make disbursements from escrowed funds in that capacity. The state bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A state bank which maintains such an escrow account relating to a mortgage, 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 escrow account computation year as defined in 12 C.F.R. §1024.17. ~~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 escrow account computation year to which disclosure relates and shall include the information required for annual escrow account statements under 12 C.F.R. §1024.17. ~~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.~~

Sec. 90. Section 524.910, subsection 2, Code 2021, is amended to read as follows:

2. Real property purchased by a state bank at sales upon foreclosure of mortgages or deeds of trust owned by it, or acquired upon judgments or decrees obtained or rendered for debts due it, or real property conveyed to it in satisfaction of debts previously contracted in the course of its business, or real property obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within five years

after title is vested in the state bank, unless the time is extended by the superintendent. This deadline may be extended up to an additional five years with prior approval of the superintendent, but in no event shall a state bank hold such property for more than ten years.

Sec. 91. Section 524.1003, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. If the superintendent at any time concludes that a state bank authorized to act in a fiduciary capacity is managing its accounts in an unsafe or unsound manner, or in a manner in conflict with the provisions of [this chapter](#), and such state bank refuses to correct such practices ~~upon~~ following notice to do so, the superintendent may ~~forthwith~~ direct that the state bank cease to act as a fiduciary ~~and proceed to resign its fiduciary positions.~~

Sec. 92. Section 524.1003, subsection 1, paragraph b, Code 2021, is amended by striking the paragraph and inserting in lieu thereof the following:

b. After directing the state bank to cease to act as a fiduciary, the superintendent shall file a petition in the district court of Polk county setting forth in general terms that the state bank is acting as fiduciary with respect to certain property and that it is necessary and desirable that successor fiduciaries be appointed for such property.

Sec. 93. Section 524.1003, subsection 1, Code 2021, is amended by adding the following new paragraphs:

NEW PARAGRAPH. c. Following the filing of a petition pursuant to paragraph "b" by the superintendent, the district court shall issue an order requiring all persons interested in the state bank's fiduciary accounts to appoint a successor fiduciary by a specific date, acknowledge the fiduciary succession as described in the will, trust instrument, or other governing instrument of the fiduciary account, or show cause why the district court should not appoint a successor fiduciary. Such order may also appoint a temporary fiduciary for the fiduciary accounts held by the state bank who shall be obligated to take possession of the fiduciary accounts and perform necessary tax, investment, distribution, asset protection, and reporting obligations required of the fiduciary

accounts and perform necessary tax, investment, distribution, asset protection, and reporting obligations required of the fiduciary until a permanent successor is appointed. Neither the temporary nor permanent successor fiduciary shall be liable for the actions of the state bank and shall not be responsible for reviewing the action or inaction of the preceding fiduciary. The state bank's liability for any action or inaction in its former fiduciary positions shall not be impacted by the transfer of fiduciary duties pursuant to this section. The district court may assess the fees and costs of the temporary fiduciary against the state bank.

NEW PARAGRAPH. *d.* Following the appointment of a temporary fiduciary, the district court shall enter an order directing the temporary fiduciary to provide notice of the petition and the order described in this section, through a means approved by the district court, to all persons shown in the records of the state bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, 633B, or other applicable statute under which the state bank has been operating as a fiduciary. The district court may also order publication of the notice for two consecutive weeks in newspapers of general circulation in one or more counties as prescribed by the district court, and publication on the temporary fiduciary's internet site for at least twenty days, to the extent the district court deems such published notice necessary to protect the interests of absent or remote beneficiaries.

Sec. 94. Section 524.1003, subsection 2, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

2. At least twenty days after providing notice of a petition and order appointing the temporary fiduciary as described in this section, the district court shall appoint a permanent successor fiduciary for any fiduciary account where appropriate parties have failed to cause a successor fiduciary to be appointed. A successor fiduciary appointed in accordance with the terms of this section shall succeed to all the rights,

powers, titles, duties, and responsibilities of the state bank except that the successor fiduciary shall not exercise the powers given in the instrument creating the powers that by its express terms are personal to the state bank previously designated and except claims or liabilities arising out of the management of the fiduciary account prior to the date of the transfer.

Sec. 95. Section 524.1004, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

524.1004 Voluntary relinquishment of fiduciary capacity.

1. A state bank desiring to completely surrender its authorization to act in any fiduciary capacity shall file with the superintendent a certified copy of a resolution by the board of directors signifying such intent.

2. Following the filing with the superintendent of the resolution to surrender its authorization to act in a fiduciary capacity, the state bank shall file a petition in the district court in which the state bank has its principal place of business setting forth in general terms that the state bank is acting as fiduciary with respect to certain property, that the state bank desires to cease its fiduciary function and resign its fiduciary positions, and that it is necessary and desirable that successor fiduciaries be appointed for such property.

3. The filing of the petition shall operate as a resignation of the state bank from all of its fiduciary positions. During the adjudication of the petition, the state bank shall retain all fiduciary rights, powers, titles, duties, responsibilities, and accounts it held prior to filing the petition. The state bank's liability for any action or inaction in its former fiduciary positions shall not be impacted by the transfer of fiduciary duties pursuant to this section.

4. Following the filing of the petition, the district court shall issue an order requiring all persons interested in such fiduciary accounts to appoint a successor fiduciary by a specific date, acknowledge the fiduciary succession as described in the will, trust instrument, or other governing instrument of the fiduciary account, or show cause why the district court should not appoint a successor fiduciary. The district court shall also enter an order directing the state

bank to provide notice of the petition and the order described in this section, through a means approved by the district court, to all persons shown in the records of the state bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, 633B, or other applicable statute under which the state bank has been operating as a fiduciary. The district court may also order publication of the notice for two consecutive weeks in newspapers of general circulation in one or more counties as prescribed by the district court, and publication on the state bank's internet site for at least twenty days, to the extent the district court deems such published notice necessary to protect the interests of absent or remote beneficiaries.

5. At least twenty days after the state bank provides notice of the petition and order as described in this section, the district court shall appoint a permanent successor fiduciary for any fiduciary account where appropriate parties have failed to cause a successor fiduciary to be appointed. A successor fiduciary appointed in accordance with the terms of this section shall succeed to all the rights, powers, titles, duties, and responsibilities of the state bank except that the successor fiduciary shall not exercise powers given in the instrument creating the powers that by its express terms are personal to the state bank previously designated and except claims or liabilities arising out of the management of the fiduciary account prior to the date of the transfer.

6. Following the adjudication of the petition described in this section, the state bank shall proceed to amend its articles of incorporation, in accordance with the provisions of this chapter, in a manner to indicate that it is no longer authorized to act in a fiduciary capacity. The superintendent shall approve the proposed amendment, in the manner provided for in this chapter, if the superintendent is satisfied that the state bank has properly relieved itself of its fiduciary responsibilities.

Sec. 96. NEW SECTION. 524.1005A Nonresident corporate fiduciaries.

An out-of-state bank or a trust company chartered or organized under the laws of another state may only act in a fiduciary capacity in this state if it satisfies the requirements for nonresident corporate fiduciaries pursuant to section 633.64.

Sec. 97. Section 524.1007, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

524.1007 Succession of fiduciary accounts to another financial institution.

1. A state bank or other entity authorized to act in a fiduciary capacity may enter into an agreement for the succession of any fiduciary accounts with one or more other banks or trust companies, including trust companies organized under the laws of another state, that are authorized to act in a fiduciary capacity under the laws of this state, the laws of another state, or a national bank to the extent permitted by the laws of the United States. In the agreement, the succeeding bank or trust company may agree to succeed the relinquishing bank or trust company as a fiduciary to those fiduciary accounts which are designated in the agreement. The designation of accounts may be by general class or description and may include fiduciary accounts subject and not subject to court administration and fiduciary accounts to arise in the future under wills, trusts, court orders, or other documents under which the relinquishing bank or trust company is named as a fiduciary or is named to become a fiduciary upon the death of a testator or settlor or upon the happening of any other subsequent event.

2. The relinquishing bank or trust company shall provide, at least twenty days preceding the effective date for the succession of the fiduciary accounts, notice of the pending succession, as required by chapter 633, 633A, 633B, or any other applicable chapter, to all persons shown in the records of the relinquishing bank or trust company to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, or 633B, or other applicable statute under which the relinquishing bank or trust company has been operating as

a fiduciary. In order to account for unknown or prospective appointments, the relinquishing bank or trust company shall publish a notice of the succession to fiduciary accounts in a newspaper published in the county of the principal place of business of the relinquishing bank or trust company, and the notice must be published on the relinquishing bank or trust company's internet site for at least twenty days preceding the effective date of the agreement for the succession of fiduciary accounts. For any fiduciary accounts that are employee benefit plans, the relinquishing bank or trust company may satisfy this subsection by sending the required notice to the plan sponsors.

3. Following the publication and notice described in this section, the succeeding bank or trust company shall, on the effective date of the agreement for the succession of fiduciary accounts and without further notice, approval, or authorization, succeed to the relinquishing bank or trust company as to the fiduciary accounts and the fiduciary powers, rights, privileges, duties, and liabilities for the fiduciary accounts. On the effective date of the succession to fiduciary accounts, the relinquishing bank or trust company is released from the fiduciary duties under the fiduciary accounts and shall discontinue its exercise of fiduciary powers over the fiduciary accounts. Notice of such fiduciary succession shall be filed of record for each parcel of real estate in this state subject to such fiduciary succession unless all of the fiduciary accounts held by the relinquishing bank or trust company are subject to the agreement for succession of fiduciary accounts, in which case the relinquishing bank or trust company shall file notice of the succession in the county recorder's office of all counties in which the fiduciary accounts of the relinquishing bank or trust company owned real estate prior to the effective date of the agreement. This subsection does not absolve a relinquishing bank or trust company from liabilities arising out of a breach of fiduciary duty occurring prior to the effective date of the succession to fiduciary accounts.

4. Within sixty days after the mailing and publication of the notice, a person with an interest in a fiduciary account included within the notice and agreement required by subsection

1 may apply to the district court in the county in which the notice is published for the appointment of a new fiduciary on the ground that the succeeding fiduciary will adversely affect the administration of the fiduciary account. After notice to all interested parties and a hearing on the issues, the court may appoint a new fiduciary to replace the succeeding fiduciary if it finds that the substitution of the succeeding fiduciary will adversely affect the administration of the account and that the appointment of a new fiduciary would be in the best interests of the beneficiaries of the fiduciary account. This subsection is in addition to section 633.65 and any other applicable provision governing the removal of a fiduciary.

5. The privilege of succeeding to fiduciary accounts that is extended to a state bank or trust company by this section is also extended on the same terms and conditions to a national bank organized under 12 U.S.C. §21 et seq. to engage generally in the banking business, and to out-of-state banks and trust companies that are authorized to serve as a fiduciary in this state pursuant to section 633.64.

6. For a fiduciary account governed by Iowa law, a relinquishing bank or trust company may transfer the situs of the fiduciary account to a jurisdiction other than Iowa if the will, trust instrument, or other governing instrument of the fiduciary account so provides, if all persons interested in the fiduciary account consent to the transfer, or as otherwise authorized by applicable law.

Sec. 98. Section 524.1009, Code 2021, is amended to read as follows:

524.1009 Succession to fiduciary accounts and appointments — ~~application for appointment of new fiduciary merger.~~

1. If a party to a plan of merger was authorized to act in a fiduciary capacity and if the resulting ~~state or national~~ bank is similarly authorized, the resulting ~~state or national~~ bank shall be automatically substituted by reason of the merger as fiduciary of all accounts held in that capacity by such party to the plan of merger, without further action and without any order or decree of any court or public officer, and shall have all the rights and be subject to all the obligations of such party as fiduciary.

2. No designation, nomination, or appointment as fiduciary of a party to a plan of merger shall lapse by reason of the merger. The resulting ~~state or national~~ bank, if authorized to act in a fiduciary capacity, shall be entitled to act as fiduciary pursuant to each designation, nomination, or appointment to the same extent as the party to the plan of merger so named could have acted in the absence of the merger.

2A. The relinquishing bank shall provide, at least twenty days preceding the effective date for the succession of the fiduciary accounts, notice of the pending succession, as required by chapter 633, 633A, 633B, or any other applicable chapter, to all persons shown in the records of the relinquishing bank to have a beneficial interest in the fiduciary accounts or entitled to notice or an accounting under the terms of the will, trust instrument, or other governing instrument of the fiduciary account, chapter 633, 633A, or 633B, or other applicable statute under which the relinquishing bank has been operating as a fiduciary. In order to account for unknown or prospective appointments, the relinquishing bank shall publish a notice of the succession to fiduciary accounts in a newspaper published in the county of the principal place of business of the relinquishing bank, and the notice must be published on the relinquishing bank's internet site for at least twenty days preceding the effective date of the merger. For any fiduciary accounts that are employee benefit plans, the relinquishing bank may satisfy this subsection by sending the required notice to the plan sponsors.

3. Any person with an interest in an account held in a fiduciary capacity by a party to a plan of merger may, within sixty days after ~~the effective date of the merger~~ the mailing and publication of the notice, apply to the district court in the county in which the ~~resulting state or national bank has its principal place of business~~, notice is published for the appointment of a new fiduciary to replace the resulting ~~state or national~~ bank on the ground that the merger will adversely affect the administration of the fiduciary account. The court shall have the discretion to appoint a new fiduciary to replace the resulting ~~state or national~~ bank if it should find, upon hearing after notice to all interested parties, that the merger

will adversely affect the administration of the fiduciary account and that the appointment of a new fiduciary will be in the best interests of the beneficiaries of the fiduciary account. This provision is in addition to any other provision of law governing the removal of fiduciaries and is subject to the terms upon which the party to the plan of merger which held the fiduciary account was designated as fiduciary.

4. The resulting bank shall record a copy of the articles of merger in the county recorder's office of all counties in which the fiduciary accounts of the relinquishing bank owned real estate prior to the effective date of the merger.

Sec. 99. Section 524.1106, Code 2021, is amended to read as follows:

524.1106 Fees paid to an affiliate — approval by superintendent.

Any contract or arrangement for management or financial services which involves payment for these services by a state bank to a person who owns shares in that state bank, or to any other affiliate, ~~must be approved by the superintendent prior to such contract or arrangement becoming binding upon the state bank~~ made in compliance with 12 U.S.C. §371c and 12 U.S.C. §371c-1, and may also be reviewed by the superintendent at any time after original approval. Any contract or arrangement for consultation or other services which involve payment of those services by a state bank to any person who individually or whose spouse or immediate family or any combination thereof owns fifteen percent or more of the outstanding shares of that state bank or is an officer or director thereof, or to an affiliate may be reviewed by the superintendent. Fees paid to an affiliate must be substantially the same as those prevailing at the time for comparable transactions involving nonaffiliated companies in accordance with the provisions of 12 U.S.C. §371c-1. The superintendent shall have authority to determine whether or not such fees are reasonable in relation to the services performed, and if the superintendent determines they are unreasonable, to require that they be reduced to a reasonable amount or eliminated and the excess refunded, or that such contract or arrangement not be entered into by the state bank.

Sec. 100. Section 524.1201, Code 2021, is amended to read as follows:

524.1201 General provisions.

1. A state bank may establish and operate any number of bank offices at any location ~~in this state~~ subject to the approval and regulation of the superintendent. The superintendent shall supervise and regulate all out-of-state branches and offices of a state bank. A bank office may furnish all banking services ordinarily furnished to customers and depositors at the principal place of business of the state bank which operates the office, ~~and a bank office manager or an officer of the bank shall be physically present at each bank office during a majority of its business hours. The central executive and official business and principal recordkeeping functions of a state bank shall be exercised only at its principal place of business or at another bank office as authorized by the superintendent for these functions.~~

2. ~~Notwithstanding subsection 1,~~ data Data processing services referred to in section 524.804 may be performed for the state bank at some other secure location. ~~All transactions of a bank office shall be immediately transmitted to the principal place of business or other bank office authorized under subsection 1 of the state bank which operates the office, and no current recordkeeping functions shall be maintained at a bank office other than the bank office authorized under subsection 1, except to the extent the state bank which operates the office deems it desirable to keep there duplicates of the records kept at the principal place of business or authorized bank office of the state bank.~~

3. Notwithstanding any of the other provisions of this section, original loan documentation and trust recordkeeping functions may be located at any authorized bank office or at any other secure location approved by the superintendent.

Sec. 101. Section 524.1206, Code 2021, is amended to read as follows:

524.1206 Identification of legally chartered name of bank — required use of name.

~~A state or national~~ bank, at its locations in this state, shall identify its principal place of business, any bank

office, or any bank branch in a manner which includes its legally chartered name or a reasonable variation of such name. A bank doing business in this state electronically shall identify its legally chartered name in any online, mobile, or digital customer interface. The legally chartered name of the state bank, out-of-state bank, or national bank shall be used in all legal documents of such bank.

Sec. 102. Section 524.1301, unnumbered paragraph 1, Code 2021, is amended to read as follows:

A majority of the incorporators, organizers, or initial directors of a state bank that has not issued shares or has not commenced business may dissolve the state bank by delivering articles of dissolution to the superintendent, together with the applicable filing ~~and recording fees,~~ for filing with the secretary of state that set forth all of the following:

Sec. 103. Section 524.1303, subsection 2, Code 2021, is amended to read as follows:

2. Upon acceptance for processing of an application for approval of a plan of dissolution on forms prescribed by the superintendent, the superintendent shall conduct such investigation as the superintendent may deem necessary to determine whether the plan of dissolution adequately protects the interests of depositors, other creditors, and shareholders and, if the plan of dissolution involves an acquisition of assets and assumption of liabilities by another state bank, whether such acquisition and assumption would be consistent with adequate and sound banking and in the public interest, on the basis of factors substantially similar to those set forth in [section 524.1403, subsection 1](#), paragraph "d".

Sec. 104. Section 524.1303, subsections 3, 4, 5, and 6, Code 2021, are amended by striking the subsections.

Sec. 105. Section 524.1304, subsection 2, Code 2021, is amended to read as follows:

2. Upon approval of the plan of voluntary dissolution by the superintendent, the superintendent shall file with the secretary of state articles of dissolution prepared by the applicant in conformance with [section 524.1304A](#). Upon filing of the articles of dissolution with the secretary of state, the state bank shall cease to accept deposits or carry on its

business, except insofar as may be necessary for the proper winding up of the business of the state bank in accordance with the approved plan of dissolution. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that has voluntarily dissolved pursuant to this section and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

Sec. 106. Section 524.1305, subsection 1, paragraph d, Code 2021, is amended to read as follows:

~~d. Distributing~~ Making distributions of its remaining ~~property assets~~ among its shareholders according to their interests.

Sec. 107. Section 524.1305, subsection 2, paragraph d, Code 2021, is amended to read as follows:

~~d. Changing quorum~~ any of the following:

(1) Quorum or voting requirements for its board of directors or shareholders; ~~changing provisions.~~

(2) Provisions for selection, resignation, or removal of its directors or officers or both; ~~or changing provisions.~~

(3) Provisions for amending its bylaws.

Sec. 108. Section 524.1305, subsection 3, paragraphs a, b, and d, Code 2021, are amended to read as follows:

a. By mail to each depositor and creditor, except those as to whom the liability of the state bank has been assumed by another financial institution insured by the federal deposit insurance corporation pursuant to the plan of dissolution, at their last address of record as shown upon the books of the state bank, including a statement of the amount shown by the books of the state bank to be due to such depositor or creditor and a demand that any claim for a greater amount be filed with the state bank any time before a specified date at least ninety days after the date of the notice.

b. By mail to each lessee of a safe-deposit box and each customer for whom property is held in safekeeping, except those as to whom the liability of the state bank has been assumed by another financial institution insured by the federal deposit insurance corporation pursuant to the plan of dissolution, at their last address of record as shown upon the books of

the state bank, including a demand that all property held in a safe-deposit box or held in safekeeping by the state bank be withdrawn by the person entitled to the property before a specified date which is at least ninety days after the date of the notice.

d. By a conspicuous posting at each office of the state bank and by posting on the state bank's internet site for at least thirty days following the filing of the articles of dissolution.

Sec. 109. Section 524.1306, subsection 2, Code 2021, is amended to read as follows:

2. The statement of revocation of voluntary dissolution proceedings, whether by consent of shareholders or by act of the state bank, shall be delivered to the superintendent, together with the applicable filing ~~and recording~~ fee, who shall, if the superintendent finds that they satisfy the requirements of [this section](#), deliver them to the secretary of state for filing ~~and recording~~ in the secretary of state's office, ~~and the same shall be filed and recorded in the office of the county recorder.~~

Sec. 110. Section 524.1308A, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 5. As used in this section, the term "notice" means as defined in section 490.141.

Sec. 111. Section 524.1308B, subsection 2, unnumbered paragraph 1, Code 2021, is amended to read as follows:

A The notice made pursuant to [this section](#) must satisfy all of the following requirements:

Sec. 112. Section 524.1308B, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. Be published ~~at least once~~ in accordance with all of the following:

(1) One time in a newspaper of general circulation in the county where the dissolved state bank's principal office is or was located.

(2) Be posted conspicuously for at least thirty days on the dissolved state bank's internet site.

Sec. 113. Section 524.1309, Code 2021, is amended to read as follows:

524.1309 Becoming subject to chapter 489 or 490.

In lieu of the dissolution procedure prescribed in sections 524.1303 through 524.1306, a state bank may cease to carry on the business of banking and, after compliance with this section, continue as a corporation subject to [chapter 490](#), ~~or if the state bank is organized as a limited liability company under [this chapter](#), continue as a limited liability company subject to [chapter 489](#).~~

1. A state bank that has commenced business may propose to voluntarily cease to carry on the business of banking and become a corporation subject to [chapter 490](#), ~~or a limited liability company subject to [chapter 489](#)~~, upon the affirmative vote of the holders of at least a majority of the shares entitled to vote on such proposal, adopting a plan involving both a provision for acquisition of its assets and assumption of its liabilities by another state bank, national bank, or other financial institution insured by the federal deposit insurance corporation, and a provision for continuance of its business if acquisition of its assets and assumption of its liabilities is not effected, or any other plan providing for the cessation of banking business and the payment of its liabilities.

2. The application to the superintendent for approval of a plan described in [subsection 1](#) shall be treated by the superintendent in the same manner as an application for approval of a plan of dissolution under section 524.1303, subsection 2, and shall be subject to section ~~524.1303~~, ~~subsection 3~~ [524.1305](#), subsections 8 and 9.

3. Immediately upon adoption and approval of a plan to voluntarily cease to carry on the business of banking and become a corporation subject to [chapter 490](#), ~~or a limited liability company subject to [chapter 489](#)~~ the state bank shall submit an application for the required approval by the superintendent in the manner prescribed by the superintendent. As part of this application, the state bank shall deliver to the superintendent a plan to cease the business of banking and become a corporation subject to [chapter 490](#), ~~or a limited liability company subject to [chapter 489](#)~~, which shall be signed by two of its duly authorized officers and shall

contain the name of the state bank, the post office address of its principal place of business, the name and address of its officers and directors, the number of shares entitled to vote on the plan and the number of shares voted for or against the plan, respectively, the nature of the business to be conducted by the corporation under [chapter 490](#), ~~or by the limited liability company subject to [chapter 489](#)~~, and the general nature of the assets to be held by the corporation or company. As part of the application, the state bank shall also deliver to the superintendent articles of intent to be subject to chapter 490, together with the applicable filing fees, which shall set forth that the state bank has complied with this section, that it intends to cease to carry on the business of banking, and the information required by section 490.202 relative to the contents of articles of incorporation under chapter 490.

4. Upon approval of the plan by the superintendent, the state bank shall immediately surrender to the superintendent its authorization to do business as a bank and shall cease to accept deposits and carry on the banking business except insofar as may be necessary for it to complete the settlement of its affairs as a state bank in accordance with subsection

5. Upon request, the superintendent shall expressly revoke the state bank's authorization to do business and return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

5. The board of directors has full power to complete the settlement of the affairs of the state bank. Within thirty days after approval by the superintendent of the plan to cease the business of banking and become a corporation subject to [chapter 490](#), ~~or a limited liability company subject to [chapter 489](#)~~, the state bank shall give notice of its intent to persons identified in [section 524.1305, subsection 3](#), in the manner provided for in that subsection. In completing the settlement of its affairs as a state bank, the state bank shall also follow the procedure prescribed in [section 524.1305, subsections 4, 5, and 6](#).

6. ~~Upon completion of all the requirements of [this section](#),~~

~~the state bank shall deliver to the superintendent articles of intent to be subject to [chapter 490](#) or [489](#), together with the applicable filing and recording fees, which shall set forth that the state bank has complied with [this section](#), that it has ceased to carry on the business of banking, and the information required by [section 490.202](#) relative to the contents of articles of incorporation under [chapter 490](#), or articles of organization under [chapter 489](#). If the superintendent finds that the state bank has complied with all requirements of [this section](#) and that the articles of intent to be subject to [chapter 490](#) or [489](#) satisfy the requirements of [this section](#), the superintendent shall deliver them to the secretary of state for filing and recording in the secretary of state's office, and the superintendent shall file and record them in the office of the county recorder.~~

7. Upon the filing of the articles of intent to be subject to [chapter 490](#) or [489](#), the state bank shall immediately cease to be a state bank subject to [this chapter](#), and shall immediately cease to have the powers of a state bank subject to [this chapter](#) and shall become a corporation subject to [chapter 490](#) or a limited liability company subject to [chapter 489](#). The secretary of state shall issue a certificate as to the filing of the articles of intent to be subject to [chapter 490](#) or [489](#) and send the certificate to the corporation or limited liability company or its representative. The articles of intent to be subject to [chapter 490](#) or [489](#) shall be the articles of incorporation of the corporation or a limited liability company. The provisions of [chapter 490](#) or [489](#) becoming applicable to a corporation or limited liability company formerly doing business as a state bank shall not affect any right accrued or established, or liability or penalty incurred under [this chapter](#) prior to the filing with the secretary of state of the articles of intent to be subject to [chapter 490](#) or [489](#).

8. A shareholder of a state bank who objects to adoption by the state bank of a plan to cease to carry on the business of banking and to continue as a corporation subject to [chapter 490](#), or a limited liability company subject to [chapter 489](#), is entitled to appraisal rights provided for in [chapter 490](#),

subchapter XIII, ~~or in chapter 489, section 489.604.~~

9. A state bank, at any time prior to the approval of the articles of intent to become subject to [chapter 490](#) ~~or 489~~, may revoke the proceedings in the manner prescribed by section 524.1306.

Sec. 114. Section 524.1310, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. In a situation in which the superintendent has required, in accordance with section ~~524.226~~ [524.224](#), that the state bank cease to carry on its business, the superintendent shall immediately tender to the federal deposit insurance corporation the receivership for the state bank. The affairs of the state bank shall thereafter be governed by [this section](#), section 524.1311, and the provisions of federal law, and shall be subject to federal court jurisdiction, and the assets of the state bank shall be distributed in accordance with section 524.1312. If there is a conflict between the provisions of state and federal law, federal law shall govern.

Sec. 115. Section 524.1311, subsection 2, Code 2021, is amended to read as follows:

2. After the involuntary dissolution of a state bank, the superintendent shall file notice of the dissolution with the secretary of state ~~and the county recorder of the county in which the state bank is located~~. No fee shall be charged by the secretary of state ~~or the county recorder~~ for the filing ~~or recording~~. The corporate existence of the state bank shall cease upon filing of the notice of dissolution with the secretary of state.

Sec. 116. Section 524.1401, Code 2021, is amended to read as follows:

524.1401 Authority to merge.

1. Upon compliance with the requirements of [this chapter](#), one or more state banks, one or more out-of-state banks, one or more national banks, one or more federal savings associations, one or more corporations, or any combination of these entities, with the approval of the superintendent, may merge into a state bank pursuant to a plan of merger.

2. Upon compliance with the requirements of [this chapter](#), one or more state banks may merge into a national bank, federal

savings association, or out-of-state bank. The authority of a state bank to merge into a national bank or federal savings association is subject to the condition that at the time of the transaction the laws of the United States shall authorize a national bank or federal savings association located in this state, without approval by the comptroller of the currency of the United States, to merge into a state bank under limitations no more restrictive than those contained in this chapter with respect to the merger of a state bank into a national bank or federal savings association. The authority of a state bank to merge into an out-of-state bank is subject to the condition that at the time of the transaction the laws of the home state of the resulting bank shall authorize a bank organized under the laws of such home state, without approval by the home state's bank regulatory authority, to merge into a state bank under limitations no more restrictive than those contained in this chapter with respect to the merger of a state bank into an out-of-state bank.

~~3. Upon compliance with the requirements of this chapter, one or more state banks may merge with one or more federal associations. The authority of a state bank to merge into a federal association is subject to the conditions the laws of the United States authorize at the time of the transaction.~~

4. 3. As used in this section, the term "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.

Sec. 117. Section 524.1402, Code 2021, is amended to read as follows:

524.1402 Requirements for a merger.

The requirements for a merger which must be satisfied by the parties to the merger are as follows:

1. The parties shall adopt a plan stating of merger which must include all of the following:

~~a. The names of the parties proposing to merge and the name of the bank into which they propose to merge, which is the "resulting bank".~~

a. As to each party to the merger, the party's name, jurisdiction of formation, and type of entity.

b. The resulting bank's name, jurisdiction of formation, and type of entity, and, if the resulting bank is to be created in the merger, a statement to that effect.

~~b.~~ c. The terms and conditions of the proposed merger.

~~c.~~ d. The manner and basis of converting the shares of each party into any combination of shares, obligations, or other securities of the resulting bank or of any other corporation, or, in whole or in part, into cash or other property, obligations, rights to acquire shares or other securities, cash, or other property.

~~d.~~ e. The rights of the shareholders of each of the parties.

~~e.~~ f. An agreement concerning the merger.

~~f.~~ g. Such other provisions with respect to the proposed merger which are deemed necessary or desirable.

2. In the case of a state bank which is a party to the plan of merger, if the proposed merger will result in a state bank subject to [this chapter](#), adoption of the plan of merger by such state bank requires the affirmative vote of at least a majority of the directors and approval by the shareholders, in the manner and according to the procedures prescribed in section 490.1104, at a meeting called in accordance with the terms of that section. In the case of a national bank, or if the proposed merger will result in a national bank, adoption of the plan of merger by each party to the merger shall require the affirmative vote of at least such directors and shareholders whose affirmative vote on the plan of merger is required under the laws of the United States. Subject to applicable requirements of the laws of the United States in a case in which a national bank is a party to a plan of merger, any modification of a plan of merger which has been adopted shall be made by any method provided in the plan of merger, or in the absence of such provision, by the same vote as required for adoption.

3. If a proposed merger will result in a state bank, application for the required approval by the superintendent shall be made in the manner prescribed by the superintendent.

There shall also be delivered to the superintendent, when available, the following:

a. Articles of merger.

b. Applicable fees payable to the secretary of state, as specified in [section 490.122](#), for the filing and recording of the articles of merger.

c. If there is any modification of the plan of merger at any time prior to the approval by the superintendent under section 524.1403, an amendment of the application and, if necessary, of the articles of merger, signed in the same manner as the originals, setting forth the modification of the plan of merger, the method by which the modification was adopted and any related change in the provisions of the articles of merger.

~~d. Proof of publication of the notice required by subsection 4.~~

~~4. If a proposed merger will result in a state bank, within thirty days after the application for merger is accepted for processing, the parties to the plan shall publish a notice of the proposed transaction in a newspaper of general circulation published in the municipal corporation or unincorporated area in which each party to the plan has its principal place of business, or if there is none, in a newspaper of general circulation published in the county, or in a county adjoining the county, in which each party to the plan has its principal place of business. The notice shall be on forms prescribed by the superintendent and shall set forth the names of the parties to the plan and the resulting state bank, the location and post office address of the principal place of business of the resulting state bank and of each office to be maintained by the resulting state bank, and the purpose or purposes of the resulting state bank. Proof of publication of the notice shall be delivered to the superintendent within fourteen days.~~

~~5. Within thirty days after the date of the publication of the notice required under [subsection 4](#), any interested person may submit to the superintendent written comments and data on the application. Comments challenging the legality of an application shall be submitted separately in writing. The superintendent may extend the thirty-day comment period if, in the superintendent's judgment, extenuating circumstances exist.~~

~~6. Within thirty days after the date of the publication of the notice required under subsection 4, any interested person may submit to the superintendent a written request for a hearing on the application. The request shall state the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the superintendent. If the reasons are related to factual disputes, the disputes shall be described. Written requests for hearings shall be evaluated by the superintendent, who may grant or deny such requests in whole or in part. A hearing request shall generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the superintendent.~~

~~7. If a request for a hearing is denied, the superintendent shall notify the applicant and all interested persons and shall state the reasons for the denial. Interested persons may submit to the superintendent, with simultaneous copies to the applicant, additional written comments or data on the application within fourteen days after the date of the notice of denial. The applicant shall be provided an additional seven days, after the fourteen-day deadline has expired, within which to respond to any comments submitted within the fourteen-day period. The superintendent may waive this seven-day period upon request by the applicant. A copy of any response submitted by the applicant shall also be mailed simultaneously by the applicant to the interested persons.~~

~~8. 4. The articles of merger shall be signed by ~~two~~ a duly authorized ~~officers~~ officer of each party to the plan of merger and shall contain all of the following:~~

~~a. The names name, jurisdiction of formation, and type of entity of the ~~parties~~ each party to the plan, ~~and of the resulting state bank of merger.~~~~

~~b. The name, jurisdiction of formation, and type of entity of the resulting state bank.~~

~~b. c. The location and the post office address of the principal place of business of each party to the plan of merger, and of each additional office maintained by the parties~~

to the plan of merger, and the location and post office address of the principal place of business of the resulting state bank, and of each additional office to be maintained by the resulting state bank.

~~e.~~ d. The votes by which the plan of merger was adopted, and the date and place of each meeting in connection with such adoption.

~~d.~~ e. The number of directors constituting the board of directors, and the names ~~and addresses~~ of the individuals who are to serve as directors until the next annual meeting of the shareholders or until their successors be elected and qualify.

~~e.~~ f. Any amendment of the articles of incorporation of the resulting state bank.

~~f.~~ ~~The plan of merger.~~

~~9.~~ 5. If a proposed merger will result in a national bank, federal savings association, or out-of-state bank, a state bank which is a party to the plan of merger shall do all of the following:

a. Notify the superintendent of the proposed merger.

b. Provide such evidence of the adoption of the plan of merger as the superintendent may request.

c. Notify the superintendent of any abandonment or disapproval of the plan of merger.

d. File with the superintendent and with the secretary of state evidence of approval of the merger by the comptroller of the currency of the United States if the merger results in a national bank or federal savings association, or the approval of the merger by the home state chartering authority of the resulting out-of-state bank if the merger results in an out-of-state bank.

e. Notify the superintendent of the date upon which the merger is to become effective.

Sec. 118. Section 524.1403, Code 2021, is amended to read as follows:

524.1403 Approval of merger by superintendent.

1. Upon receipt of an application for approval of a merger and of the supporting items required by section 524.1402, subsection 3, the superintendent shall conduct such investigation as the superintendent deems necessary to

ascertain the following:

a. The articles of merger and supporting items satisfy the requirements of [this chapter](#).

b. The plan of merger and any modification of the plan of merger adequately protects the interests of depositors, other creditors and shareholders.

c. The requirements for a merger under all applicable laws have been satisfied and the resulting state bank would satisfy the requirements of [this chapter](#) with respect to it.

d. The merger would be consistent with adequate and sound banking and in the public interest on the basis of the financial history and condition of the parties to the plan, including the adequacy of the capital structure of the resulting state bank, the character of the management of the resulting state bank, the potential effect of the merger on competition, and the convenience and needs of the area primarily to be served by the resulting state bank, particularly the resulting state bank's plans to accept deposits from, lend money in, and process payments in the area primarily to be served by the resulting state bank.

2. a. Within one hundred eighty days after acceptance of the application for processing, or within an additional period of not more than sixty days after receipt of an amendment of the application, the superintendent shall approve or disapprove the application on the basis of the investigation. The plan of merger shall not be modified at any time after approval of the application by the superintendent.

~~b. If the superintendent finds that the superintendent must act immediately on the pending application in order to protect the interests of depositors or the assets of any party to the plan, the superintendent may proceed without requiring publication of the notice required under section 524.1402, subsection 4.~~ As a condition of receiving the decision of the superintendent with respect to the pending application, the parties to the plan of merger shall reimburse the superintendent for all the expenses incurred in connection with the application. The superintendent shall give to the parties to the plan of merger written notice of the decision and, in the event of disapproval, a statement of the reasons

for the decision. The decision of the superintendent shall be subject to judicial review pursuant to [chapter 17A](#).

Sec. 119. Section 524.1404, Code 2021, is amended to read as follows:

524.1404 Procedure after approval by the superintendent — issuance of certificate of merger.

If applicable state or federal laws require the approval of the merger by a federal or state agency, the superintendent may withhold delivery of the approved articles of merger until the superintendent receives notice of the decision of such agency. If the final approval of the agency is not given within six months of the superintendent's approval, the superintendent shall notify the parties to the plan of merger that the approval of the superintendent has been rescinded for that reason. If such agency gives its approval, the superintendent shall deliver the articles of merger, with the superintendent's approval indicated on the articles, to the secretary of state, and shall notify the parties to the plan of merger. The receipt of the approved articles of merger by the secretary of state constitutes filing of the articles of merger with that office. ~~The secretary of state shall record the articles of merger, and the articles shall be filed and recorded in the office of the county recorder in each county in which the parties to the plan had previously maintained a principal place of business.~~ On the date upon which the merger is effective the secretary of state shall issue a certificate of merger and send the same to the resulting state bank and a copy of the certificate of merger to the superintendent.

Sec. 120. Section 524.1405, subsection 2, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

2. When a merger takes effect, all of the following apply:

a. Every other financial institution to the merger merges into the surviving financial institution and the separate existence of every party except the surviving financial institution ceases.

b. All property owned by, and every contract right possessed by, each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are

the property and contract rights of the resulting bank without transfer, reversion, or impairment.

c. All debts, obligations, and other liabilities of each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are debts, obligations, or liabilities of the resulting bank.

d. The name of the survivor may, but need not be, substituted in any pending proceeding for the name of any party to the merger whose separate existence ceased in the merger.

e. For a resulting state bank, the articles of incorporation of the resulting state bank are amended to the extent provided in the articles of merger.

f. The articles of incorporation of a resulting state bank that is created by the merger become effective.

g. The shares of each financial institution or authorized entity that is a party to the merger, that are to be converted in accordance with the terms of the merger into any combination of shares or other securities, obligations, rights to acquire shares or other securities, cash, or other property, are converted, and the former holders of such shares are entitled only to the rights provided in the articles of merger or to their rights under section 524.1406.

h. Except as provided by law or the terms of the merger, all the rights, privileges, franchises, and immunities of each financial institution or other authorized entity that is a party to the merger, other than the resulting bank, are the rights, privileges, franchises, and immunities of the resulting bank.

Sec. 121. Section 524.1405, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that is a party to the merger, other than the resulting state bank, and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

Sec. 122. Section 524.1406, Code 2021, is amended to read as follows:

524.1406 Appraisal rights of shareholders.

1. A shareholder of a state bank, which is a party to a proposed ~~merger~~ plan of merger which will result in a state bank subject to [this chapter](#), who objects to the plan of merger is entitled to appraisal rights as provided in chapter 490, subchapter XIII.

2. If a shareholder of a national bank which is a party to a proposed ~~merger~~ plan of merger which will result in a state bank, or a shareholder of a state bank which is a party to a plan of merger which will result in a national bank, objects to the plan of merger and complies with the requirements of the applicable laws of the United States, the resulting state bank or national bank, as the case may be, is liable for the value of the shareholder's shares as determined in accordance with such laws of the United States.

Sec. 123. Section 524.1408, Code 2021, is amended to read as follows:

524.1408 Merger of corporation or limited liability company substantially owned by a state bank.

A state bank owning at least ninety percent of the outstanding shares, of each class, of another corporation or limited liability company which it is authorized to own under [this chapter](#) may merge the other corporation or limited liability company into itself without approval by a vote of the shareholders of either the state bank or the subsidiary corporation or limited liability company. The board of directors of the state bank shall approve a plan of merger, mail the plan of merger to shareholders of record of the subsidiary corporation or holders of membership interests in the subsidiary limited liability company, and prepare and execute articles of merger in the manner provided for in section 490.1105. The articles of merger, together with the applicable filing ~~and recording~~ fees, shall be delivered to the superintendent who shall, if the superintendent approves of the proposed merger and if the superintendent finds the articles of merger satisfy the requirements of [this section](#), deliver them to the secretary of state for filing ~~and recording~~ in the secretary of state's office, ~~and they shall be filed in the office of the county recorder~~. The secretary of state upon filing the articles of merger shall issue a certificate of

merger and send the certificate to the state bank and a copy of it to the superintendent.

Sec. 124. Section 524.1409, Code 2021, is amended to read as follows:

524.1409 Conversion of national bank, ~~or~~ federal savings association, out-of-state bank, or state or federally chartered credit union into state bank.

A national bank or federal savings association, an out-of-state bank, or a state or federally chartered credit union may, subject to the provisions of [this chapter](#), ~~may~~ convert into a state bank upon authorization by and compliance with the laws of the United States, adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders, and upon approval of the superintendent.

Sec. 125. Section 524.1410, Code 2021, is amended to read as follows:

524.1410 Application for approval by superintendent.

A national bank or federal savings association, out-of-state bank, or a state or federally chartered credit union 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:

1. Articles of conversion.
- ~~2. As soon as available, proof of publication of the notice required by [section 524.1412](#).~~
- ~~3.~~ 2. The applicable fee payable to the secretary of state, under [section 490.122](#), for the filing ~~and recording~~ of the articles of conversion.

Sec. 126. Section 524.1411, unnumbered paragraph 1, Code 2021, is amended to read as follows:

The articles of conversion shall be signed by two duly authorized officers of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, and shall contain all of the following:

Sec. 127. Section 524.1411, subsection 1, Code 2021, is amended to read as follows:

1. The name of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, and the name of the resulting state bank.

Sec. 128. Section 524.1413, subsection 2, Code 2021, is amended to read as follows:

2. Within ninety days after the application has been accepted for processing, the superintendent shall approve or disapprove the application on the basis of the investigation. As a condition of receiving the decision of the superintendent with respect to the application, the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union shall reimburse the superintendent for all expenses incurred in connection with the application. The superintendent shall give the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union written notice of the decision and, in the event of disapproval, a statement of the reasons for the decision. If the superintendent approves the application, the superintendent shall deliver the articles of conversion, with the superintendent's approval indicated on the articles of conversion, to the secretary of state. The decision of the superintendent shall be subject to judicial review pursuant to [chapter 17A](#). Notwithstanding the terms of the Iowa administrative procedure Act, [chapter 17A](#), a petition for judicial review must be filed within thirty days after the superintendent notifies the national bank or federal savings association of the superintendent's decision.

Sec. 129. Section 524.1414, Code 2021, is amended to read as follows:

524.1414 Receipt by secretary of state — ~~county recorder~~.

The receipt of the approved articles of conversion by the secretary of state constitutes filing of the articles of conversion with that office. ~~The secretary of state shall record the articles of conversion and the articles shall be filed and recorded in the office of the county recorder in the county in which the resulting state bank has its principal place of business.~~

Sec. 130. Section 524.1415, Code 2021, is amended to read as follows:

524.1415 Effect of filing of articles of conversion with secretary of state.

1. The conversion is effective upon the filing of the articles of conversion with the secretary of state, or at any later date and time as specified in the articles of conversion. The acknowledgment of filing is conclusive evidence of the performance of all conditions required by [this chapter](#) for conversion of a national bank or federal savings association, out-of-state bank, or state or federally chartered credit union into a state bank, except as against the state.

2. When a conversion becomes effective, the existence of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union shall continue in the resulting state bank which shall have all the property, rights, powers, and duties of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, except that the resulting state bank shall have only the authority to engage in such business and exercise such powers as it would have, and shall be subject to the same prohibitions and limitations to which it would be subject, upon original incorporation under this chapter. The articles of incorporation of the resulting state bank shall be the provisions stated in the articles of conversion.

3. A liability of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union, or of the national bank's or federal savings association's, out-of-state bank's, or state or federally chartered credit union's shareholders, directors, or officers, is not affected by the conversion. A lien on any property of the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union is not impaired by the conversion. A claim existing or action pending by or against the national bank or federal savings association, out-of-state bank, or state or federally chartered credit union may be prosecuted to judgment as if the conversion had not taken place, or the resulting state bank may be substituted in its place.

4. The title to all real estate and other property owned by

the converting national bank or federal savings association, out-of-state bank, or state or federally chartered credit union is vested in the resulting state bank without reversion or impairment.

Sec. 131. Section 524.1416, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Upon request, the superintendent shall expressly revoke the authorization to do business of any state bank that converts into a national bank or federal savings association pursuant to this section and shall return the physical copy of such state bank's authorization to do business in a manner clearly indicating that the authorization has been revoked.

Sec. 132. Section 524.1417, subsection 2, Code 2021, is amended to read as follows:

2. If a shareholder of a national bank, or federal savings association, or out-of-state bank, or a member of a state or federally chartered credit union, that converts into a state bank objects to the plan of conversion and complies with the requirements of applicable laws of the United States, the resulting state bank is liable for the value of the ~~shareholder's~~ shares as determined in accordance with such laws of the United States.

Sec. 133. Section 524.1421, subsection 2, paragraph d, Code 2021, is amended to read as follows:

d. The applicable fee payable to the secretary of state, under [section 490.122](#), for the filing ~~and recording~~ of the articles of conversion.

Sec. 134. Section 524.1422, Code 2021, is amended to read as follows:

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. A copy of the notice shall also be posted on the internet site of the mutual corporation, mutual holding company, federal mutual association, or federal mutual holding company for at least thirty days. The notice shall set forth the information required by the superintendent.

Sec. 135. Section 524.1502, subsection 3, Code 2021, is amended to read as follows:

3. Adoption of each amendment shall require the affirmative vote of the holders of a majority of the shares entitled to vote thereon and, if any class or series is entitled to vote ~~thereon~~ on the amendment as a ~~class~~ separate group, the affirmative vote of the holders of a majority of the shares of each class or series entitled to vote ~~thereon as a class~~ on the amendment by that separate group.

Sec. 136. Section 524.1503, subsections 1, 3, and 4, Code 2021, are amended to read as follows:

1. The holders of the outstanding shares of a class are entitled to vote as a separate voting group on a proposed amendment if the amendment ~~does~~ would do any of the following:

a. ~~Increases~~ Increase or ~~decreases~~ decrease the aggregate number of authorized shares of the class.

b. ~~Increases~~ Increase or ~~decreases~~ decrease the par value of the shares of the class.

c. ~~Effects~~ Effect an exchange or reclassification of all or part of the shares of the class into shares of another class or effects a cancellation of all or part of the shares of the class.

d. ~~Effects~~ Effect an exchange or reclassification, or creates the right of exchange, of all or part of the shares of another class into shares of that class.

e. ~~Changes~~ Change the designation, rights, preferences, or limitations of all or part of the shares of the class.

f. ~~Changes~~ Change the shares of all or part of the class into a different number of shares of the same class.

g. ~~Creates~~ Create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class.

h. ~~Increases~~ Increase the rights, preferences, or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior, superior, or substantially equal to the shares of the class.

i. ~~Limits~~ Limit or ~~denies~~ deny an existing preemptive right of all or part of the shares of the class.

j. ~~Cancels~~ Cancel or otherwise ~~affects~~ affect rights to distributions or dividends that have accumulated but not yet been declared on all or part of the shares of the class.

3. If a proposed amendment that entitles two or more classes or series of shares to vote as separate voting groups under this section would affect those two or more classes or series in the same or a substantially similar way, the shares of all the classes or series so affected must vote together as a single voting group on the proposed amendment.

4. A class or series of shares is entitled to the voting rights granted by this section ~~although~~ even if the articles of incorporation provide that the shares are nonvoting shares.

Sec. 137. Section 524.1504, subsection 1, paragraphs c and e, Code 2021, are amended to read as follows:

c. The text of each amendment adopted, ~~which shall be set forth in full.~~

e. For a state bank incorporated as 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.

Sec. 138. Section 524.1504, subsection 2, Code 2021, is amended to read as follows:

2. The articles of amendment shall be delivered to the superintendent together with the applicable fees for the filing ~~and recording~~ of the articles of amendment.

Sec. 139. Section 524.1506, subsection 1, Code 2021, is amended to read as follows:

1. ~~The secretary of state shall record the articles of amendment, and the articles of amendment shall be filed in the office of the county recorder in the county in which the state bank has its principal place of business.~~ The secretary of state upon the filing of the articles of amendment shall issue a certificate of amendment and send the same to the state bank.

Sec. 140. Section 524.1508, subsection 4, Code 2021, is amended to read as follows:

4. The restated articles of incorporation shall be delivered to the superintendent together with the applicable fees for the filing ~~and recording~~ of the restated articles of incorporation. The superintendent shall conduct such investigation and give approval or disapproval, as provided in section 524.1505. If the superintendent approves the restated articles of incorporation, the superintendent shall deliver them with the written approval on the restated articles of incorporation to the secretary of state for filing, ~~and the restated articles of incorporation shall be filed in the office of the county recorder.~~ The secretary of state upon filing the restated articles of incorporation shall issue a restated certificate of incorporation and send the certificate to the state bank or its representative.

Sec. 141. Section 524.1801, unnumbered paragraph 1, Code 2021, is amended to read as follows:

As used in this ~~chapter~~ subchapter unless the context otherwise requires:

Sec. 142. Section 524.1802, subsection 1, paragraph h, Code 2021, is amended to read as follows:

h. *"Incorporated in any state"* means a ~~limited liability company organized as a state bank under this chapter~~ and a limited liability company organized as a state bank under the laws of any state as defined in 12 U.S.C. §1813(a)(3).

Sec. 143. Section 524.1805, subsections 1, 2, 3, 4, and 5, Code 2021, are amended by striking the subsections.

Sec. 144. Section 524.2001, Code 2021, is amended to read as follows:

524.2001 Applicability of other chapters.

Chapters ~~489,~~ 490, 491, 492, and 493 do not apply to banks except as provided by this chapter.

Sec. 145. REPEAL. Sections 524.226, 524.302A, 524.314, 524.315, 524.1008, 524.1205, and 524.1412, Code 2021, are repealed.

JAKE CHAPMAN
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 586, Eighty-ninth General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2022

KIM REYNOLDS
Governor