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By BENDA, RIGLER, SHIRLEY, COLEMAN,

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(Bailey, Harbor, Dunton, Gannon and Shaw)

Request of the Legislative Research Committee

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Vote: Ayes *57* Nays *0* Vote: Ayes *120* Nays *0*

*Passed as amended
by House 3-11
60-0*

Approved *April 7, 1969*

A BILL FOR

- 1 An Act relating to establishment, management, operation, and
- 2 regulation of state banks in Iowa, and to the state super-
- 3 intendent of banking, state banking board, and state bank-
- 4 ing department.

5 *Be It Enacted by the General Assembly of the State of Iowa:*

6 **Division I**

7 **GENERAL PROVISIONS**

- 8 Section 101 **Short title.** This Act shall be known and may
- 9 be cited as the Iowa Banking Act of 1969.
- 10 Sec. 102 **Statement of intent.** The general assembly declares
- 11 as its purpose in adopting this Act to provide for:
 - 12 1. The safe and sound conduct of the business of banking.
 - 13 2. The conservation of the assets of state banks.
 - 14 3. The maintenance of public confidence in state banks.
 - 15 4. The protection of the interests of depositors, creditors,
 - 16 shareholders and the interest of the public in a sound and
 - 17 strong banking system.
 - 18 5. The opportunity for state banks to be competitive with
 - 19 each other and with banks existing under the laws of other states
 - 20 and the United States.
 - 21 6. The opportunity for state banks to effectively serve
 - 22 the convenience and banking needs of their depositors, borrowers
 - 23 and other customers and to participate in and promote the eco-
 - 24 nomic progress of Iowa and of the United States.
 - 25 7. The opportunity for the management of a state bank to

1 exercise its business judgment, in conducting the affairs of
2 the state bank, to the extent compatible with, and subject to
3 the purposes of this Act.

4 8. The delegation to the superintendent of adequate rule-
5 making power and administrative discretion, in order that the
6 supervision and regulation of state banks may be flexible and
7 readily responsive to changes in economic conditions and changes
8 in banking and fiduciary practices.

9 9. The simplification and modernization of the law governing
10 the business of banking and the exercise of certain fiduciary
11 powers.

12 Sec. 103. **Definitions.** As used in this Act, unless the
13 context otherwise requires, the term:

14 1. "Account" means any account with a state bank and in-
15 cludes a demand, time or savings deposit account or any account
16 for the payment of money to a state bank.

17 2. "Agreement for the payment of money" means a monetary
18 obligation, other than an obligation in the form of an evidence
19 of indebtedness or an investment security; including, but not
20 limited to, amounts payable on open book accounts receivable
21 and executory contracts and rentals payable under leases of
22 personal property.

23 3. "Articles of incorporation" means the original or re-
24 stated articles of incorporation and all amendments thereto
25 and includes articles of merger.

26 4. "Assets" means all the property and rights of every kind
27 of a state bank.

28 5. "Bank" means any person engaged in the business of bank-
29 ing, authorized by law to receive deposits and subject to super-
30 vision by banking authorities of the United States or of any
31 state.

32 6. "Business of banking" means the business generally done
33 by banks.

34 7. "Capital" means the sum of the par value of the preferred
35 and common shares of a state bank issued and outstanding.

1 8. "Capital structure" means the capital, surplus, and un-
2 divided profits of a state bank and shall include an amount
3 equal to the sum of any capital notes and debentures issued
4 and outstanding pursuant to section four hundred four (404)
5 of this Act.

6 9. "Customer" means any person having an account with a
7 state bank. For the purpose of this Act, a government or gov-
8 ernmental body or entity may be a customer.

9 10. "Evidence of indebtedness" means a note, draft or similar
10 negotiable or nonnegotiable instrument.

11 11. "Fiduciary" means an executor, administrator, guardian,
12 conservator, receiver, trustee or one acting in a similar capacity.

13 12. "Insolvent" means the inability of a state bank to pay
14 its debts and obligations as they become due in the ordinary
15 course of its business.

16 13. "Insured bank" means a state bank the deposits of which
17 are insured in accordance with the provisions of the federal
18 deposit insurance act.

19 14. "Municipal corporation" means an incorporated city or
20 town.

21 15. "Person" means an individual, a corporation (domestic
22 or foreign), a partnership, an association, a trust or a fidu-
23 ciary.

24 16. "Private bank" means an individual, partnership or other
25 unincorporated association engaged in the business of banking
26 to the extent provided for and limited by sections seventeen
27 hundred one (1701) and seventeen hundred two (1702) of this
28 Act and which was lawfully engaged in the business of banking
29 in this state prior to April 19, 1919.

30 17. "Shareholder" means one who is a holder of record of
31 shares in a state bank.

32 18. "Shares" means the units into which the proprietary
33 interests in a state bank are divided.

34 19. "State bank" means any bank incorporated pursuant to
35 the provisions of this Act after the effective date thereof
36 and any "state bank" or "savings bank" incorporated pursuant

1 to the laws of this state and doing business as such upon the
2 effective date of this Act.

3 20. "Surplus" means the aggregate of the amount originally
4 paid in as required by subsection one (1) of section four hun-
5 dred two (402) of this Act, any amounts transferred to surplus
6 pursuant to subsection two (2) of section four hundred two (402)
7 and any amounts subsequently designated as such by action of
8 the board of directors of the state bank.

9 21. "Superintendent" means the superintendent of banking
10 of this state.

11 22. "Undivided profits" means the accumulated undistributed
12 net profits of a state bank, including any residue from the
13 fund established pursuant to section four hundred three (403)
14 of this Act, after:

15 a. Payment or provision for payment of taxes and expenses
16 of operations.

17 b. Transfers to reserves allocated to a particular asset
18 or class of assets.

19 c. Losses estimated or sustained on a particular asset or
20 class of assets in excess of the amount of reserves allocated
21 therefor.

22 d. Transfers to surplus and capital.

23 e. Amounts declared as dividends to shareholders.

24 23. "Unincorporated area" means a village within which a
25 state bank or national bank has its principal place of business.

26 **Sec. 104. Rules of construction.** In the interpretation
27 and construction of this Act:

28 1. Transactions or acts validly entered into or performed
29 before the effective date of this Act and the rights, duties
30 and interests flowing from them remain valid thereafter and
31 may be completed or terminated according to their terms and
32 as permitted by any statute repealed or amended by this Act,
33 as though such repeal or amendment had not occurred.

34 2. All individuals who, upon the effective date of this
35 Act, hold any office under a provision of law repealed by this
36 Act, and which offices are continued by this Act shall continue

1 to hold such offices according to their former tenure.

2 **Sec. 105. Effect on existing banks.**

3 1. The corporate existence of a state bank existing and
4 operating on the effective date of this Act shall not be af-
5 fected by the enactment of this Act.

6 2. All state banks shall be subject to the provisions and
7 requirements of this Act in every particular, and all national
8 banks, now or hereafter doing business in this state, shall
9 be subject to the provisions of this Act, to the extent appli-
10 cable, from the effective date hereof.

11 **Sec. 106. Renewal of the corporate existence of an existing**
12 **state bank.**

13 1. The corporate existence of a state bank existing and
14 operating on the effective date of this Act, which expires sub-
15 sequent to the effective date of this Act, may be renewed prior
16 to the expiration thereof, following the affirmative vote of
17 the holders of at least two-thirds of the shares entitled to
18 vote thereon, at a meeting held for that purpose and called
19 in the manner required by section five hundred nine (509) and
20 by delivery to the superintendent of articles of incorporation
21 in conformance with the provisions of section three hundred
22 two (302) of this Act together with the applicable fees for
23 the filing and recording of the articles of incorporation. If
24 the superintendent finds that the articles of incorporation
25 satisfy the requirements of this section, he shall deliver them
26 to the secretary of state for filing and recording in his of-
27 fice. Following the receipt of the articles of incorporation,
28 the secretary of state shall proceed in accordance with the
29 provisions of section three hundred six (306) of this Act.

30 2. Sections three hundred three (303), three hundred four
31 (304), three hundred five (305), three hundred seven (307),
32 three hundred eight (308), and three hundred nine (309) of this
33 Act shall not be applicable to a state bank existing and oper-
34 ating on the effective date of this Act which renews its cor-
35 porate existence in accordance with subsection one (1) of this
36 section.

1 3. The renewal of the corporate existence of a state bank
2 pursuant to this section shall not affect any right accrued
3 or established, or any liability or penalty incurred, under
4 the laws of this state or of the United States, prior to the
5 issuance of a certificate of incorporation by the secretary
6 of state.

7 **Sec. 107. Persons authorized to engage in banking business.**

8 1. No person may lawfully engage in this state in the busi-
9 ness of receiving money for deposit, transact the business of
10 banking, or may lawfully establish in this state a place of
11 business for such purpose, except a state bank which is subject
12 to the provisions of this Act, a private bank to the extent
13 provided for and limited by section seventeen hundred one (1701)
14 and seventeen hundred two (1702) of this Act, and a national
15 bank authorized by the laws of the United States to engage in
16 the business of receiving money for deposit.

17 2. No person doing business in this state shall use the
18 words "bank" or "trust" or use any derivative, plural or com-
19 pound of the words "bank", "banking", "banker" or "trust" in
20 any manner which would tend to create the impression that such
21 person is authorized to engage in the business of banking or
22 to act in a fiduciary capacity, except a state bank authorized
23 to do so by the provisions of this Act, or a national bank to
24 the extent permitted by the laws of the United States, or, in-
25 sofar as the work "bank" is concerned, a private bank to the
26 extent provided for and limited by sections seventeen hundred
27 one (1701) and seventeen hundred two (1702) of this Act, or,
28 insofar as the word "trust" is concerned, an individual per-
29 missibly serving as a fiduciary in this state, pursuant to sec-
30 tion six hundred thirty-three point sixty-three (633.63) of
31 the Code, or, insofar as the words "trust" and "bank" are con-
32 cerned, a nonresident corporate fiduciary permissibly serving
33 as a fiduciary in this state pursuant to section six hundred
34 thirty-three point sixty-four (633.64) of the Code.

35 **Sec. 108. Applicability of safe deposit provisions.** The
36 provisions of sections eight hundred nine (809) through eight

1 hundred twelve (812), inclusive, of this Act, shall apply, to
2 the extent applicable, to any person engaged in this state in
3 the business of leasing safe deposit boxes for the storage of
4 property.

5 **Division II**

6 **DEPARTMENT OF BANKING**

7 **Sec. 201. Superintendent of banking.**

8 1. The governor shall, within sixty days following the con-
9 vening of the regular session of the general assembly in 1973,
10 and each four years thereafter, appoint, with the approval of
11 two-thirds of the members of the senate, a superintendent of
12 banking. Such appointee shall be selected solely with regard
13 to his qualification and fitness to discharge the duties of
14 his office, and no person shall be appointed who has not had
15 at least five years executive experience in a state bank in
16 this state.

17 2. The superintendent shall have his office at the seat
18 of government. His regular term of office shall be four years
19 from the first day of July of the year of his appointment.

20 3. The superintendent shall receive a salary to be fixed
21 by the state banking board. The superintendent shall be en-
22 titled to receive reimbursement for expenses incurred in the
23 performance of his duties, subject to the provisions of sec-
24 tion two hundred nine (209) of this Act.

25 **Sec. 202. Superintendent—removal or suspension.** The gov-
26 ernor may, by and with the consent of a majority of the senate
27 during a session of the general assembly, remove the superin-
28 tendent for malfeasance in office or for any cause that renders
29 him ineligible to appointment, or incapable or unfit to dis-
30 charge the duties of his office, and his removal, when so made,
31 shall be final.

32 When the general assembly is not in session the governor
33 may suspend the superintendent so disqualified, and shall ap-
34 point another to fill the vacancy thus created, subject, how-
35 ever, to the approval or disapproval of a majority of the sen-

1 ate when next in session; and if the senate shall concur therein
2 he shall be removed from the office. If the senate shall at
3 the same session fail to concur or to act on the same, said
4 suspension shall thereupon cease.

5 **Sec. 203. Superintendent—vancancy.** A vacancy in the of-
6 fice of superintendent that may occur while the general assembly
7 is not in session shall be filled by appointment by the governor,
8 which appointment shall expire at the end of thirty days from
9 the time the general assembly next convenes. Prior to the ex-
10 piration of said thirty days the governor shall transmit to
11 the senate for its confirmation an appointment for the unexpired
12 portion of the regular term. Vacancies occurring during a session
13 of the general assembly shall be filled as regular appointments
14 are made and before the end of said session, and for the unex-
15 pired portion of the regular term.

16 **Sec. 204. Deputy superintendent of banking.**

17 1. The superintendent shall appoint a deputy superinten-
18 dent of banking, who shall assist the superintendent in the
19 performance of his office and who shall perform the duties of
20 the superintendent during the absence or the inability of the
21 superintendent, and as directed by him.

22 2. The deputy superintendent shall be removable at the
23 pleasure of the superintendent. If the office of the super-
24 intendent become vacant, the deputy superintendent shall have
25 all the powers and duties of the superintendent until a new
26 superintendent is appointed by the governor in accordance with
27 the provisions of this Act.

28 3. The deputy superintendent shall receive a salary to be
29 fixed by the state banking board. The deputy superintendent
30 shall be entitled to receive reimbursement for expenses incurred
31 in the performance of his duties, subject to the provisions
32 of section two hundred nine (209) of this Act.

33 **Sec. 205. State banking board.**

34 1. The state banking board shall be composed of the super-
35 intendent, who shall be ex officio a member and chairman, and

1 four other members, appointed by the governor, who shall be
2 chosen from various sections of the state. In case of a va-
3 cancy in the state banking board, other than one resulting from
4 a vacancy in the office of the superintendent, the governor
5 shall appoint a new member to fill such vacancy for the unex-
6 pired term.

7 2. The regular term of office of each member, other than
8 the superintendent, shall be contemporaneous with the regular
9 term of office of the superintendent as defined in subsection
10 two (2) of section two hundred one (201) of this Act, and each
11 such member shall hold his office for such term and until his
12 successor shall have been appointed.

13 3. A member of the state banking board, other than the super-
14 intendent, shall receive no salary but shall be allowed and
15 paid the sum of forty dollars per day for each day or any part
16 thereof in which he is engaged in the performance of his duties
17 together with reimbursement for actual and necessary expenses
18 incurred by him in connection with such duties.

19 4. The state banking board shall act with the superintendent
20 in an advisory capacity concerning all matters pertaining to
21 the conduct of the administration of the provisions of this
22 Act and shall perform such other duties as are specifically
23 provided for by the laws of this state.

24 5. The state banking board shall meet each month on such
25 date and at such place as the state banking board may designate,
26 and shall meet at such other times as the board may deem neces-
27 sary, or when called by the chairman of the board, or any two
28 members thereof.

29 **Sec. 206. Department of banking.** The department of bank-
30 ing shall be the office of the superintendent and shall consist
31 of such employees as are necessary for the discharge of such
32 duties and responsibilities as are imposed upon the superin-
33 tendent by the laws of the state.

34 **Sec. 207 Expenses of the department of banking.** All ex-
35 penses required in the discharge of the duties and responsi-

1 bilities imposed upon the superintendent and the state bank-
2 ing board by the laws of this state shall be paid from fees
3 provided by such laws. All such fees shall be payable to the
4 superintendent. The superintendent shall pay all such fees
5 and other money received by him to the treasurer of state within
6 the time required by section twelve point ten (12.10) of the
7 Code. The treasurer of state shall hold such funds in an ac-
8 count in the name of the superintendent for the payment of the
9 expenses of the department of banking. The superintendent may
10 keep on hand with the treasurer of state funds in excess of
11 the current needs of his office to the extent approved by the
12 state banking board. No transfers shall be made from the gen-
13 eral fund of the state or any other fund for the payment of
14 the expenses of the department of banking and no part of the
15 funds held by the treasurer of state for the account of the
16 superintendent shall be transferred to the general fund of the
17 state or any other fund, except that such funds may be invested
18 by the treasurer of state and the income derived from such in-
19 vestments may be credited to the general fund of the state.

20 The superintendent shall account for receipts and disburse-
21 ments according to the separate duties imposed upon him by any
22 provisions of the laws of this state and each separate duty
23 shall be fiscally self-sustaining.

24 **Sec. 208 Assistants, examiners and other employees.** The
25 superintendent may appoint such assistants, examiners and other
26 employees as he may deem necessary to the proper discharge of
27 the duties imposed upon him by the laws of this state. The
28 merit system as established by chapter ninety-five (95), Acts
29 of the Sixty-second General Assembly, shall apply to all em-
30 ployees of the department of banking, except the superinten-
31 dent, deputy superintendent and one stenographer or secretary.
32 The salary of such stenographer or secretary shall be fixed
33 by the state banking board. Pay plans shall be established
34 for employees subject to the merit system which are substan-
35 tially equivalent to, and which shall remain substantially

1 equivalent to, those established by the United States for per-
2 sons holding similar positions and performing similar duties.

3 **Sec. 209. Expenses.** The superintendent, deputy superin-
4 tendent, assistants, examiners and other employees of the de-
5 partment of banking shall be entitled to receive reimbursement
6 for expenses incurred in the performance of their duties. The
7 superintendent, and when specifically authorized by the super-
8 intendent, the deputy superintendent, assistants, examiners
9 and other employees of the department of banking, shall be en-
10 titled to receive reimbursement for expenses incurred while
11 attending conventions, meetings, conferences, schools, or sem-
12 inars relating to the performance of their duties.

13 **Sec. 210. Insurance and surety bonds.** The superintendent
14 shall acquire good and sufficient bond in a company authorized
15 to do business in this state insuring the faithful performance
16 of the deputy superintendent, assistants, examiners, and all
17 other employees of the department of banking and insuring against
18 any liability which may accrue in the case of the loss of any
19 property of a state bank, of a customer of a state bank or of
20 any other person, in the course of any examination, investiga-
21 tion, or other function required or allowed by the laws of this
22 state. The superintendent shall be bonded in accordance with
23 the provisions of chapter sixty-four (64) of the Code.

24 **Sec. 211. Prohibitions relating to superintendent, deputy**
25 **superintendent, assistants and examiners.**

26 1. No sum of money or property, as a gift or loan, or other-
27 wise, shall be given or granted, directly or indirectly by a
28 state bank, or by persons subject to chapters five hundred
29 thirty-three (533), five hundred thirty-three B (533B), five
30 hundred thirty-six (536), five hundred thirty-six A (536A) of
31 the Code and chapter three hundred eighty (380), Acts of the
32 Sixty-second General Assembly, or any affiliate of a state bank
33 or of such persons, or any director, officer, employee, mem-
34 ber, owner, or partner of a state bank or of such persons, to
35 the superintendent, deputy superintendent, an assistant or

1 examiner, nor shall the superintendent, deputy superintendent,
2 an assistant or examiner receive from a state bank or from per-
3 sons subject to chapters five hundred thirty-three (533), five
4 hundred thirty-three B (533B), five hundred thirty-six (536),
5 five hundred thirty-six A (536A) of the Code and chapter three
6 hundred eighty (380), Acts of the Sixty-second General Assembly,
7 or any affiliate of a state bank or of such persons, or any
8 director, officer, employee, member, owner, or partner of a
9 state bank or of such persons, any sum of money or any property
10 as a gift or loan, or otherwise, either directly or indirectly.

11 2. The deputy superintendent, any assistant or examiner,
12 shall not perform any services for, nor be a shareholder, mem-
13 ber, partner, owner, director, officer or employee of any bank
14 or private bank, or of persons subject to chapters five hun-
15 dred thirty-three (533), five hundred thirty-three B (533B),
16 five hundred thirty-six (536), five hundred thirty-six A (536A)
17 of the Code or chapter three hundred eighty (380), Acts of the
18 Sixty-second General Assembly, or of any affiliate of any bank,
19 private bank or of any such persons. A violation of this sub-
20 section shall constitute grounds for discharge or suspension
21 from employment or for reduction in rank or grade.

22 3. For the purposes of this section and section two hundred
23 twelve (212) of this Act, an affiliate of a person other than
24 a state bank shall include any corporation, trust, estate, as-
25 sociation or other similar organization:

26 a. Of which such person, directly or indirectly, owns or
27 controls either a majority of the voting shares or more than
28 fifty percent of the number of shares voted for the election
29 of its directors, trustees, or other individuals exercising
30 similar functions at the preceding election, or controls in
31 any manner the election of a majority of its directors, trustees
32 or other individuals exercising similar functions.

33 b. Of which control is held, directly or indirectly, through
34 share ownership or in any other manner, by the shareholders
35 of such person who own or control either a majority of
36 the shares of such person or more than fifty percent of the

1 number of shares voted for the election of directors of such
2 person at the preceding election or by trustees for the bene-
3 fit of the shareholders of any such person.

4 c. Of which a majority of its directors, trustees, or other
5 individuals exercising similar functions are directors of any
6 one such person.

7 d. Which owns or controls, directly or indirectly, either
8 a majority of the voting shares of such person or more than
9 fifty percent of the total number of shares voted for the elec-
10 tion of directors of such person at the preceding election,
11 or controls in any manner the election of a majority of the
12 directors of such person, or for the benefit of whose share-
13 holders or members all or substantially all of the outstanding
14 voting shares of such person is held by trustees.

15 4. The deputy superintendent or any assistant or examiner
16 who is convicted of theft, burglary, robbery, larceny or em-
17 bezzlement as a result of a violation of the laws of this state
18 or of the United States while holding such position shall be
19 immediately discharged from employment and shall be forever
20 disqualified from holding any position in the department of
21 banking.

22 **Sec. 212. Prohibition against disclosure.** An examiner shall
23 not disclose to any person, other than the superintendent,
24 deputy superintendent, and the person examined, the name
25 of any shareholder, member, partner, owner of, or borrower
26 from, or disclose the nature of the collateral for any loan
27 by any state bank or persons subject to chapters five hundred
28 thirty-three (533), five hundred thirty-three B (533B), five
29 hundred thirty-six (536), five hundred thirty-six A (436A) of
30 the Code and chapter three hundred eighty (380), Acts of the
31 Sixty-second General Assembly, or any affiliate of any state
32 bank or of any such persons, or any other information relating
33 to the business of any state bank or of any such persons, or
34 any affiliate of any state bank or of any such persons, except
35 when ordered to do so by a court of competent jurisdiction and
36 then only in those instances referred to in subsections one

1 (1), two (2), and three (3) of section two hundred fifteen (215)
2 of this Act.

3 **Sec. 213. Duties and powers of superintendent.** The super-
4 intendent shall have general control, supervision and regula-
5 tion of all state banks and shall be charged with the admin-
6 istration and execution of the laws of this state relating to
7 banks and banking and with such other duties and responsibili-
8 ties as are imposed upon him by the laws of this state. The
9 superintendent shall have power to adopt and promulgate such
10 rules and regulations as in his opinion will be necessary to
11 properly and effectively carry out and enforce the provisions
12 of this Act.

13 **Sec. 214. Subpoena—contempt.**

14 1. The superintendent, the deputy superintendent, and upon
15 the approval of the superintendent, any assistant or examiner
16 shall have the power to subpoena witnesses, to compel their
17 attendance, to administer an oath, to examine any person under
18 oath and to require the production of any relevant books or
19 papers. Such examination may be conducted on any subject re-
20 lating to the duties imposed upon, or powers vested in, the
21 superintendent under the provisions of this Act.

22 2. Whenever any person subpoenaed pursuant to subsection
23 one (1) of this section neglects or refuses to obey the terms
24 of such subpoena, to produce books or papers or to give testi-
25 mony, as required, the superintendent may apply to the district
26 court of Polk county for the enforcement of such subpoena or
27 the issuance of an order compelling such compliance as the court
28 may direct.

29 3. The refusal of any person to obey an order of the dis-
30 trict court, issued pursuant to subsection two (2) of this sec-
31 tion, without reasonable cause, shall be considered a contempt
32 of that court.

33 **Sec. 215 Records of department of banking.** All records
34 of the department of banking shall be public records subject
35 to the provisions of chapter one hundred six (106), Acts of

1 the Sixty-second General Assembly, except that all papers, doc-
2 uments, reports, reports of examinations and other writings
3 relating specifically to the supervision and regulation of any
4 state bank or other person by the superintendent pursuant to
5 the laws of this state shall not be public records and shall
6 not be open for examination or copying by the public or for
7 examination or publication by the news media.

8 The superintendent, deputy superintendent, assistants or
9 examiners shall not be subpoenaed in any cause or proceeding
10 to give testimony concerning information relating specifically
11 to the supervision and regulation of any state bank or other
12 person by the superintendent pursuant to the laws of this state,
13 nor shall the records of the department of banking which relate
14 specifically to the supervision and regulation of any such state
15 bank or other such person be offered in evidence in any court
16 or subject to subpoena by any party except, where relevant:

17 1. In such actions or proceedings as are brought by the
18 superintendent.

19 2. In any matter in which an interested and proper party
20 seeks review of a decision of the superintendent.

21 3. In any action or proceeding which arises out of the crim-
22 inal provisions of the laws of this state or the United States.

23 **Sec. 216. Annual report of superintendent.** The superin-
24 tendent shall make a report in writing annually to the governor
25 in the manner and within the time required by chapter seventeen
26 (17) of the Code. A copy of the report shall be furnished by
27 the superintendent to each state bank.

28 In addition to the matters required by chapter seventeen
29 (17) of the Code, the annual report of the superintendent shall
30 contain:

31 1. A summary of applications approved or denied by the super-
32 intendent pursuant to this Act since his last previous report.

33 2. A summary of the assets, liabilities and capital struc-
34 ture of all state banks as of June thirtieth of the year for
35 which the report is made.

1 3. A statement of the receipts and disbursements of funds
2 of the superintendent during the calendar year ending on the
3 preceding December thirty-first and of the funds on hand on
4 such December thirty-first.

5 4. Such other information as the superintendent may deem
6 appropriate and advisable to fairly disclose the discharge of
7 the duties imposed upon him by this Act.

8 **Sec. 217. Examinations.**

9 1. The superintendent shall have power to make or cause
10 to be made an examination of every state bank whenever in his
11 judgment such examination is necessary or advisable, but in
12 no event less frequently than once during each eighteen-month
13 period. During the course of each examination of a state bank,
14 inquiry shall be made as to its financial condition, the secu-
15 rity afforded to those to whom it is obligated, the policies
16 of its management, whether the requirements of law have been
17 complied with in the administration of its affairs, and such
18 other matters as the superintendent may prescribe. The super-
19 intendent shall also have power to make or cause to be made
20 such limited examinations at such times and with such frequency
21 as he may deem necessary and advisable to determine the condi-
22 tion of any state bank and whether any person has violated any
23 of the provisions of this Act.

24 2. The superintendent shall have power to make or cause
25 to be made an examination of any corporation in which the state
26 bank owns shares except corporations described in paragraphs
27 a and b of subsection three (3) of section nine hundred one
28 (901) of this Act. The superintendent shall also have power,
29 upon application to and order of the district court of Polk
30 county, to make or cause to be made an examination of any per-
31 son having business transactions or a relationship with any
32 state bank when such an examination is deemed necessary and
33 advisable in order to determine whether the capital of the state
34 bank is impaired or whether the safety of its deposits has been
35 imperilled. The fee for any such examination shall be paid

1 by the state bank.

2 3. To the extent necessary for the purpose of any examina-
3 tion provided for by this section and section eleven hundred
4 five (1105) of this Act, the superintendent shall have the power
5 to examine all relevant books, records, accounts and documents
6 and to compel the production of the same in the manner prescribed
7 by section two hundred fourteen (214) of this Act.

8 4. The superintendent may furnish to the federal deposit
9 insurance corporation and the federal reserve system, or to
10 any official or supervising examiner thereof, a copy of the
11 report of any or all examinations made of any state bank and
12 of any affiliate of a state bank when the state bank is a mem-
13 ber of the federal reserve system or to the federal deposit
14 insurance corporation when the deposits of the state bank are
15 insured by the federal deposit insurance corporation.

16 5. A copy of the report of each examination of a state bank
17 shall be transmitted by the superintendent to the board of di-
18 rectors of the state bank except to the extent that the report
19 of any such examination may be confidential to the superinten-
20 dent, and each member of the board of directors shall furnish
21 to the superintendent, on forms to be supplied by the super-
22 intendent, a statement that he has read the report of examina-
23 tion.

24 6. All reports of examinations, including any copies thereof,
25 in the possession of any person other than the superintendent
26 or employee of the department of banking, including any state
27 bank or any agency to which any report of such examination may
28 be furnished under subsection four (4) of this section, shall
29 be confidential communications, shall not be subject to subpoena
30 from such persons and shall not be published or made public
31 by such persons.

32 7. The report of examination of any affiliate or of any
33 person examined as provided for in subsection two (2) of this
34 section shall not be transmitted by the superintendent to any
35 such affiliate or person or to any state bank or to the board

1 of directors of any state bank unless authorized or requested
2 by such affiliate or person.

3 **Sec. 218. Regulation and examination of services.**

4 1. A state bank may not cause to be performed, by contract
5 or otherwise any bank services [of a type referred to in section
6 eight hundred four (804) of this Act] for itself, whether on
7 or off its premises, unless assurances satisfactory to the super-
8 intendent are furnished to the superintendent by both the state
9 bank and the person performing such services that the performance
10 thereof will be subject to supervision, regulation, and examina-
11 tion by the superintendent to the same extent as if such services
12 were being performed by the state bank itself on its own premises.

13 2. Any contract, to which a state bank is a party, for the
14 performance of bank services of a type referred to in section
15 eight hundred four (804) of this Act, shall be approved by the
16 superintendent prior to its execution.

17 **Sec. 219. Fees for examinations.** A state bank, and any
18 private bank subject to examination, supervision, and regula-
19 tion by the superintendent, shall pay to the superintendent
20 a fee, established by the state banking board, based on the
21 assets of the state bank or private bank, the time required
22 for the examination and the expenses incurred in the discharge
23 of the duties imposed upon the superintendent by this Act. Such
24 fee shall apply equally to all state banks and private banks
25 subject to examination, and may not be changed more frequently
26 than annually and when changed, shall be effective on January
27 first of the year following the year in which the change was
28 approved.

29 The fee for examination of any affiliate of a state bank
30 as provided for in section eleven hundred five (1105) of this
31 Act, and the examinations provided for in subsection two (2)
32 of section two hundred seventeen (217) of this Act shall be
33 established by the state banking board, based on the time re-
34 quired for the examination and the expenses incurred in the
35 discharge of the duties imposed upon the superintendent by this

1 Act.

2 Upon completion of each examination required or allowed by
3 this Act, the examiner in charge of such examination shall render
4 a bill for such fee, in duplicate, and shall deliver one copy
5 thereof to the state bank or private bank and one copy to the
6 superintendent. Failure to pay the amount of such fee to the
7 superintendent within ten days after the date of the close of
8 each such examination shall subject the state bank or private
9 bank to an additional fee equal to five percent of the amount
10 of such fee for each day the payment is delinquent.

11 **Sec. 220. Reports to superintendent.**

12 1. A state bank shall render a full, clear, and accurate
13 statement of its condition to the superintendent, on forms to
14 be supplied by the superintendent, verified by the oath of an
15 officer and attested by the signatures of at least three of
16 the directors, or verified by the oath of two of its officers
17 and attested by two of the directors. The superintendent may,
18 in his discretion, use any form of statement of condition that
19 is used by the federal deposit insurance corporation or the
20 federal reserve system.

21 2. The statement shall be transmitted to the superintendent
22 within ten days after the receipt of a request for the state-
23 ment from the superintendent. A statement shall be called for
24 by the superintendent at least three times each year.

25 3. Within twenty days after the date of the receipt of the
26 request for a statement of condition, the state bank shall cause
27 the statement to be published once in a newspaper of general
28 circulation in the municipal corporation or unincorporated area
29 in which the state bank has its principal place of business,
30 or if there is none, in a newspaper of general circulation pub-
31 lished in the county, or in a county adjoining the county, in
32 which the state bank has its principal place of business. Proof
33 of such publication, by affidavit of the publisher of the news-
34 paper in which it was made, shall be delivered to the superin-
35 tendent and shall be conclusive evidence of the fact.

1 4. The superintendent shall also have power to call for
2 special reports from a state bank whenever in his judgment the
3 same are necessary in order to obtain a full and complete know-
4 ledge of its condition. Such reports shall be verified and
5 attested in the same manner as required in subsection one (1)
6 of this section.

7 **Sec. 221. Preservation of bank records—statute of limita-**
8 **tions.**

9 1. A state bank shall not be required to preserve its records
10 for a period longer than eleven years after the first day of
11 January of the year following the time of the making or filing
12 of such records, provided, however, that account records show-
13 ing unpaid balances due to depositors shall not be destroyed.
14 Film, photographic, photostatic, or other copies which accu-
15 rately reproduce all lines and markings on the original may
16 be kept in lieu of any such original record.

17 2. All causes of action, other than actions for relief on
18 the grounds of fraud or mistake, against a state bank based
19 upon a claim or claims inconsistent with an entry or entries
20 in a state bank record, made in the regular course of business,
21 shall be deemed to have accrued, and shall accrue for the pur-
22 pose of the statute of limitations one year after the date of
23 such entry or entries. No action founded upon such a cause
24 may be brought after the expiration of ten years from the date
25 of such accrual.

26 3. The provisions of this section, insofar as applicable,
27 shall apply to the records of a national bank.

28 **Sec. 222. Meetings of the board of directors called by super-**
29 **intendent.** Whenever the superintendent deems it necessary and
30 advisable he may cause a meeting of the board of directors of
31 a state bank to be held in such manner and at such time and
32 place as he may direct. Any report of an examination required
33 or allowed by this Act, any conclusions drawn therefrom by the
34 superintendent, any recommendations made by him relative thereto
35 and any other matters concerning the operation and condition

1 of the state bank may be presented to the board of directors
2 by the superintendent. The state bank shall cause the recom-
3 mendations of the superintendent to be recorded in the minutes
4 of the board of directors of the state bank.

5 Each member of the board of directors shall furnish to the
6 superintendent a statement, on forms to be supplied by the super-
7 intendent, that he has read and is familiar with the recommen-
8 dations of the superintendent.

9 **Sec. 223. Power of superintendent to issue orders.** When-
10 ever it shall appear to the superintendent that a state bank
11 is engaging or has engaged, or the superintendent has reason-
12 able cause to believe that the state bank is about to engage,
13 in an unsafe or unsound practice in conducting the business
14 of such state bank, or is violating or has violated, or the
15 superintendent has reasonable cause to believe that the state
16 bank is about to violate, any provision of this Act or of any
17 regulation adopted pursuant to this Act, or any condition im-
18 posed in writing by the superintendent in connection with the
19 approval of any matter required by this Act, or any written
20 agreement entered into with the superintendent, the superin-
21 tendent may issue and serve upon the state bank a notice con-
22 taining a statement of the facts constituting the alleged viola-
23 tion or violations, or the unsafe or unsound practice or prac-
24 tices, and fixing a time and place at which a hearing will be
25 held to determine whether an order to cease and desist there-
26 from should be issued to the state bank.

27 If the state bank fails to appear at the hearing it shall
28 be deemed to have consented to the issuance of a cease and de-
29 sist order. In the event of such consent, or if upon the record
30 made at such hearing, the superintendent shall find that any
31 violation or unsafe or unsound practice specified in the notice
32 has been established, the superintendent may issue and serve
33 upon the bank an order to cease and desist from any such viola-
34 tion or practice. Such order may require the state bank and
35 its directors, officers and employees to cease and desist from

1 any such violation or practice and, further, to take affirma-
2 tive action to correct the conditions resulting from any such
3 violation or practice.

4 Any order issued pursuant to this section shall become ef-
5 fective upon service thereof on the state bank and shall remain
6 effective except to such extent that it is stayed, modified,
7 terminated, or set aside by action of the superintendent or
8 of the district court of the county in which the state bank
9 has its principal place of business.

10 The superintendent may apply to the district court of the
11 county in which the state bank has its principal place of busi-
12 ness for the enforcement of any order pursuant to this section
13 and such court shall have jurisdiction and power to order and
14 require compliance therewith.

15 **Sec. 224. Grounds for management of state bank by superin-**
16 **tendent.** The superintendent may take over the management of
17 the property and business of a state bank whenever it appears
18 to him that:

19 1. The state bank has violated its articles of incorpora-
20 tion or any law of this state.

21 2. The capital of the state bank is impaired.

22 3. The state bank is conducting its business in an unsafe
23 or unsound manner.

24 4. The state bank is in such condition that it is unsound,
25 unsafe or inexpedient for it to transact business.

26 5. The state bank has suspended or refused payment of its
27 deposits or other liabilities contrary to the terms thereof.

28 6. The state bank refuses to make its records available
29 to the superintendent for examination or otherwise refuses to
30 make available, through an officer or employee having knowledge
31 thereof, information required by the superintendent for the
32 proper discharge of the duties of his office.

33 7. The state bank neglects or refuses to observe any order
34 of the superintendent made pursuant to the provisions of this
35 Act, unless the enforcement of such order is stayed in a proceed-

1 ing brought by the state bank.

2 8. The state bank has not transacted any business or per-
3 formed any of the duties, contemplated by its authorization
4 to do business, for a period of one year.

5 9. The state bank has failed to renew its corporate exis-
6 tence in the manner provided for in section one hundred six
7 (106) within one hundred eighty days prior to the expiration
8 thereof.

9 The superintendent shall thereafter manage the property and
10 business of the state bank until such time as he may relinquish
11 to the state bank the management thereof, upon such conditions
12 as he may prescribe, or until its affairs be finally dissolved
13 as provided in this Act.

14 **Sec. 225. Application to enjoin action of superintendent.**

15 1. Whenever a state bank deems itself aggrieved by an action
16 of the superintendent taken pursuant to sections two hundred
17 twenty-three (223) or two hundred twenty-four (224) of this
18 Act, the state bank may apply to the district court of the
19 county in which the state bank has its principal place of busi-
20 ness to enjoin such action. The court, after citing the super-
21 intendent to show cause why such action should not be enjoined
22 and after a hearing and a determination of the facts upon the
23 merits, may dismiss such application or enjoin the superinten-
24 dent from further action and direct him to surrender the man-
25 agement of the property and business to such state bank or to
26 withdraw or modify any order issued by him.

27 2. An appeal from the judgment of the district court oper-
28 ates as a stay of the judgment. No bond need be given if the
29 appeal be taken by the superintendent, but if the appeal be
30 taken by the state bank a bond shall be given as required by
31 rule three hundred thirty-seven (337), rules of civil procedure.

32 **Sec. 226. Management of state bank by superintendent.** Upon
33 taking over the management of the property and business of a
34 state bank, the superintendent shall have the authority to oper-
35 ate and direct the affairs of the state bank in its regular

1 course of business. He shall also have the authority to col-
2 lect such amounts due to the state bank and to do such other
3 acts as are necessary or expedient to conduct the affairs of
4 the state bank and conserve or protect its assets, property
5 and business.

6 If upon taking over the management of the business and prop-
7 erty of the state bank, the superintendent concludes that the
8 state bank is insolvent or should be dissolved for any other
9 reason enumerated in section two hundred twenty-four (224) of
10 this Act, he may immediately, or at any time within three years,
11 order that the state bank cease to carry on its business and
12 proceed to dissolve the affairs of the state bank in accordance
13 with the provisions of this Act. If the superintendent has
14 not caused the state bank to cease to carry on its business
15 within three years of taking over the management of the prop-
16 erty and business of the state bank, he shall relinquish the
17 management thereof to the state bank.

18 The superintendent may appoint one or more special deputies
19 as his agent or agents, with powers specified in the certifi-
20 cate of appointment, to assist him in the duty of management,
21 conservation or dissolution and distribution of the business
22 and property of a state bank.

23 The superintendent, during the period of his management of
24 the property and business of the state bank, and prior to such
25 time as he may apply to the district court for appointment as
26 receiver, may require that he be reimbursed by the state bank
27 to the extent of the expenses incurred by him in connection
28 with such management.

29 Division III

30 INCORPORATION

31 **Sec. 301. Incorporators.** A state bank may be incorporated
32 under this Act by not less than five individuals over the age
33 of twenty-one a majority of whom shall be citizens of this state
34 and all of whom shall be citizens of the United States.

35 **Sec. 302. Articles of incorporation.** The articles of in-

1 corporation of a state bank, in the form prescribed by the super-
2 intendent, shall set forth the following:

3 1. The name of the state bank, that it is incorporated for
4 the purpose of conducting the business of banking, and that
5 it is incorporated under the provisions of this Act.

6 2. The location of its proposed or existing principal place
7 of business including the name of the county, municipal corpora-
8 tion or unincorporated area.

9 3. The duration of the state bank which shall be perpetual.

10 4. The aggregate number of shares which the state bank shall
11 have authority to issue, and the par value of such shares; if
12 such shares are to be divided into classes, the number of shares
13 of each class and a statement of the par value of the shares
14 of each class.

15 5. If there is to be a preferred class, a statement of the
16 preferences, voting rights, if any, limitations and relative
17 rights in respect of the shares of such class.

18 6. Any provision, permissible under section five hundred
19 six (506) of this Act, limiting or denying the shareholders
20 the pre-emptive right to acquire additional shares of the state
21 bank.

22 7. Any provision, not inconsistent with law, which the in-
23 corporators elect to set forth in the articles of incorpora-
24 tion for the regulation of the internal affairs of the corpo-
25 ration, including any provision restricting the transfer of
26 shares and any provision which under this Act is required or
27 permitted to be set forth in the bylaws.

28 8. The number of directors constituting the initial board
29 of directors and the names and addresses of the persons who
30 are to serve as directors until the first annual meeting of
31 shareholders or until their successors be elected and qualify.

32 9. The name and address of each incorporator.

33 10. The specific and named day on which the annual meet-
34 ing of shareholders shall be held.

35 11. Any provision not inconsistent with law or the purposes

1 for which the state bank is organized, which the incorporators
2 elect to set forth; or any provision limiting any of the powers
3 enumerated in this Act.

4 It shall not be necessary to set forth in the articles of
5 incorporation any of the corporate powers enumerated in this
6 Act. The articles of incorporation shall be signed by all of
7 the incorporators and acknowledged before an officer authorized
8 to take acknowledgements of deeds.

9 **Sec. 303. Application for approval.** The incorporators shall
10 make an application to the superintendent for approval of a
11 proposed state bank in the manner prescribed by the superin-
12 tendent and shall deliver to the superintendent, together with
13 such application:

14 1. The articles of incorporation.

15 2. Applicable fees, payable to the secretary of state as
16 specified in section four hundred ninety-six A point one hundred
17 twenty-four (496A.124) of the Code, for the filing and record-
18 ing of the articles of incorporation.

19 Within thirty (30) days after delivery of the foregoing items,
20 the incorporators shall also deliver to the superintendent proof
21 of publication of the notice required by section three hundred
22 four (304) of this Act by affidavit of the publisher of the
23 newspaper in which it was made.

24 **Sec. 304. Publication of notice.** The incorporators of a
25 state bank shall publish notice of their intention to deliver,
26 or the delivery of, the articles of incorporation to the super-
27 intendent, once each week for two successive weeks in a news-
28 paper of general circulation published in the municipal cor-
29 poration which is proposed as the principal place of business
30 of the state bank, or if there is none, a newspaper of general
31 circulation published in the county, or in a county adjoining
32 the county, in which the proposed state bank is to have its
33 principal place of business. The first publication of the notice
34 shall appear prior to, or within seven days after, the date
35 of delivery of the articles of incorporation to the superin-

1 tendent and shall set forth:

2 1. The name of the proposed state bank.

3 2. A statement that it is to be incorporated under this
4 Act.

5 3. The purpose or purposes of the state bank.

6 4. The names and addresses of the incorporators and of the
7 members of the initial board of directors as they appear, or
8 will appear, in the articles of incorporation.

9 5. The date of the delivery of the articles of incorporation
10 to the superintendent.

11 **Sec. 305. Approval by superintendent.** Upon receipt of an
12 application for approval of a state bank the superintendent
13 shall conduct such investigation as he deems necessary to as-
14 certain whether:

15 1. The articles of incorporation and supporting items sat-
16 isfy the requirements of this Act.

17 2. The convenience and needs of the public will be served
18 by the proposed state bank.

19 3. The population density or other economic characteristics
20 of the area primarily to be served by the proposed state bank
21 afford reasonable promise of adequate support for the state
22 bank.

23 4. The character and fitness of the incorporators and of
24 the members of the initial board of directors are such as to
25 command the confidence of the community and to warrant the be-
26 lief that the business of the proposed state bank will be hon-
27 estly and efficiently conducted.

28 5. The capital structure of the proposed state bank is ad-
29 equate in relation to the amount of the anticipated business
30 of the state bank and the safety of prospective depositors.

31 6. The proposed state bank will have sufficient personnel
32 with adequate knowledge and experience to conduct the business
33 of the state bank, and to administer fiduciary accounts, if
34 the state bank is to be authorized to act in a fiduciary capac-
35 ity.

1 Within one hundred eighty days after receipt of the applica-
2 tion for approval together with the items referred to in sub-
3 sections one (1) and two (2) of section three hundred three
4 (303) of this Act, the superintendent shall make a determina-
5 tion whether to approve or disapprove the pending application
6 on the basis of his investigation. Within ninety days after
7 the second publication of the notice referred to in section
8 three hundred four (304) of this Act any person opposing the
9 pending application shall file written objections thereto with
10 the superintendent. Following the expiration of the period
11 referred to in the previous sentence and prior to making a de-
12 termination on the pending application the superintendent shall,
13 upon adequate notice, afford all interested persons, including
14 the incorporators, an opportunity for a stenographically re-
15 ported hearing during which such persons shall be allowed to
16 present evidence in support of, or in opposition to, the pend-
17 ing application. If the superintendent approves the pending
18 application, he shall deliver the articles of incorporation,
19 with his approval indicated thereon, to the secretary of state
20 and notify the incorporators, and such other persons who re-
21 quested in writing that they be notified, of such approval.
22 If the superintendent disapproves the pending application he
23 shall notify the incorporators of his action and the reason
24 for his decision.

25 The decision of the superintendent shall be subject to re-
26 view by the district court of Polk county upon petition by any
27 interested person within thirty days after the superintendent
28 notifies the incorporators of his decision. The decision of
29 the superintendent shall be upheld unless unsupported by sub-
30 stantial evidence. In making this determination the court shall
31 review the whole record or such portions thereof as may be placed
32 in issue by any person. The court may award damages to the
33 incorporators if it finds that review is sought frivolously
34 and in bad faith.

35 Before receiving the decision of the superintendent with

1 respect to the pending application the incorporators shall,
2 upon notice, reimburse the superintendent to the extent of the
3 expenses incurred by him in connection with the application.

4 **Sec. 306. Issuance of certificate of incorporation.** The
5 receipt of the approved articles of incorporation of a state
6 bank by the secretary of state shall constitute filing thereof
7 with that office. The secretary of state shall record the ar-
8 ticles of incorporation and forward a copy thereof to the county
9 recorder of the county in which the state bank is to have its
10 principal place of business who shall record same, all as re-
11 quired by section four hundred ninety-six A point fifty-three
12 (496A.53) of the Code. The secretary of state upon the filing
13 of such articles of incorporation shall issue a certificate
14 of incorporation and send the same to the incorporators.

15 **Sec 307. Organizational meeting.** After the issuance of
16 the certificate of incorporation of a state bank, an organiza-
17 tional meeting of the board of directors named in the articles
18 of incorporation shall be held at the call of a majority of
19 the incorporators for the purpose of adopting bylaws, if any
20 are to be adopted, electing officers and the transaction of
21 such other business as may properly come before the meeting.
22 The incorporators calling the meeting shall give at least three
23 days' notice thereof by mail to each director so named, which
24 notice shall state the time and place of the meeting.

25 **Sec. 308. Effect of certificate of incorporation; issuance**
26 **of authorization to do business.**

27 1. Upon the issuance of the certificate of incorporation
28 of a state bank, the corporate existence shall begin, unless
29 the certificate in conformity with a provision of the articles
30 of incorporation provides that it shall begin on a stated day
31 in the future, in which event the corporate existence shall
32 without further action by either the incorporators or the sec-
33 retary of state begin on the day so stated. Such certificate
34 of incorporation shall be conclusive evidence of the fact that
35 the state bank has been incorporated except as against the

1 superintendent in a proceeding instituted by him to dissolve
2 a state bank pursuant to section thirteen hundred two (1302)
3 of this Act.

4 2. The state bank shall not accept deposits or transact
5 any business except such business as is incident to commence-
6 ment of business, or to the obtaining of subscriptions and pay-
7 ment for its shares until receipt of an authorization to do
8 business from the superintendent. The superintendent shall
9 issue an authorization to do business upon finding that the
10 proposed state bank has complied with all the requirements of
11 this Act precedent to commencing business and has submitted
12 to the superintendent a statement under oath, in the manner
13 designated by the superintendent, showing that the capital,
14 surplus and undivided profits required by the superintendent
15 in accordance with this Act have been fully paid in.

16 3. If a state bank transacts any business before receipt
17 of an authorization to do business in violation of subsection
18 two (2) of this section, the directors and officers who will-
19 fully authorized or participated in such action shall be sev-
20 erally liable for the debts and liabilities of the state bank
21 incurred prior to the receipt of the authorization to do busi-
22 ness.

23 **Sec. 309. Publication of authorization to do business. A**
24 state bank shall cause to be published once within two weeks
25 after the issuance by the superintendent of the authorization
26 to do business, in a newspaper of general circulation published
27 in the municipal corporation which is the principal place of
28 business of the state bank, or if there is none, a newspaper
29 of general circulation published in the county, or in a county
30 adjoining the county, in which the state bank has its principal
31 place of business, a notice which shall state:

32 1. The name of the state bank, the address of its principal
33 place of business and the date of the issuance of the authoriza-
34 tion to do business.

35 2. The names and addresses of the members of the initial

1 board of directors as designated in the articles of incorpora-
2 tion.

3 3. That the shareholders shall not be personally liable
4 for the debts and obligations of the state bank.

5 Proof of such publication, by affidavit of the publisher
6 of the newspaper in which it was made, shall be filed with the
7 secretary of state and with the superintendent, and shall be
8 conclusive evidence of the fact.

9 **Sec. 310. Name of state bank.**

10 1. The name of a state bank originally incorporated after
11 the effective date of this Act shall include the word "bank"
12 and the word "state" or "trust" in its name. If a state bank
13 uses the word "trust" in its name, it must be authorized under
14 this Act to act in a fiduciary capacity.

15 2. The provisions of this section shall not require any
16 state bank, existing and operating on the effective date of
17 this Act, to add to, modify or otherwise change its corporate
18 name, either on the effective date of this Act or upon renewal
19 of its corporate existence pursuant to section one hundred six
20 (106).

21 3. If a state bank existing and operating on the effective
22 date of this Act causes its corporate name to be changed, the
23 name as changed shall comply with subsection one (1) of this
24 section.

25 **Sec. 311. Commission for organizing state banks.** No per-
26 son shall, directly or indirectly, receive or contract to re-
27 ceive any commission or bonus of any kind for organizing any
28 state bank or for securing a subscription to the original cap-
29 ital of any state bank or to any increase thereof; provided
30 that this section shall not be construed as prohibiting the
31 payment of reasonable compensation for legal or accounting ser-
32 vices in connection with organization.

33 **Sec. 312. Location of state bank.**

34 1. Every state bank originally incorporated pursuant to
35 the provisions of this Act shall have its principal place of

1 business within the confines of a municipal corporation.
2 The existence of a state bank shall not, however, be affected
3 by the subsequent discontinuance of the municipal corporation
4 pursuant to the provisions of sections three hundred sixty-
5 two point eleven (362.11) to three hundred sixty-two point
6 eighteen (362.18) of the Code, inclusive. A state bank exist-
7 ing and operating on the effective date of this Act, which
8 does not have its principal place of business within the
9 confines of a municipal corporation, shall be allowed to
10 renew its corporate existence pursuant to the provisions
11 of section one hundred six (106) of this Act without regard
12 to this section.

13 2. A state bank may, with the prior written approval of
14 the superintendent, change the location of its principal place
15 of business to a new location. A change of location shall be
16 limited to another location in the same municipal corporation,
17 to a location in a municipal corporation in the same county
18 or to a municipal corporation in counties surrounding and con-
19 tiguous to or touching or cornering on the county in which the
20 state bank is located. If a state bank has its principal place
21 of business in an unincorporated area, the superintendent may
22 authorize a change of location of its principal place of busi-
23 ness to a new location within the same unincorporated area as
24 well as to any location referred to in the preceding sentence.

25 Sec. 313. Bylaws. The initial bylaws, if any, of a state
26 bank shall be adopted by its board of directors. The power
27 to alter, amend or repeal bylaws or adopt new bylaws shall be
28 vested in the board of directors unless reserved to the share-
29 holders by the articles of incorporation. The bylaws may con-
30 tain any provisions for the regulation and management of the
31 affairs of the state bank not inconsistent with law or the ar-
32 ticles of incorporation.

33

Division IV

34

CAPITAL STRUCTURE

1 **Sec. 401. Minimum capital.**

2 1. The minimum capital of a state bank existing and operat-
3 ing on the effective date of this Act shall be:

4 a. The amount required by subsection two (2) of this sec-
5 tion; or

6 b. Such lesser amount as the state bank had on the effec-
7 tive date of this Act but not less than the minimum amount re-
8 quired by law prior to such effective date.

9 2. The minimum capital of a state bank originally incor-
10 porated pursuant to the provisions of this Act shall not be
11 less than one hundred thousand dollars or such higher amount
12 which the superintendent may deem necessary in view of the de-
13 posit potential of the state bank and current banking standards
14 relating to total capital requirements.

15 **Sec. 402. Surplus.**

16 1. A state bank originally incorporated pursuant to the
17 provisions of this Act shall establish, prior to receiving an
18 authorization to do business from the superintendent, a paid
19 in surplus as required by the superintendent, in an amount not
20 less than fifty percent of its capital.

21 2. If the surplus of a state bank is at any time less than
22 the amount of its capital, the state bank shall, until surplus
23 is equal to such amount, transfer to surplus an amount which
24 is at least ten percent of the net profits of the state bank
25 for the period since the end of the last fiscal year or for
26 any shorter period since the last declaration of a dividend:

27 a. Prior to the declaration of any dividend, and

28 b. In any event, at the end of each fiscal year.

29 **Sec. 403. Undivided profits.** A state bank originally in-
30 corporated pursuant to the provisions of this Act shall estab-
31 lish, prior to receiving an authorization to do business from
32 the superintendent, a fund to be denominated undivided profits
33 in an amount to be determined by the superintendent, but in
34 no event less than twenty percent of the capital required by
35 subsection two (2) of section four hundred one (401) of this

1 Act. The superintendent shall estimate the amount of initial
2 expenses to be incurred by the state bank in determining the
3 amount of the fund required by this section.

4 Sec. 404. **Capital notes and debentures.**

5 1. A state bank may, with the prior approval of the super-
6 intendent and the affirmative vote of the holders of at least
7 three-fourths of the shares entitled to vote thereon, issue
8 capital notes or debentures. The amounts, maturities, rate
9 of interest, relative rights with other creditors, and other
10 terms and conditions shall be set forth on the face of the cap-
11 ital notes or debentures or in an attendant agreement, and all
12 such terms and conditions shall be subject to the prior approval
13 of the superintendent provided that all such capital notes and
14 debentures shall be subordinated to the rights of other per-
15 sons to the extent provided for in section thirteen hundred
16 twelve (1312) of this Act. The aggregate amount of all cap-
17 ital notes and debentures issued and outstanding pursuant to
18 this section shall not exceed, at any one time, the capital
19 and surplus of the state bank.

20 2. A state bank shall not make any payment of principal
21 on any capital notes or debentures without the prior approval
22 of the superintendent nor shall any payment of principal and
23 interest be made on any such capital or debentures by a state
24 bank when its capital is impaired or which would cause its cap-
25 ital to become impaired. Subject to the provisions of this
26 section a state bank may issue capital notes or debentures with
27 provision for installment or serial payment of capital notes
28 or debentures according to an established schedule which shall
29 be approved by the superintendent prior to issuance.

30 3. No state bank may issue capital notes or debentures within
31 five years after it is originally authorized to do business.

32 Sec. 405. **Increase or decrease of capital structure.**

33 1. A state bank may, with the approval of the superinten-
34 dent, increase its capital structure or effect an allocation
35 of amounts within its capital structure, by the use of any of

1 the following methods:

- 2 a. Sale of authorized but unissued shares.
- 3 b. Transfer of surplus or undivided profits to capital for
- 4 authorized but unissued shares.
- 5 c. Transfer of undivided profits to surplus.
- 6 d. Authorization and issuance of common shares, preferred
- 7 shares, or capital notes or debentures as provided in section
- 8 four hundred four (404) of this Act.

9 2. Whenever it shall appear necessary to do so in the in-
10 terest of the safety of the deposits of a state bank, the super-
11 intendent may require that the capital structure of the state
12 bank be increased by either of the methods provided for the para-
13 graphs a and d of subsection one (1) of this section.

14 3. Neither capital nor surplus shall be decreased except
15 with the approval of the superintendent.

16 Division V

17 SHARES, SHAREHOLDERS AND DIVIDENDS

18 Sec. 501. Authorized shares.

19 1. A state bank shall have the power to create and issue:

- 20 a. Common shares with par value, and
- 21 b. One or more classes of preferred shares, all of which
- 22 shall be shares with par value and any and all of which may
- 23 be voting or nonvoting and which may have such designations,
- 24 preferences, limitations, and relative rights as shall be stated
- 25 in the articles of incorporation.

26 2. Without limiting the authority herein contained, a state
27 bank, when so provided in its articles of incorporation, may
28 issue preferred shares:

29 a. Subject to the right of the state bank to redeem any
30 of such shares at the price fixed by the articles of incorpora-
31 tion for the redemption thereof.

32 b. Entitling the holders thereof to cumulative, noncumula-
33 tive or partially cumulative dividends.

34 c. Having preference over common shares or any other classes
35 of preferred shares as to the payment of dividends.

1 d. Having preference in the assets of the state bank over
2 common shares or any other class of preferred shares upon the
3 voluntary or involuntary dissolution of the state bank.

4 e. Convertible into shares of common or into shares of pre-
5 ferred of another class except a class having prior or superior
6 rights and preferences as to dividends or distribution of assets
7 upon dissolution.

8 Unless the articles of incorporation or bylaws otherwise
9 provide, the board of directors may, by resolution duly adopted
10 and with the approval of the superintendent as provided in sec-
11 tion four hundred five (405) of this Act, issue from time to
12 time, in whole or in part, the shares authorized by the articles
13 of incorporation.

14 **Sec. 502. Certificates representing shares.** The shares
15 of a state bank shall be represented by certificates signed
16 by such officers, employees or agents as are authorized by the
17 articles of incorporation or bylaws to sign. If no contrary
18 provisions are made in the articles of incorporation or bylaws,
19 such certificates shall be signed by the president or a vice-
20 president and the cashier or an assistant cashier of the state
21 bank, and may be sealed with the seal of the state bank or a
22 facsimile thereof. The signatures of the president or vice-
23 president and the cashier or an assistant cashier or other per-
24 sons signing for the state bank upon a certificate may be fac-
25 similes if the certificate is countersigned by a transfer agent,
26 or registered by a registrar, other than the state bank itself
27 or an employee of the state bank. In case any officer or other
28 authorized person who has signed or whose facsimile signature
29 has been placed upon such certificate for the state bank shall
30 have ceased to be such officer or employee or agent before such
31 certificate is issued, it may be issued by the state bank with
32 the same effect as if he were such officer or employee or agent
33 at the date of its issue. If a state bank is authorized to
34 issue preferred shares, every certificate issued by the state
35 bank shall set forth upon the face or back of the certificate,

1 or shall state that the state bank will furnish to any share-
2 holder upon request and without charge, a full statement of
3 the designations, preferences, limitations, and relative rights
4 of such preferred shares.

5 Each certificate representing shares shall state upon the
6 face thereof:

7 1. That the state bank is organized under the laws of this
8 state.

9 2. The name of the person to whom issued.

10 3. The number and class of shares which such certificate
11 represents.

12 4. The par value of each share represented by such certif-
13 icate.

14 No certificate shall be issued for any share until such share
15 is fully paid.

16 Sec. 503. **Consideration for shares.**

17 1. Except in the case of a distribution of shares autho-
18 rized by section five hundred seventeen (517) of this Act or
19 shares issued upon exchanges or conversion, common shares of
20 a state bank may be issued only for cash in an amount which
21 shall be at least:

22 a. In the case of the issuance of additional common shares
23 of an existing state bank, equal to the sum of the capital rep-
24 resented by the common shares and the surplus of the state bank
25 divided by the number of common shares previously issued.

26 b. In the case of the issuance of common shares of a pro-
27 posed state bank, the amount required to equal the sum of the
28 capital, to be represented by the common shares, the surplus
29 and the undivided profits, required by the superintendent as
30 a condition precedent to the issuance of an authorization to
31 do business, divided by the number of shares to be issued.

32 2. Preferred shares of a state bank may be issued only for
33 cash and for an amount not less than that determined by the
34 superintendent.

35 Sec. 504. **Subscriptions for shares.** A subscription for

1 shares of a state bank to be incorporated pursuant to the pro-
2 visions of this Act shall be irrevocable for a period of six
3 months, or for such longer period as is provided for by the
4 terms of the subscription agreement, unless all of the subscribers
5 consent to the revocation of such subscription.

6 Unless otherwise provided in the subscription agreement,
7 subscriptions for shares, whether made before or after incor-
8 poration of a state bank, shall be paid in full at such time
9 as shall be determined by the board of directors.

10 The call for payment by the board of directors on subscrip-
11 tions shall be uniform as to all shares of the same class.

12 **Sec. 505. Liability of shareholders and subscribers.**

13 1. A holder of shares of a state bank shall be under no
14 obligation to the state bank or its creditors with respect to
15 such shares. A subscriber to shares of a state bank shall be
16 under no obligation to the state bank or its creditors with
17 respect to such shares other than the obligation to pay the
18 full consideration for such shares prior to their issuance.

19 2. An executor, administrator, conservator, guardian, trustee,
20 assignee for the benefit of creditors or receiver shall not
21 be personally liable to the state bank as a holder of or sub-
22 scriber to shares of a state bank but the estate and funds in
23 his hands shall be so liable.

24 3. No pledgee or other holder of shares as collateral se-
25 curity shall be personally liable as a shareholder.

26 **Sec. 506. Shareholders pre-emptive rights.** The pre-emptive
27 right of a shareholder of common shares to acquire unissued
28 common shares of a state bank or preferred shares and capital
29 notes or debentures of a state bank which are convertible into
30 common shares, shall not be limited or denied, except as pro-
31 vided in section five hundred twenty (520) of this Act. The
32 pre-emptive right of holders of preferred shares to acquire
33 unissued shares of a state bank may be limited or denied to
34 the extent provided in the articles of incorporation or any
35 amendment thereto. Any shares of a state bank purchased and

1 acquired by such state bank, and held by it during the period
2 permitted by this Act, shall not be entitled to pre-emptive
3 rights.

4 **Sec. 507. Owning or loaning on its own shares.** No state
5 bank shall make any loan or extension of credit on the security
6 of the shares of its own capital, or, except as provided in sec-
7 tions fourteen hundred six (1406) and fourteen hundred seventeen
8 (1417) of this Act, be the purchaser or holder of any such shares,
9 unless such security or purchase shall be necessary to prevent
10 loss upon a debt previously contracted in good faith, and shares
11 so purchased or acquired shall be sold at public or private
12 sale within one year from the time of their purchase or acqui-
13 sition, unless the time is extended by the superintendent. Any
14 common shares of a state bank purchased or acquired by the state
15 bank pursuant to this Act, and sold as directed by this Act,
16 shall be subject to the minimum consideration requirements of
17 subsection one (1) of section five hundred three (503) of this
18 Act unless a lesser consideration is approved by the superin-
19 tendent. Any preferred shares of a state bank purchased or
20 acquired by the state bank pursuant to this Act, and sold as
21 directed by this Act, shall be subject to the consideration
22 requirements of subsection two (2) of section five hundred three
23 (503) of this Act.

24 **Sec. 508. Meetings of shareholders.** Meetings of shareholders
25 may be held at such place, within this state, as may be provided
26 in the articles of incorporation or the bylaws, or as may be
27 fixed from time to time in accordance with the provisions thereof.
28 In the absence of any such provision, all meetings shall be
29 held at the principal place of business of the state bank. An
30 annual meeting of the shareholders shall be held on the specific
31 and named day as shall be provided in the articles of incorpora-
32 tion. Failure to hold the annual meeting on the designated
33 day shall not work a forfeiture or dissolution of the state
34 bank. Special meetings of the shareholders may be called by
35 the president, the board of directors, the holders of not less

1 than one-tenth of all the shares entitled to vote at the meet-
2 ing, or such other officers or persons as may be provided in
3 the articles or incorporation or the bylaws.

4 **Sec. 509. Notice of shareholder meetings—waiver of notice**
5 **generally.**

6 1. Written or printed notice stating the place, day and
7 hour of a meeting of the shareholders and, in case of a special
8 meeting, the purpose or purposes for which the meeting is called
9 shall be delivered not less than ten nor more than fifty days
10 before the date of the meeting, either personally or by mail
11 by or at the direction of the president, the cashier, or the
12 officer or persons calling the meeting, to each shareholder
13 of record entitled to vote at such meeting. If mailed, such
14 notice shall be deemed to be delivered when deposited in the
15 United States mail addressed to the shareholder at his address
16 as it appears on the stock transfer books of the state bank
17 with postage thereon prepaid.

18 2. Whenever any notice is required to be given to any share-
19 holder under the provisions of this Act or under the provisions
20 of the articles of incorporation or bylaws of the state bank,
21 a waiver thereof in writing signed by the person or persons
22 entitled to such notice, whether before or after the time stated
23 therein, shall be equivalent to the giving of such notice.

24 **Sec. 510. Closing of transfer books and fixing record date.**
25 The board of directors of a state bank shall cause adequate
26 stock transfer books to be maintained. For the purpose of de-
27 termining shareholders entitled to notice of or to vote at any
28 meeting of shareholders or any adjournment thereof, or entitled
29 to receive payment of any dividend, or in order to make a deter-
30 mination of shareholders for any other proper purpose, the board
31 of directors of a state bank may provide that the stock transfer
32 books shall be closed for a stated period but not to exceed,
33 in any case, fifty days. If the stock transfer books shall
34 be closed for the purpose of determining shareholders entitled
35 to notice of or to vote at a meeting of shareholders, such books

1 shall be closed for at least ten days immediately preceding
2 such meeting. In lieu of closing the stock transfer books,
3 the bylaws, or in the absence of an applicable bylaw, the board
4 of directors may fix, in advance, a date as the record date
5 for any such determination of shareholders, such date in any
6 case to be not more than fifty days and, in case of a meeting
7 of shareholders, not less than ten days prior to the date on
8 which the particular action, requiring such determination of
9 shareholders, is to be taken. If the stock transfer books are
10 not closed and no record date is fixed for the determination
11 of shareholders entitled to notice of or to vote at a meeting
12 of shareholders, or shareholders entitled to receive payment
13 of a dividend, the date on which notice of the meeting is mailed
14 or the date on which the resolution of the board of directors
15 declaring such dividend is adopted, as the case may be, shall
16 be the record date for such determination of shareholders. When
17 a determination of shareholders entitled to vote at any meet-
18 ing of shareholders has been made as provided in this section,
19 such determination shall apply to any adjournment thereof.

20 **Sec. 511. Voting list.** The officer or agent having charge
21 of the stock transfer books for shares of a state bank shall
22 make, at least ten days before each meeting of shareholders,
23 a complete list of the shareholders entitled to vote at such
24 meeting or any adjournment thereof, arranged in alphabetical
25 order, with the address of and the number of shares held by
26 each, which list, for a period of ten days prior to such meet-
27 ing, shall be kept on file at the principal place of business
28 of the state bank and shall be subject to inspection by any
29 shareholder at any time during usual business hours. Such list
30 shall also be produced and kept open at the time and place of
31 the meeting and shall be subject to the inspection of any share-
32 holder during the whole time of the meeting. The original stock
33 transfer books shall be prima facie evidence as to who are the
34 shareholders entitled to examine such list or transfer books
35 or to vote at any meeting of shareholders. Failure to comply

1 with the requirements of this section shall not affect the va-
2 lidity of action taken at such meeting.

3 **Sec. 512. Quorum of shareholders.** Unless otherwise provided
4 in the articles of incorporation, a majority of the shares en-
5 titled to vote, represented in person or by proxy, shall con-
6 stitute a quorum at a meeting of shareholders. If a quorum
7 is present, the affirmative vote of the majority of the shares
8 represented at the meeting and entitled to vote on the subject
9 matter shall be the act of the shareholders, unless the vote
10 of a greater number or voting by classes is required by the
11 laws of this state or of the United States or by the articles
12 of incorporation or bylaws.

13 **Sec. 513. Voting of shares.** Each outstanding share shall
14 be entitled to one vote on each matter submitted to a vote at
15 a meeting of shareholders, except to the extent that the voting
16 rights of the shares of any preferred class, may be limited
17 or denied by the articles of incorporation.

18 Shares of a state bank purchased or acquired by such state
19 bank pursuant to this Act shall not be voted at any meeting
20 and shall be excluded in determining whether matters voted upon
21 by the shareholders were adopted by the requisite number of
22 shares.

23 A shareholder may vote either in person or by proxy executed
24 in writing by the shareholder or by his duly authorized attorney-
25 in-fact. No proxy shall be valid after eleven months from the
26 date of its execution.

27 At each election for directors every shareholder entitled
28 to vote at such election shall have the right to vote, in person
29 or by proxy, the number of shares owned by him for as many in-
30 dividuals as there are directors to be elected and for whose
31 election he has a right to vote.

32 Shares standing in the name of another corporation, domestic
33 or foreign, may be voted by such officer, agent or proxy as
34 the bylaws of such corporation may prescribe, or, in the absence
35 of such provision, as the board of directors of such corporation

1 may determine.

2 Shares held by an administrator, executor, guardian or con-
3 servator may be voted by him, either in person or by proxy,
4 without a transfer of such shares into his name. Except as
5 provided in the following sentence, shares standing in the name
6 of a trustee may be voted by him, either in person or by proxy,
7 but no trustee shall be entitled to vote shares held by him
8 without a transfer of such shares into his name.

9 In an election of directors, a state bank may not vote its
10 own shares held by it as sole trustee unless under the terms
11 of the trust the manner in which such shares shall be voted
12 may be determined by a donor or beneficiary of the trust and
13 unless such donor or beneficiary actually directs how such shares
14 shall be voted, provided, however, that shares held in trust
15 by a state bank pursuant to an instrument in effect prior to
16 the effective date of this Act, under the terms of which the
17 manner in which such shares shall be voted could not be deter-
18 mined by a donor or beneficiary of the trust, may be voted in
19 an election of directors of a state bank upon petition filed
20 by the state bank, to a court of competent jurisdiction, and
21 the appointment by such court of an individual to determine
22 the manner in which such shares shall be voted. When the shares
23 of a state bank are held by such state bank and one or more
24 persons as trustees, such shares may be voted by such other
25 person or persons as trustees, in the same manner as if he or
26 they were the sole trustee. Whenever shares cannot be voted
27 by reason of being held by a state bank as sole trustee, such
28 shares shall be excluded in determining whether matters voted
29 upon by the shareholders were adopted by the requisite number
30 of shares.

31 Unless otherwise provided by the governing instrument, shares
32 which are held jointly by any number of fiduciaries shall be
33 voted in the manner determined by the majority of such fidu-
34 ciaries (excluding a trustee ineligible by reason of the pre-
35 ceding paragraph) or if the fiduciaries are equally divided

1 on the manner of voting, any court of competent jurisdiction
2 may, upon petition filed by any of such fiduciaries or any bene-
3 ficiary, appoint an additional person to act with such fidu-
4 ciaries in determining the manner in which such shares shall
5 be voted.

6 Unless otherwise provided by agreement, if persons holding
7 shares jointly or as tenants in common are unable to agree upon
8 the manner in which such shares shall be voted, the vote of
9 such shares shall be divided among such persons in proportion
10 to their interest.

11 Shares standing in the name of a receiver may be voted by
12 such receiver, and shares held by or under the control of a
13 receiver may be voted by such receiver without the transfer
14 thereof into his name if authority so to do be contained in
15 an appropriate order of the court by which such receiver was
16 appointed.

17 A shareholder whose shares are pledged shall be entitled
18 to vote such shares until the shares have been transferred into
19 the name of the pledgee, and thereafter the pledgee shall be
20 entitled to vote the shares so transferred.

21 On and after the date on which written notice of redemption
22 of preferred shares has been mailed to the holders thereof and
23 a sum sufficient to redeem such shares has been deposited in
24 escrow with irrevocable instruction and authority to pay the
25 redemption price to the holders thereof upon surrender of cer-
26 tificates therefor, such shares shall not be entitled to vote
27 on any matter and shall not be deemed to be outstanding shares.

28 **Sec. 514. Voting trust.** Any number of shareholders of a
29 state bank may create a voting trust for the purpose of con-
30 ferring upon a trustee or trustees the right to vote or other-
31 wise represent their shares, for a period of not to exceed twenty
32 years, by entering into a written voting trust agreement spec-
33 ifying the terms and conditions of the voting trust, by deposit-
34 ing a counterpart of the agreement with the state bank at its
35 principal place of business, by delivery of a copy thereof to

1 the superintendent and by transferring their shares to such
2 trustee or trustees for the purposes of the agreement. The
3 counterpart of the voting trust agreement so deposited with
4 the state bank shall be subject to examination for any proper
5 purpose during usual business hours by a shareholder of the
6 state bank, in person or by agent or attorney, or by any holder
7 of a beneficial interest in the voting trust, in person or by
8 agent or attorney.

9 This section shall not affect the validity of any agreement,
10 relative to the voting of shares, in effect on the date of the
11 enactment of this Act.

12 **Sec. 515. Lists—filing with superintendent.** Every state
13 bank shall cause to be kept a full and correct list of the names
14 and addresses of the officers, directors, and shareholders of
15 the state bank, and the number of shares held by each. The
16 list shall be subject to the inspection of all shareholders
17 during usual business hours.

18 A copy of the list as of the date of the adjournment of each
19 annual meeting of shareholders, in the form of an affidavit
20 signed by the president or cashier of the state bank, shall
21 be transmitted to the superintendent within ten days after such
22 annual meeting.

23 **Sec. 516. Dividends.**

24 1. The board of directors of a state bank may, from time
25 to time, declare, and the state bank may pay, dividends on its
26 outstanding shares subject to the restrictions of this Act and
27 to the restrictions, if any, in its articles of incorporation.
28 Dividends may be declared and paid only out of undivided profits
29 and may be paid in cash or property.

30 2. A dividend may not be declared or paid unless the transfer
31 of net profits to surplus required by section four hundred two
32 (402) of this Act, has been made prior to the declaration of
33 the dividend.

34 **Sec. 517. Distribution of shares of state bank.**

35 1. The board of directors of a state bank may, subject to

1 the provisions of section four hundred five (405) of this Act,
2 distribute pro rata to holders of common shares authorized but
3 unissued common shares of the state bank.

4 2. No distribution may be made in authorized but unissued
5 shares of the state bank unless:

6 a. There shall be transferred to capital an amount equal
7 to the total par value of the shares distributed, and

8 b. Immediately after the distribution, the surplus of the
9 state bank would be at least equal to fifty percent of its cap-
10 ital.

11 **Sec. 518. Redemption of preferred shares.**

12 1. By resolution of its board of directors and with the
13 prior approval of the superintendent, a state bank may redeem
14 preferred shares. Any preferred shares which are redeemable
15 according to the terms of their issuance shall be redeemed only
16 in accordance with such terms. Preferred shares which are re-
17 deemed shall be cancelled and shall not be reissued. Preferred
18 shares which are not redeemable according to the terms of their
19 issuance shall be redeemable only pro rata or by lot or by such
20 other equitable method as may be selected by the board of di-
21 rectors.

22 2. When preferred shares are redeemed by a state bank, the
23 redemption shall effect a cancellation of such shares, and a
24 statement of cancellation shall be filed as provided in this
25 section. The filing of the statement of cancellation shall
26 constitute an amendment to the articles of incorporation and
27 shall reduce the number of preferred shares of the class so
28 cancelled which the state bank is authorized to issue by the
29 number so cancelled.

30 The statement of cancellation shall be executed by the state
31 bank by its president or a vice-president and by its cashier
32 or an assistant cashier, and acknowledged by one of the officers
33 signing such statement, and shall set forth:

34 a. The name of the state bank and the effective date of
35 its incorporation.

1 b. The number of preferred shares cancelled through redemp-
2 tion, itemized by classes.

3 c. The aggregate number of issued shares, itemized by classes,
4 after giving effect to such cancellation.

5 d. The amount, expressed in dollars, of the stated capital
6 of the state bank after giving effect to such cancellation.

7 e. The number of shares which the state bank has authority
8 to issue, itemized by classes, after giving effect to such can-
9 cellation.

10 Such statement of cancellation, together with the applicable
11 filing and recording fees, shall be delivered to the superin-
12 tendent who shall, if he finds the statement of cancellation
13 satisfies the requirements of this section, deliver it to the
14 secretary of state for filing and recording in his office and
15 the same shall be filed and recorded in the office of the county
16 recorder. The capital of the state bank shall be deemed reduced
17 by the par value of the shares so cancelled upon the effective
18 date of such redemption.

19 **Sec. 519. Change of control—shares as security—reports.**

20 1. Whenever a change occurs in the ownership of the out-
21 standing shares of a state bank which will result in control
22 or in a change in control of a state bank, the president or
23 cashier shall promptly report in writing such facts to the super-
24 intendent upon obtaining knowledge thereof. As used in this
25 section, the term control means the power, directly or indirectly,
26 to elect the board of directors. If there is any doubt as to
27 whether a change in the ownership of the outstanding shares
28 is sufficient to result in control thereof, or to effect a change
29 in the control thereof, such doubt shall be resolved in favor
30 of reporting the facts to the superintendent.

31 2. Whenever twenty-five percent or more of the outstanding
32 voting shares of a state bank is used as security for any trans-
33 action, the person or persons owning such shares shall promptly
34 report such transaction to the superintendent in writing.

35 3. The reports required by subsections one (1) and two (2)

1 of this section shall contain information (to the extent known
2 by the person making the report) relative to the number of shares
3 involved, the names of the sellers and purchasers (or transferors
4 and transferees), the purchase price, the name of the borrower,
5 the amount, source, and terms of the loan, or other transaction,
6 the name of the bank issuing the shares used as security, and
7 the number of shares used as security.

8 4. The superintendent may require, at such times as he deems
9 appropriate, the submission of a financial statement from a
10 shareholder or shareholders of a state bank possessing, directly
11 or indirectly, control of such state bank.

12 **Sec. 520 Options for shares.** A state bank may authorize
13 the granting of options to officers and employees to purchase
14 unissued, common shares of the state bank in accordance with
15 a plan approved by the superintendent provided the following
16 steps are taken:

17 1. The plan is submitted to a vote of the shareholders at
18 an annual meeting or special meeting called for the purpose,
19 the notice of the meeting contains a complete description of
20 the plan, and the plan receives the affirmative vote of the
21 holders of at least two-thirds of the shares entitled to vote
22 thereon.

23 2. The consideration per share shall be determined as of
24 the date the options are granted and shall not be less than
25 the sum of the capital represented by common shares and the
26 surplus of the state bank divided by the number of common shares
27 issued and outstanding on such date, but in no case less than
28 an amount approved by the superintendent.

29 3. Options to purchase shares shall have a termination date
30 and shall not be transferable by the holder of the option during
31 his lifetime. In the event that the option is to survive the
32 death of the holder of the option, the option shall terminate
33 one year after the date of his death but may be exercised by
34 his estate during that one year period.

35 4. Notice of the meeting shall describe the extent to which

1 pre-emptive rights of shareholders are inapplicable to the is-
2 suance of shares under this section.

3 Upon approval by the shareholders the cashier shall reserve
4 authorized but unissued shares for purposes of this section
5 until the options are exercised or expire.

6 Upon approval by the shareholders as provided in subsection
7 one (1) of this section, the provisions of section five hundred
8 six (506) of this Act inconsistent with this section shall be
9 inapplicable.

10 Division VI

11 DIRECTORS

12 Sec. 601. Board of directors.

13 1. The business and affairs of a state bank shall be man-
14 aged by a board of five or more directors over the age of twenty-
15 one, a majority of whom shall be citizens of this state and
16 all of whom shall be citizens of the United States. No per-
17 son shall be eligible to serve as a director of any state bank
18 unless he is the owner, in his own right, free of any lien and
19 encumbrance, of common shares in the state bank of which he
20 is a director having a par value of not less than five hundred
21 dollars.

22 2. The number of directors may be increased, or decreased
23 to a number not less than five, by the shareholders at the an-
24 nual meeting, or at a special meeting called for that purpose,
25 but no decrease shall have the effect of shortening the term
26 of an incumbent director.

27 Sec. 602 Board of directors—election. At the first an-
28 nual meeting of shareholders and at each annual meeting there-
29 after the shareholders shall elect directors to hold office
30 until the next succeeding annual meeting. Directors shall hold
31 office for one year until their successors have been elected
32 and qualified, unless removed in accordance with provisions
33 of section six hundred six (606) of this Act. When the share-
34 holders increase the number of directors at an annual meeting
35 or at a special meeting, they shall, at the same meeting or

1 at a subsequent meeting, elect a director to fill each new di-
2 rectorship created.

3 Sec. 603. **Vacancies.** Unless otherwise provided in the art-
4 icles of incorporation, the bylaws, or by action of the share-
5 holders, any vacancy occurring in the board of directors may
6 be filled by the affirmative vote of the majority of the di-
7 rectors then in office, even if less than a quorum of the board
8 of directors. A director so elected shall be elected for the
9 unexpired term of his predecessor in office.

10 Sec. 604. **Duties and responsibilities.** The duties and re-
11 sponsibilities of a director or of the board of directors shall
12 include, but are not limited to, the following:

13 1. Reasonably regular attendance at meetings of the board.

14 2. Employment of officer personnel, and determination of
15 their compensation.

16 3. Periodic review of the original records of the state
17 bank, or comprehensive summaries thereof prepared by the of-
18 ficers of the state bank, pertaining to loans, discounts, se-
19 curity interests and investments in bonds and securities.

20 4. Utilization of a method to insure the safety of the funds
21 of depositors as provided for in section six hundred eight (608)
22 of this Act.

23 5. Periodic review of the utilization of security measures
24 for the protection of the state bank and the maintenance of
25 reasonable insurance coverage.

26 Directors of a state bank shall discharge the duties of their
27 position in good faith and with that diligence, care and skill
28 which ordinarily prudent men would exercise under similar cir-
29 cumstances in like positions. The directors shall have a con-
30 tinuing responsibility to assure themselves that the bank is
31 being managed according to law and that the practices and pol-
32 icies adopted by the board are being implemented.

33 Sec. 605. **Liability of directors in certain cases.** In ad-
34 dition to any other liabilities imposed by law upon directors
35 of a state bank:

1 **1. Directors of a state bank who vote for or assent to the**
2 **declaration of any dividend or other distribution of the assets**
3 **of a state bank to its shareholders in willful or negligent**
4 **violation of the provisions of this Act or of any restrictions**
5 **contained in the articles of incorporation, shall be jointly**
6 **and severally liable to the state bank for the amount of such**
7 **dividend which is paid or the value of such assets which are**
8 **distributed in excess of the amount of such dividend or dis-**
9 **tribution which could have been paid or distributed without**
10 **a violation of the provisions of this Act or of the restric-**
11 **tions in the articles of incorporation.**

12 **2. The directors of a state bank who vote for or assent**
13 **to any distribution of assets of a state bank to its share-**
14 **holders during the dissolution of the state bank without the**
15 **payment and discharge of, or making adequate provisions for,**
16 **all known debts, obligations, and liabilities of the state bank**
17 **shall be jointly and severally liable to the state bank for**
18 **the value of such assets which are distributed, to the extent**
19 **that such debts, obligations and liabilities of the state bank**
20 **are not thereafter paid and discharged.**

21 **3. The directors of a state bank who, wilfully or negli-**
22 **gently, vote for or assent to any loan or extension of credit**
23 **resulting in an obligation, as defined in subsection one (1)**
24 **of section nine hundred four (904) of this Act, to such state**
25 **bank in violation of the provisions of this Act, shall be jointly**
26 **and severally liable to the state bank for the amount of any**
27 **loss sustained as a result of such obligation.**

28 **4. The directors of a state bank who, willfully or negli-**
29 **gently, vote for or assent to any investment of funds of the**
30 **state bank in violation of the provisions of this Act shall**
31 **be jointly and severally liable to the state bank for the amount**
32 **of any loss sustained on such investment.**

33 **A director of a state bank who is present at a meeting of**
34 **its board of directors at which action on any matter is taken**
35 **shall be presumed to have assented to the action taken unless**

1 his dissent shall be entered in the minutes of the meeting or
2 unless he shall file his written dissent to such action with
3 the individual acting as the secretary of the meeting before
4 the adjournment thereof or shall forward such dissent by regis-
5 tered or certified mail to the cashier of the state bank promptly
6 after the adjournment of the meeting. Such right to dissent
7 shall not apply to a director who voted in favor of such action.

8 A director shall not be liable under subsections one (1)
9 two (2), three (3), or four (4) of this section if he relied
10 and acted in good faith upon information represented to him
11 to be correct by an officer or officers of such state bank or
12 stated in a written report by a certified public accountant
13 or firm of such accountants. No director shall be deemed to
14 be negligent within the meaning of this section if he in good
15 faith exercised that diligence, care and skill which an ordi-
16 narily prudent man would exercise as a director under similar
17 circumstances.

18 Any director against whom a claim shall be asserted under
19 or pursuant to this section for the payment of a dividend or
20 other distribution of assets of a state bank and who shall be
21 held liable thereon, shall be entitled to contribution from
22 the shareholders who accepted or received any such dividend
23 or assets, knowing such dividend or distribution to have been
24 made in violation of the provisions of this Act, in proportion
25 to the amounts received by them respectively. Further, any
26 director against whom a claim shall be asserted pursuant to
27 this section for the payment of any liability imposed by this
28 section shall be entitled to contribution from any director
29 found to be similarly liable.

30 Whenever the superintendent deems it necessary he may re-
31 quire, after affording an opportunity for a hearing upon ade-
32 quate notice, that a director or directors whom he reasonably
33 believes to be liable to a state bank pursuant to subsections
34 one (1), two (2), three (3), or four (4) of this section, to
35 place in an escrow account in an insured bank located in this

1 state, as directed by the superintendent, an amount sufficient
2 to discharge any liability which may accrue pursuant to sub-
3 sections one (1), two (2), three (3), or four (4) of this sec-
4 tion. The amount so deposited shall be paid over to the state
5 bank by the superintendent upon final determination of the amount
6 of such liability. Any portion of the escrow account which
7 is not necessary to meet such liability shall be repaid on a
8 pro rata basis to the directors who contributed to the fund.

9 Any action seeking to impose liability under this section,
10 other than liability for contribution, shall be commenced only
11 within five years of the action complained of and not thereafter.

12 **Sec. 606. Removal or directors.**

13 1. At a meeting of shareholders expressly called for that
14 purpose, individual directors or the entire board of directors
15 may be removed, with or without cause, by the affirmative vote
16 of the holders of at least two-thirds of the shares entitled
17 to vote at an election of directors. The vacancies created
18 may be filled at the same meeting at which the removal proceed-
19 ings take place.

20 2. When, in the opinion of the superintendent any director
21 of a state bank shall have continued to violate any law relating
22 to such state bank or shall have continued unsafe or unsound
23 practices in conducting the business of such state bank, after
24 having been warned by the superintendent to discontinue or cor-
25 rect such violations of law or such unsafe or unsound practices,
26 the superintendent may cause notice to be served upon such di-
27 rector, to appear before the superintendent to show cause why
28 he should not be removed from office. A copy of such notice
29 shall be sent to each director of the state bank affected, by
30 registered or certified mail. If, after granting the accused
31 director a reasonable opportunity to be heard, the superinten-
32 dent finds that the director continued to violate any law re-
33 lating to such state bank or continued unsafe or unsound prac-
34 tices in conducting the business of such state bank after hav-
35 ing been warned by the superintendent to discontinue or correct

1 such violations of law or such unsafe or unsound practices,
2 the superintendent, in his discretion, may order that such di-
3 rector be removed from office. A copy of the order shall be
4 served upon such director and upon the state bank of which he
5 is a director at which time he shall cease to be a director
6 of the state bank.

7 The decision of the superintendent shall be subject to review
8 by the district court of Polk county upon petition by the re-
9 moved director within thirty days after the superintendent no-
10 tifies such director of his decision. The decision of the super-
11 intendent shall be upheld unless unsupported by substantial
12 evidence. No action taken by a director prior to his removal
13 shall be subject to attack on the ground of his disqualifica-
14 tion.

15 **Sec. 607. Meetings—waiver of notice—quorum.** The board
16 of directors shall hold at least one meeting each calendar month.
17 A special meeting may be called by the president, a vice president,
18 cashier or a director. Notice of a meeting shall be given to
19 each director, either personally or by mail, at least two days
20 in advance of the meeting. Notice shall not be required if
21 the articles of incorporation, bylaws, or a resolution of the
22 board of directors provide for a regular monthly meeting date.

23 Attendance of a director at a meeting shall constitute a
24 waiver of notice of such meeting except where a director at-
25 tends a meeting for the express purpose of objecting to the
26 transaction of any business because the meeting is not lawfully
27 called or convened.

28 Whenever any notice is required to be given to any director
29 of a state bank under the provisions of this Act or under the
30 provisions of the articles of incorporation or the bylaws of
31 the state bank, a waiver thereof in writing, signed by the in-
32 dividual or individuals entitled to such notice, whether before
33 or after the time stated therein, shall be equivalent to the
34 giving of such notice.

35 A majority of the board of directors shall constitute a quo-

1 rum for the transaction of business unless a greater number
2 is required by the articles of incorporation or the bylaws.
3 The act of the majority of the directors present at a meet-
4 ing at which a quorum is present shall be the act of the board
5 of directors, unless the act of a greater number is required
6 by the laws of this state or of the United States, the art-
7 icles of incorporation or the bylaws.

8 Sec. 608. **Examining by directors or auditing.** In addition
9 to any examination made by the superintendent or other super-
10 visory agencies, the board of directors shall employ at least
11 one of the methods described in this section.

12 1. An examining committee of not less than two members of
13 the board of directors, who are not officers, shall examine
14 the condition of the state bank at least once each six months,
15 and submit a written report of each examination to the board
16 of directors, who shall record the report in their minutes and
17 deliver a copy of the report to the superintendent. The superin-
18 tendent shall establish minimum standards for such examinations.

19 2. The board of directors may employ a certified public
20 accountant or a firm of such accountants to perform certain
21 auditing functions for a state bank during each year, accord-
22 ing to generally accepted methods of accounting practice. The
23 superintendent may establish minimum standards for such audit-
24 ing functions. The report of the accountants shall be submit-
25 ted to the board of directors, and a copy of the report shall
26 be delivered to the superintendent.

27 3. The board of directors may establish an autonomous in-
28 ternal audit control system which shall be subject to approval
29 of the superintendent. The individual directing the internal
30 audit control system shall submit to the board of directors
31 each quarter an interim report as to the degree of compliance
32 with the internal audit control system and shall express an
33 opinion as to the adequacy of the internal controls. A com-
34 plete report shall be submitted annually to the board of di-
35 rectors, who shall record the report in their minutes and de-

1 liver a copy of the report to the superintendent.

2 **Sec. 609. Executive and other committees.** If the articles
3 of incorporation or the bylaws so provide, the board of direc-
4 tors, by resolution adopted by a majority of the full board
5 of directors, may designate from among its members an executive
6 committee and one or more other committees each of which, to
7 the extent provided in such resolution or in the articles of
8 incorporation or the bylaws of the state bank shall have and
9 may exercise all the authority of the board of directors, but
10 no such committee shall have the authority of the board of di-
11 rectors in reference to amending the articles of incorporation,
12 adopting a plan of merger or consolidation, recommending to
13 the shareholders the sale, lease, exchange or other disposi-
14 tion of all or substantially all the property and assets of
15 the state bank, recommending to the shareholders a voluntary
16 dissolution of the state bank or a revocation thereof, or amend-
17 ing the bylaws of the state bank. The designation of any such
18 committee and the delegation thereto of authority shall not
19 operate to relieve the board of directors, or any member thereof,
20 of any responsibility imposed by law.

21 **Sec. 610. Compensation of directors.** Subject to the approval
22 of the superintendent, the shareholders of a state bank shall
23 fix the compensation of directors for their services as mem-
24 bers of the board of directors.

25 A director who is also a salaried officer or employee of
26 the state bank of which he is a director shall receive no ad-
27 ditional compensation as director. Directors may be reimbursed
28 for reasonable expenses incurred in the performance of their
29 duties.

30 **Sec. 611. Oath of directors.** Each director of a state bank,
31 before acting as a director, shall take an oath that he will
32 diligently, faithfully and impartially perform the duties im-
33 posed upon him by law, that he will not knowingly violate or
34 willingly permit a violation of any of the provisions of this
35 Act, and that he meets the eligibility requirements of this

1 Act.

2 The oath shall be signed by the director, acknowledged be-
3 fore an officer authorized to take acknowledgements of deeds,
4 and delivered to the superintendent.

5 Sec. 612. Director dealing with state bank.

6 1. The total obligations, as defined in subsection one (1)
7 of section nine hundred four (904) of this Act, of a director
8 to a state bank of which he is a director shall not exceed twenty
9 percent of the capital and surplus of the state bank except
10 that the total obligations of a director to a state bank of
11 which he is a director shall not exceed forty percent of the
12 capital and surplus of the state bank if the amount by which
13 such obligations exceed twenty percent of the capital and sur-
14 plus of the state bank shall consist of obligations described
15 in subparagraphs one (1), two (2), and three (3) of paragraph
16 a of subsection two (2) of section nine hundred four (904) of
17 this Act. A majority of the board of directors, voting in the
18 absence of the applying director, shall give its prior approval
19 to any obligation, as defined in subsection one (1) of section
20 nine hundred four (904) of this Act, of a director to the state
21 bank of which he is a director. The form of such approval shall
22 be specified by the superintendent, and a copy recorded in the
23 minutes of the board of directors.

24 2. A director shall not be permitted to receive any loan
25 or extension of credit or use any property of a state bank of
26 which he is a director at lower rate of interest or charge
27 than the rate charged to other customers under similar circum-
28 stances.

29 3. A director shall not be paid a higher rate of interest
30 on deposits by a state bank of which he is a director than the
31 rate paid to any other customer under similar circumstances.

32 4. A director shall not purchase or lease any assets from
33 or sell or lease any assets to a state bank of which he is a
34 director except upon terms not less favorable to the state bank
35 than those offered to or by other persons. All purchases or

1 leases from and sales or leases to a director shall receive
2 the prior approval of a majority of the board of directors vot-
3 ing in the absence of the interested director.

4 5. For the purpose of this section, and section seven hun-
5 dred six (706) of this Act, any obligation, as defined in sub-
6 section one (1) of section nine hundred four (904) of this Act,
7 of the spouse (other than a spouse who is separated from the
8 director or officer under a decree of divorce or separate main-
9 tenance) or minor children of a director or officer to the state
10 bank in which he is a director or officer shall be considered
11 an obligation of such director or officer.

12 **Sec. 613. Prohibitions applicable to directors.** No director
13 of a state bank shall:

14 1. Receive anything of value for procuring, or attempting
15 to procure, any loan or extension of credit resulting, or which
16 would result, in any obligation, as defined in subsection one
17 (1) of section nine hundred four (904) of this Act, to the state
18 bank or for procuring, or attempting to procure, an investment
19 by the state bank, of which he is a director.

20 2. Overdraw his deposit account in the state bank.

21 **Sec. 614. Honorary and advisory directors.** The board of
22 directors of a state bank may appoint an individual as an honor-
23 ary director, director emeritus or member of an advisory board.
24 An individual so appointed may not vote at any meeting of the
25 board of directors nor be counted in determining a quorum and
26 shall not be charged with any responsibilities or be subject
27 to any liabilities imposed upon directors by this Act.

28 **Division VII**

29 **OFFICERS AND EMPLOYEES**

30 **Sec. 701. Officers and employees.** A state bank shall have,
31 as officers, a president, one vice president and a cashier.
32 As additional officers the state bank may have a chairman, ad-
33 ditional vice presidents, assistant vice presidents, assistant
34 cashiers and other officers as may be prescribed by the articles
35 of incorporation or the bylaws. Upon notice by the superinten-

1 dent, an individual who performs active executive or official
2 duties for a state bank may be treated as an officer for the
3 purpose of this Act. A state bank may have a chairman of the
4 board of directors and one vice president who, if they do not
5 perform executive or official duties or receive a salary, need
6 not be treated as officers for the purpose of this Act. All
7 officers shall be elected by the board of directors. No more
8 than two offices may be held by the same individual. All other
9 individuals employed by a state bank, except directors who are
10 not officers, shall be employees for the purpose of this Act.
11 The president of a state bank shall be a member of the board
12 of directors.

13 **Sec. 702. Officers—duties and liability.**

14 1. All officers of a state bank shall have such authority
15 and perform such duties in the management of the state bank
16 as may be provided for in the articles of incorporation or the
17 bylaws, or as may be determined by a resolution of the board
18 of directors not inconsistent with the bylaws or the articles
19 of incorporation.

20 2. If an officer willfully or negligently submits any in-
21 correct information to a director or directors, and action by
22 the board of directors contrary to the provisions of this Act,
23 or of any restrictions in the articles of incorporation, is
24 taken in reliance thereon, the officer shall also be liable to the
25 same extent as if he were a director voting for or assenting
26 to such action, as provided in section six hundred five (605)
27 of this Act. An officer shall also be liable to the extent
28 of any loss sustained by the state bank as a result of his will-
29 ful or negligent violation of any provision of this Act. The
30 superintendent may require an officer or officers whom he rea-
31 sonably believes to be liable to a state bank pursuant to this
32 section, to place in a trust account an amount sufficient to
33 discharge such liability in the manner provided for in section
34 six hundred five (605) of this Act. No officer shall be deemed
35 to be negligent within the meaning of this section if he ex-

1 exercised that diligence, care and skill which an ordinarily pru-
2 dent man would exercise as an officer under similar circum-
3 stances.

4 **Sec. 703. Officers—employment and compensation.** The board
5 of directors may fix the tenure and provide for the reasonable
6 compensation of officers. Upon approval by the board of di-
7 rectors, officers may be reimbursed for reasonable expenses
8 incurred by them in behalf of the state bank.

9 Subject to the approval of the superintendent, and approval
10 by the shareholders at an annual or special meeting called for
11 the purpose, the board of directors of a state bank may adopt
12 a pension or profit sharing plan, or both, or other plan of
13 deferred compensation, for both officers and employees, to which
14 the state bank may contribute.

15 **Sec. 704. Employee—employment and compensation.** Employees
16 of a state bank may be employed by the president or his repre-
17 sentative who shall determine, subject to the approval of the
18 board of directors, their compensation and tenure. Employees
19 may be reimbursed for reasonable expenses incurred by them in
20 behalf of the state bank, upon approval of a designated of-
21 ficer.

22 **Sec. 705. Bonds of officers and employees.** The officers
23 and employees of a state bank having the care, custody, or con-
24 trol of any funds or securities for any state bank shall give
25 a good and sufficient bond in a company authorized to the busi-
26 ness in this state indemnifying the state bank against losses,
27 which may be incurred by reason of any act or acts of fraud,
28 dishonesty, forgery, theft, larceny, embezzlement, wrongful
29 abstraction, misapplication, misappropriation, or other unlawful
30 act committed by such officer or employee directly or through
31 connivance with others, until all of his accounts with the state
32 bank shall have been fully settled and satisfied. The amounts
33 and sureties shall be subject to the approval of the board of
34 directors. If the agent of a bonding company issuing a bond
35 under this section is an officer or employee of the state bank

1 upon which the bond was issued, the bond so issued shall con-
2 tain a provision that the bonding company shall not use, either
3 as a grounds for rescission or as a defense to liability under
4 the terms and conditions of the bond, the knowledge that the
5 agent was so employed, whether or not he received any part of
6 the premium for such bond as a commission.

7 **Sec. 706. Officer dealing with state bank.**

8 1. An officer of a state bank may receive loans or exten-
9 sions of credit from a state bank of which he is an officer,
10 resulting in obligations as defined in subsection one (1) of
11 section nine hundred four (904) of this Act, not exceeding thirty
12 thousand dollars if, at the time such obligation is incurred,
13 it is secured by a first lien on a dwelling which is expected,
14 after the obligation is incurred, to be owned by the officer
15 and used by him as his residence, and such other loans or ex-
16 tensions of credit which in aggregate do not at any one time
17 exceed five thousand dollars provided however, a state bank
18 shall not loan money or extend credit to an officer of such
19 state bank, nor shall an officer of a state bank receive a loan
20 or extension of credit from such state bank, exceeding the lim-
21 itations imposed by this section or for a purpose other than
22 that authorized by this section, and provided further, such
23 loans or extensions of credit shall not exceed an amount total-
24 ling more than twenty percent of the capital and surplus of
25 the state bank and any such loan on real property shall comply
26 with section nine hundred five (905) of this Act. A majority
27 of the board of directors, voting in the absence of the apply-
28 ing officer, whether or not he is also a director, shall give
29 its prior approval to any obligation of an officer to the state
30 bank of which he is an officer. The form of approval shall
31 be specified by the superintendent, and a copy recorded in the
32 minutes of the board of directors

33 2. The provisions of subsections two (2), three (3), and
34 four (4) of section six hundred twelve (612) of this Act shall
35 apply to officers.

1 3. If an individual is a director and an officer, he shall
2 be subject to the limitations of subsection one (1) of this
3 section.

4 4. Whenever an officer of a state bank borrows from or other-
5 wise becomes obligated to any person or persons other than the
6 state bank of which he is an officer, in a total amount equal
7 to or exceeding twenty five thousand dollars excluding such
8 amounts as may be owing by him secured by a first lien on a
9 dwelling which is used by him as his residence, the officer
10 shall report in writing to the superintendent that he is so
11 obligated. Upon the request of the superintendent, an officer
12 of a state bank shall submit to the superintendent, a personal
13 financial statement which shall show the names of all persons
14 to whom the officer is obligated, the dates, terms, and amounts
15 of each loan or other obligation, the security therefor, and
16 the purpose for which the proceeds of such loans or other ob-
17 ligations have been or are to be used.

18 **Sec. 707. Removal of officers.**

19 1. Any officer may be removed by the board of directors
20 whenever in its judgment the best interests of the state bank
21 shall be served thereby, but such removal shall be without prej-
22 udice to the contrary rights, if any, of the officer so removed.
23 Election of an officer shall not of itself create contract rights.

24 2. Subsection two (2) of section six hundred six (606) of
25 this Act, providing for the removal of directors by the super-
26 intendent, shall have equal application to officers.

27 **Sec. 708. Report of change in officer personnel.** A state
28 bank shall promptly notify the superintendent of any change
29 in the names of individuals holding the offices of chairman,
30 president, vice-president, and cashier.

31 **Sec. 709. Duty to make records available to superintendent.**
32 The officers and employees of a state bank shall make all records
33 of the state bank available to the superintendent for the purpose
34 of examination or for any other reasonable purpose.

35 **Sec. 710. Prohibitions applicable to officers and employees.**

1 No officer or employee of a state bank shall:

2 1. Receive anything of value for procuring, or attempting
3 to procure, any loan or extension of credit resulting, or which
4 would result, in an obligation, as defined in subsection one
5 (1) of section nine hundred four (904) of this Act, to the state
6 bank or for procuring, or attempting to procure, an investment
7 by the state bank, of which he is an officer or employee.

8 2. Overdraw his deposit account in the state bank.

9 3. Engage, directly or indirectly, in the sale of any kind
10 of insurance, shares of stock, bonds or other securities, or
11 real property, or procure or attempt to procure for a fee or
12 other compensation, a loan or extension of credit for any per-
13 son from a person other than the state bank of which he is an
14 officer or employee, or act in any fiduciary capacity, unless
15 authorized to do so by the board of directors of the state bank
16 which shall also determine the manner in which the profits,
17 fees, or other compensation derived therefrom shall be dis-
18 tributed.

19 Division VIII

20 GENERAL BANKING POWERS

21 Sec. 801. **General powers.** A state bank, unless otherwise
22 stated in its articles of incorporation, shall have power:

23 1. To have perpetual succession by its corporate name.

24 2. To sue and be sued, complain and defend, in its corpo-
25 rate name.

26 3. To have a corporate seal which may be altered at plea-
27 sure, and to use the same by causing it, or a facsimile thereof,
28 to be impressed or affixed or in any other manner reproduced.

29 4. To purchase, take, receive, lease, or otherwise acquire,
30 own, hold, improve and use real or personal property, or an
31 interest therein, in connection with the exercise of any power
32 granted in this Act.

33 5. To sell, convey, pledge, mortgage, grant a security inter-
34 est, lease, exchange, transfer, and release from trust or mort-
35 gage or otherwise dispose of all or any part of real or per-

1 sonal property, or an interest therein, in connection with the
2 exercise of any power granted in this Act.

3 6. To make and alter bylaws, not inconsistent with its art-
4 icles of incorporation or with the laws of this state, for the
5 administration and regulation of the affairs of the state bank.

6 7. To make donations for the public welfare for religious,
7 charitable, scientific or educational or community development
8 purposes.

9 8. To indemnify any director, officer or employee, a former
10 director, officer or employee of the state bank in the manner
11 and in the instances authorized by subsections one (1), two
12 (2), three (3), and four (4) of section two (2), chapter three
13 hundred sixty-three (363), Acts of the Sixty-second General
14 Assembly.

15 9. To elect officers or appoint agents of the state bank
16 and define their duties and fix their compensation.

17 10. To cease its existence as a state bank in the manner
18 provided for in this Act.

19 11. To have and exercise all powers necessary and proper
20 to effect any or all of the purposes for which the state bank
21 is organized.

22 12. To contract indebtedness and incur liabilities to effect
23 any or all the purposes for which the state bank is organized,
24 subject to the provisions of this Act.

25 The powers granted in this section shall not be construed
26 as limiting or enlarging any grant of authority made elsewhere
27 in this Act, or as a limitation on the purposes for which a
28 state bank may be incorporated.

29 **Sec. 802. Additional powers related to conduct of business**
30 **of a state bank.** A state bank shall have in addition to other
31 powers granted by this Act, and subject to the limitations and
32 restrictions contained in this Act:

33 1. The power to become a member of a clearing house associa-
34 tion.

35 2. The power to become a member of the federal reserve system,

1 to hold shares of stock in a federal reserve bank, to take all
2 actions incident to maintenance of such membership and to exer-
3 cise all powers not inconsistent with the provisions of this
4 Act conferred on member banks by the federal reserve system.

5 3. The power to become an insured bank pursuant to the fed-
6 eral deposit insurance act and to take all actions incident
7 to maintenance of an insured status thereunder.

8 4. The power to act as agent of the United States or of
9 any instrumentality or agency thereof for the sale or issue
10 of bonds, notes or other obligations of the United States.

11 5. The power to buy and sell coin, currency and bullion.

12 6. All other powers incidental to the conduct of the busi-
13 ness of banking.

14 **Sec. 803. Business property of state bank.**

15 1. A state bank shall have power to:

16 a. Acquire and hold, or lease as lessee, such personal prop-
17 erty as is used, or is to be used, in its operations.

18 b. Subject to the prior approval of the superintendent,
19 acquire and hold, or lease as lessee, only such real property
20 as is used, or is to be used, wholly or substantially, in its
21 operations or acquired for future use.

22 c. Subject to the prior approval of the superintendent,
23 acquire and hold shares in a corporation engaged solely in hold-
24 ing or operating real property used wholly or substantially
25 by the state bank in its operations or acquired for its future
26 use and in a corporation organized solely for the purpose of
27 providing data processing services, as such services are de-
28 fined in the first sentence of section eight hundred four (804)
29 of this Act.

30 d. Subject to the prior approval of the superintendent,
31 invest in a bank service corporation as defined by, and in ac-
32 cordance with, the laws of the United States.

33 2. The book value of all real and personal property acquired
34 and held pursuant to this section, of all alterations to build-
35 ings on real property owned or leased by a state bank, of all

1 shares in corporations acquired pursuant to paragraphs c and
2 d of subsection one (1) of this section, and of any and all
3 obligations of such corporations to the state bank, shall not
4 exceed twenty-five percent of the capital and surplus of the
5 state bank or such larger amount as may be approved by the super-
6 intendent.

7 3. Any real property which is held by a state bank pursuant
8 to this section and which it ceases to use for banking pur-
9 poses, or is acquired for future use but not used within a rea-
10 sonable period of time, shall be sold or disposed of by the
11 state bank as directed by the superintendent.

12 **Sec. 804. Data processing services.** A state bank which
13 owns or leases equipment to perform such bank services as check
14 and deposit sorting and posting, computation and posting of
15 interest and other credits and charges, preparation and mail-
16 ing of checks, statements, notices and similar items, or other
17 clerical, bookkeeping, accounting, statistical, or other sim-
18 ilar functions, may provide similarly related data processing
19 services for others whether or not engaged in the business of
20 banking. If a state bank holds shares in a corporation orga-
21 nized solely for the purpose of providing data processing ser-
22 vices, pursuant to the authority granted by paragraph c of sub-
23 section one (1) of section eight hundred three (803) of this
24 Act, other than a bank service corporation as defined by the
25 laws of the United States, such corporation shall be autho-
26 rized to perform services for the state bank owning such interest
27 and for others, whether or not engaged in the business of bank-
28 ing.

29 **Sec. 805. Deposits.**

30 1. A state bank may receive money for deposit and may pro-
31 vide, by resolution of the board of directors, for the payment
32 of interest thereon in an amount not inconsistent with the pro-
33 visions of subsection two (2) of this section and shall repay
34 such deposit in accordance with the terms and conditions of
35 its acceptance.

1 2. A state bank shall not, directly or indirectly, by any
2 device whatsoever, pay any interest on any demand deposit. The
3 superintendent may from time to time limit by general regula-
4 tion, applicable to all state banks, the rates of interest that
5 may be paid by a state bank on time and savings deposits. The
6 superintendent may prescribe different rate limitations for
7 different classes of deposits, for deposits of different amounts
8 or with different maturities, or subject to different conditions
9 regarding withdrawal or repayment according to such reasonable
10 basis as the superintendent may deem desirable in the public
11 interest. The superintendent shall be regulation define what
12 constitutes time, savings and demand deposits in a state bank.
13 Such regulations shall prohibit any state bank from paying any
14 time deposit before its maturity except upon such conditions
15 and in accordance with such regulations as may be prescribed
16 by the superintendent and shall prohibit any state bank from
17 waiving any requirement of notice before payment of any sav-
18 ings deposit except as to all savings deposits having the same
19 requirement.

20 3. The terms and conditions attending an agreement to pay
21 interest on deposits shall be furnished to each customer at
22 the time of the acceptance by the state bank of the initial
23 deposit. No change made in the terms and conditions attend-
24 ing an agreement to pay interest which adversely affects the
25 interest of a depositor shall be retroactively effective. Sav-
26 ings account depositors and holders and payees of automatic
27 renewal time certificates of deposit shall be given reasonable
28 notice of any change in the terms and conditions attending an
29 agreement to pay interest prior to the effective date thereof.

30 4. A state bank may make such charges for the handling or
31 custody of deposits as may be fixed by its board of directors
32 provided that a schedule of such charges shall be furnished
33 to the customer at the acceptance by the state bank of the ini-
34 tial deposit. Any change in such charges shall be furnished
35 to the customer within a reasonable amount of time before the

1 effective date of such change.

2 5. A state bank shall not accept deposits or renew certifi-
3 cates of deposit when insolvent.

4 6. Except as provided in section eight hundred seven (807)
5 of this Act, a state bank may receive deposits by or in the
6 name of a minor and may deal with a minor with respect to a
7 deposit account without the consent of a parent, guardian or
8 conservator and with the same effect as though the minor were
9 an adult. Any action of the minor with respect to such deposit
10 account shall be binding on the minor with the same effect as
11 through an adult.

12 7. A state bank may receive deposits from a person acting
13 as fiduciary or in an official capacity which shall be payable
14 to such person in such capacity.

15 8. A state bank may receive deposits from a corporation,
16 trust, estate, association or other similar organization which
17 shall be payable to any person authorized by its board of direc-
18 tors or other persons exercising similar functions.

19 **Sec. 806. Deposit in the names of two or more individuals.**
20 When a deposit shall be made in any state bank in the names
21 of two or more individuals, payable to any of such individuals,
22 or payable to any of such individuals or to the survivors of
23 them, such deposit, or any part thereof, or interest thereon,
24 may be paid to any of such individuals whether the other be
25 living or not, and the receipt or acquittance of the individual
26 so paid shall be a valid and sufficient release and discharge
27 to the state bank for any payment so made.

28 **Sec. 807. Payment of deposited funds.** When any deposit
29 shall be made by any individual in trust for another, and no
30 other or futher notice of the existence and terms of a legal
31 and valid trust shall have been given to the state bank, in
32 the event of the death of the trustee, the same or any part
33 thereof, together with interest thereon, may be paid to the
34 individual for whom the deposit was made, or to his or her legal
35 representatives; provided that the individual for whom the de-

1 posit was made, if a minor, shall not draw the same during his
2 or her minority without the consent of the legal representa-
3 tives of said trustee.

4 Sec. 808. **Adverse claims to deposits.**

5 1. A state bank shall not be required, in the absence of
6 a court order or indemnity required by this section, to rec-
7 ognize any claim to, or any claim of authority to exercise con-
8 trol over, a deposit account made by a person or persons other
9 than:

10 a. The customer in whose name the account is held by the
11 state bank.

12 b. An individual or group of individuals who are authorized
13 to draw on or control the account pursuant to certified corpo-
14 rate resolution or other written arrangement with the customer,
15 currently on file with the state bank, which has not been revoked
16 by valid corporate action in the case of a corporation, or by
17 a valid agreement or other valid action appropriate for the
18 form of legal organization of any other customer, of which the
19 state bank has received notice and which is not the subject
20 of a dispute known to the state bank as to its original va-
21 lidity. The deposit account records of a state bank shall be
22 presumptive evidence as to the identity of the customer on whose
23 behalf the money is held and shall be deemed rebutted only upon
24 the presentation of clear and convincing proof to the contrary.

25 2. To require a state bank to recognize an adverse claim
26 to, or adverse claim of authority to control, a deposit account,
27 whoever makes the claim must either:

28 a. Obtain and serve on the state bank an appropriate court
29 order or judicial process directed to the state bank, restrain-
30 ing any action with respect to the account until further order
31 of such court or instructing the state bank to pay the balance
32 of the account, in whole or in part, as provided in the order
33 or process; or

34 b. Deliver to the state bank a bond, in form and amount
35 and with sureties satisfactory to the state bank, indemnifying

1 the state bank against any liability, loss or expense which
2 it might incur because of its recognition of the adverse claim
3 or because of its refusal by reason of such claim to honor any
4 check or other order of anyone described in paragraphs a and
5 b of subsection one (1) of this section.

6 **Sec. 809. Authority to lease safe deposit boxes.**

7 1. A state bank may lease safe deposit boxes for the stor-
8 age of property on terms and conditions prescribed by it. Such
9 terms and conditions shall not bind any customer to whom the
10 state bank does not give notice thereof by delivery of a lease
11 and agreement in writing containing such terms and conditions.
12 A state bank may limit its liability provided such limitations
13 are set forth in the lease and agreement in at least the same
14 size and type as the other substantive provisions of the con-
15 tract.

16 2. The lease and agreement of a safe deposit box may pro-
17 vide that evidence tending to prove that property was left in
18 any such box upon the last entry by the customer or his author-
19 ized agent, and that the same or any part thereof was found
20 missing upon subsequent entry, shall not be sufficient to raise
21 a presumption that the same was lost by any negligence or wrong-
22 doing for which such state bank is responsible, or put upon
23 the state bank the burden of proof that such alleged loss was
24 not the fault of the state bank.

25 3. A state bank may lease a safe deposit box to a minor.
26 A state bank may deal with a minor with respect to a safe de-
27 posit lease and agreement without the consent of a parent, guard-
28 ian or conservator and with the same effect as though the minor
29 were an adult. Any action of the minor with respect to such
30 safe deposit lease and agreement shall be binding on the minor
31 with the same effect as though an adult.

32 4. A state bank which has on file a power of attorney of
33 a customer covering a safe deposit lease and agreement, which
34 has not been revoked by the customer, shall incur no liability
35 as a result of continuing to honor the provisions of the power

1 of attorney in the event of the death or incompetence of the
2 donor of the power of attorney until it receives written notice
3 of the death, or written notice of adjudication by a court of
4 the incompetence of the customer and the appointment of a guard-
5 ian or conservator.

6 **Sec. 810. Search procedure on death.** A state bank shall
7 permit the person named in a court order for the purpose or,
8 if no order has been served upon the state bank, the spouse,
9 a parent, an adult descendant or a person named as executor
10 in a copy of a purported will produced by him, to open and ex-
11 amine the contents of a safe deposit box leased by a decedent,
12 or to examine any property delivered by a decedent for safe-
13 keeping, in the presence of an officer of the state bank. The
14 state bank shall, if requested by such person, and upon their
15 receipt therefor, deliver:

16 1. Any writing purported to be a will of the decedent to
17 the court having jurisdiction of the decedent's estate.

18 2. Any writing purported to be a deed to a burial plot,
19 or to give burial instructions, to the person making the re-
20 quest for a search.

21 3. Any document purported to be an insurance policy on the
22 life of the decedent to the beneficiary named therein. A state
23 bank shall prepare and keep a list of any contents delivered
24 pursuant to this section describing the nature of the property
25 and the individual to whom delivered, and place a copy of the
26 list in the safe deposit box from which such contents were re-
27 moved.

28 **Sec. 811. Adverse claims to property in safe deposit and**
29 **safekeeping.**

30 1. A state bank shall not be required, in the absence of
31 a court order or indemnity required by this section, to rec-
32 ognize any claim to, or claim of authority to exercise control
33 over, property held in safe deposit or property held for safe-
34 keeping pursuant to section eight hundred thirteen (813) of
35 this Act made by a person or persons other than:

1 a. The customer in whose name the property is held by the
2 state bank.

3 b. An individual or group of individuals who are authorized
4 to have access to the safe deposit box, or to the property held
5 for safekeeping, pursuant to a certified corporate resolution
6 or other written arrangement with the customer, currently on
7 file with the state bank, which has not been revoked by valid
8 corporate action in the case of a corporation, or by a valid
9 agreement or other valid action appropriate for the form of
10 legal organization of any other customer, of which the state
11 bank has received notice and which is not the subject of a dis-
12 pute known to the state bank as to its original validity. The
13 safe deposit and safekeeping account records of a state bank
14 shall be presumptive evidence as to the identity of the customer
15 on whose behalf the money is held and shall be deemed rebutted
16 only upon the presentation of clear and convincing proof to the
17 contrary.

18 2. To require a state bank to recognize an adverse claim
19 to, or adverse claim of authority to control, property held
20 in safe deposit or for safekeeping, whoever makes the claim
21 must either:

22 a. Obtain and serve on the state bank an appropriate court
23 order or judicial process directed to the state bank, restrain-
24 ing any action with respect to the property until further order
25 of such court or instructing the state bank to deliver the prop-
26 erty, in whole or in part, as provided in the order or process;
27 or

28 b. Deliver to the state bank a bond, in form and amount
29 and with surities satisfactory to the state bank, indemnifying
30 the state bank against any liability, loss or expense which
31 it might incur because of its recognition of the adverse claim
32 or because of its refusal to deliver the property to any person
33 described in paragraphs a and b of subsection one (1) of this
34 section.

35 **Sec. 812. Remedies and proceedings for non-payment of**
36 **rent on safe deposit box.**

1 1. A state bank shall have a lien upon the contents of a
2 safe deposit box for past due rentals and any expense incurred
3 in opening the safe deposit box, replacement of the locks thereon,
4 and of any sale made pursuant to this section. If the rental
5 of any safe deposit box is not paid within six months from the
6 day it is due, at any time thereafter and while such rental
7 remains unpaid, the state bank may mail a notice to the cus-
8 tomer at his last known address as shown upon the records of
9 the state bank, stating that if the amount due for such rental
10 is not paid on or before a specified day, which shall be at
11 least thirty days after the date of mailing such notice, the
12 state bank will remove the contents thereof and hold the same
13 for the account of the customer.

14 2. If the rental for the safe deposit box has not been paid
15 after the expiration of the period specified in a notice mailed
16 pursuant to subsection one (1) of this section, the state bank
17 may, in the presence of two of its officers, cause the box to
18 be opened and the contents removed. An inventory of the con-
19 tents of the safe deposit box shall be made by the two officers
20 present and the contents held by the state bank for the account
21 of the customer.

22 3. If the contents are not claimed within two years after
23 their removal from the safe deposit box, the state bank may
24 proceed to sell so much of the contents as is necessary to pay
25 the past due rentals and the expense incurred in opening the
26 safe deposit box, replacement of the locks thereon and the sale
27 of the contents. The sale shall be held at the time and place
28 specified in a notice published prior to the sale once each
29 week for two successive weeks in a newspaper of general cir-
30 culation published in the municipal corporation or unincor-
31 porated area in which the state bank has its principal place
32 of business, or if there is none, a newspaper of general cir-
33 culation published in the county, or in a county adjoining the
34 county, in which the state bank has its principal place of busi-
35 ness. A copy of the notice so published shall be mailed to
36 the customer at his last known address as shown upon the records

1 of the state bank. The notice shall contain the name of the
2 customer and need only describe the contents of the safe de-
3 posit box in general terms. The contents of any number of safe
4 deposit boxes may be sold under one notice of sale and the cost
5 thereof apportioned ratably among the several safe deposit box
6 customers involved. At the time and place designated in said
7 notice the contents taken from each respective safe deposit
8 box shall be sold separately to the highest bidder for cash
9 and the proceeds of each sale applied to the rentals and ex-
10 penses due to the state bank and the residue from any such sale
11 shall be held by the state bank for the account of the customer
12 or customers.

13 4. Notwithstanding any of the provisions of this section,
14 shares, bonds, or other securities which, at the time of a sale
15 pursuant to subsection three (3) of this section, are listed
16 on any established stock exchange in the United States, shall
17 not be sold at public sale but may be sold through an estab-
18 lished stock exchange. Upon the making of a sale of any such
19 securities, an officer of the state bank shall execute and attach
20 to the securities so sold an affidavit reciting facts showing
21 that such securities were sold pursuant to this section and
22 that the state bank has complied with the provisions of this
23 section. The affidavit shall constitute sufficient authority
24 to any corporation whose shares are so sold or to any regis-
25 trar or transfer agent of such corporation to cancel the cer-
26 tificates of shares so sold and to issue a new certificate or
27 certificates representing such shares to the purchaser thereof,
28 and to any registrar, trustee, or transfer agent of registered
29 bonds or other securities, to register any such bonds or other
30 securities in the name of the purchaser thereof.

31 5. The proceeds of any sale made pursuant to this section,
32 after the payment of any amounts with respect to which the state
33 bank has a lien, any property which was not offered for sale
34 and property which, although offered for sale, was not sold,
35 shall be retained by the state bank until such time as the prop-
36 erty is presumed abandoned according to the provisions of sec-

1 tion two (2) of chapter three hundred ninety-one (391), Acts
2 of the Sixty-second General Assembly, and shall thereafter be
3 handled in accordance with the provisions of that chapter.

4 **Sec. 813. Authority to receive property for safekeeping.**

5 1. A state bank may accept property for safekeeping if,
6 except in the case of night depositories, it issues a receipt
7 therefor. A state bank accepting property for safekeeping shall
8 purchase and maintain reasonable insurance coverage to insure
9 against loss incurred in connection with the acceptance of prop-
10 erty for safekeeping. Property held for safekeeping shall not
11 be commingled with the property of the state bank or the prop-
12 erty of others.

13 2. A state bank shall have a lien upon any property held
14 for safekeeping for past due charges for safekeeping and for
15 expenses incurred in any sale made pursuant to this subsection.
16 If the charge for the safekeeping of property is not paid within
17 six months from the day it is due, at any time thereafter and
18 while such charge remains unpaid, the state bank may mail a
19 notice to the customer at his last known address as shown upon
20 the records of the state bank, stating that if the amount due
21 is not paid on or before a specified day, which shall be at
22 least thirty days after the date of mailing such notice, the
23 state bank will remove the property from safekeeping and hold
24 the same for the account of the customer. After the expiration
25 of the period specified in such notice, if the charge for safe-
26 keeping has not been paid, the state bank may remove the prop-
27 erty from safekeeping, cause the property to be inventoried
28 and hold the same for the account of the customer. If the prop-
29 erty is not claimed within two years after its removal from
30 safekeeping the state bank may proceed to sell so much thereof
31 as is necessary to pay the charge which remains unpaid and the
32 expense incurred in making the sale in the manner provided for
33 in subsections three (3) and four (4) of section eight hundred
34 twelve (812) of this Act. The proceeds of any sale made pur-
35 suant to this section, after payment of any amounts with re-
36 spect to which the state bank has a lien, any property which

1 was not offered for sale and property which, although offered
2 for sale, was not sold, shall be retained by the state bank
3 until such time as the property is presumed abandoned according
4 to the provisions of section two (2) of chapter three hundred
5 ninety-one (391), Acts of the Sixty-second General Assembly,
6 and shall thereafter be handled in accordance with the provi-
7 sions of that chapter.

8 Sec. 814. Pledge of assets. Pursuant to a resolution of
9 its board of directors, a state bank may pledge its assets for
10 the following purposes, and for no other purposes:

11 1. To secure deposits when a customer is required to obtain
12 such security by the laws of the United States, the laws of
13 the state of Iowa, by the terms of any interstate compact or
14 by order of any court of competent jurisdiction.

15 2. To secure money borrowed by the state bank, provided
16 that capital notes or debentures issued pursuant to section
17 four hundred four (404) of this Act shall not in any event be
18 secured by a pledge of assets or otherwise.

19 Sec. 815. Deposits by a state bank. A state bank may de-
20 posit its funds in a depository which is selected by, or in
21 a manner authorized by, the directors of a state bank and which
22 is authorized by law to receive deposits and is subject to super-
23 vision by banking authorities of the United States or of any
24 state, and, with the prior approval of the superintendent, in
25 any other depository.

26 **Sec. 816 Cash reserve requirements.**

27 1. A state bank which is a member of the federal reserve
28 system shall maintain cash reserves in accordance with the re-
29 quirements applicable to a member bank under the laws of the
30 United States.

31 2. A state bank which is not a member of the federal re-
32 serve system shall maintain cash reserves against its deposits
33 in amounts:

34 a. In the case of a state bank with its principal place
35 of business in a municipal corporation defined as a reserve
36 city by the laws of the United States, not less than ten per-

1 cent of its demand deposits except that the superintendent may
2 on such basis as he may deem appropriate in view of the char-
3 acter of the business transacted by such state bank, make ap-
4 plicable the reserve requirement prescribed for banks not hav-
5 ing their principal place of business in such a reserve city.

6 b. In the case of a state bank not having its principal
7 place of business in a municipal corporation defined as a re-
8 serve city by the laws of the United States, not less than seven
9 percent of its demand deposits.

10 c. In the case of any deposit other than a demand deposit,
11 not less than three percent.

12 3. A state bank, except a state bank which is a member of
13 the federal reserve system, shall determine the amount of its
14 cash reserves required by this section in accordance with a
15 formula prescribed by the superintendent by general regulation
16 applicable to all such state banks.

17 4. The cash reserves required by this section of a state
18 bank which is not a member of the federal reserve system shall
19 consist of United States coin and currency on hand and funds
20 on deposit in other banks, the deposits of which are insured
21 by the federal deposit insurance corporation.

22 5. Whenever it shall appear necessary to do so in the in-
23 terest of the depositors of a state bank, the superintendent
24 may require that the state bank maintain reserves exceeding
25 the amount required by this section consisting of such obliga-
26 tions of the United States as the superintendent shall pre-
27 scribe.

28 **Sec. 817. Deficiency in cash reserves.**

29 1. Whenever it appears that a state bank is not paying due
30 regard to the maintenance of its cash reserves as required by
31 subsection two (2) of section eight hundred sixteen (816) of
32 this Act, the superintendent may require the state bank to sub-
33 mit periodic reports relating to its cash reserves at such in-
34 tervals as the superintendent may deem necessary.

35 2. If a state bank fails to maintain the cash reserves re-

1 quired by section eight hundred sixteen (816) of this Act, the
2 superintendent shall order the state bank to restore its cash
3 reserves and if it fails to do so within a reasonable time,
4 he may take over the management of the property and business
5 of the state bank as provided for in sections two hundred twenty-
6 four (224) and two hundred twenty-six (226) of this Act.

7 **Sec. 818. Indebtedness of state bank.** A state bank may
8 borrow money or otherwise contract indebtedness for necessary
9 expenses in managing and transacting its business, to maintain
10 proper cash reserves, and for other corporate purposes, provided,
11 however, the superintendent may prohibit or place restrictions
12 upon money borrowed or other indebtedness which would, in his
13 judgment, constitute an unsafe or unsound practice in view of
14 the condition and circumstances of the state bank. Nothing
15 contained in this section shall limit the right of a state bank
16 to issue capital notes or debentures pursuant and subject to
17 the provisions of section four hundred four (404) of this Act.

18 **Sec. 819. Clearing checks at par.** Checks drawn on a state
19 bank shall be cleared at par by the state bank on which they
20 are drawn. This section shall not be applicable where checks
21 are received by a bank as special collection items.

22 **Sec. 820. Money received for transmission.**

23 1. A state bank shall have power to receive money for trans-
24 mission. Upon receiving money for transmission, a state bank
25 shall give the customer a receipt setting forth the date of
26 receipt of the money, the amount of the money in dollars and
27 cents, and if the money is to be transmitted to a foreign country
28 in the currency of such country, the amount of the money in
29 such currency.

30 2. In an action by a customer against a state bank for re-
31 covery of money delivered for transmission, the burden of proof
32 of delivery of the money in accordance with the instructions
33 of the customer shall be on the state bank but an affidavit
34 by an agent or depository of the state bank that the money was
35 delivered in accordance with the instructions of the customer

1 and a receipt for the money signed in the name of the recipient
2 designated by the customer shall be prima facie evidence of
3 the delivery of the money in accordance with the instructions
4 of the customer.

5 Division IX

6 INVESTMENT AND LENDING POWERS

7 Sec. 901. Investments.

8 1. A state bank may invest without limitation for its own
9 account in the following bonds or securities:

10 a. Obligations of the United States and bonds and securi-
11 ties with respect to which the payment of principal and interest
12 is fully and unconditionally guaranteed by the United States.

13 b. Obligations issued by any or all of the federal land
14 banks, any or all of the federal intermediate credit banks,
15 any or all of the banks for cooperatives, and any or all of
16 the federal home loan banks, organized under the laws of the
17 United States.

18 c. Obligations issued by the federal national mortgage as-
19 sociation, under the laws of the United States.

20 d. Any other bonds or securities which are the obligations
21 of or the payment of principal and interest of which is fully
22 and unconditionally guaranteed by a federal reserve bank or
23 by any department, bureau, board, commission, agency or estab-
24 lishment of the United States, or any corporation owned directly
25 or indirectly by the United States.

26 e. General obligations of the state of Iowa and of polit-
27 ical subdivisions thereof.

28 2. A state bank may invest for its own account in other
29 readily marketable bonds or securities, with investment charac-
30 teristics as defined by the superintendent by general regula-
31 tion applicable to all state banks, provided, however, that
32 in no event shall the total amount of such bonds or securities
33 of any one issuer or obligor exceed twenty percent of the cap-
34 ital and surplus of the state bank. No such bond or security
35 shall be eligible for investment by a state bank within this

1 subsection if such bond or security shall have been in default
2 either as to principal or interest at any time within five years
3 prior to the date of purchase.

4 3. A state bank shall not, directly or indirectly, invest
5 for its own account in the shares of any corporation except:

6 a. Shares in a federal reserve bank.

7 b. Shares in the federal national mortgage association.

8 c. When approved by the superintendent, shares and obliga-
9 tions of a corporation engaged solely in making loans for agri-
10 cultural purposes eligible to discount or sell loans to a fed-
11 eral intermediate credit bank, commonly known as an agricul-
12 tural credit corporation, in amounts not to exceed twenty per-
13 cent of the capital and surplus of the state bank.

14 d. Shares in a corporation which the state bank is author-
15 ized to acquire and hold pursuant to subsections two (2) and
16 three (3) of section eight hundred three (803) of this Act.

17 e. Shares in an economic development corporation organized
18 under chapter four hundred ninety-six B (496B) of the Code
19 to the extent authorized by and subject to the limitations of
20 such chapter.

21 f. When approved by the superintendent, shares of a small
22 business investment company as defined by the laws of the United
23 States, except that in no event shall any such state bank hold
24 shares in small business investment companies in an amount ag-
25 gregating more than two percent of its capital and surplus.

26 **Sec. 902. General lending powers of a state bank.**

27 1. A state bank may, subject to any applicable restrictions
28 under other provisions of this Act, loan money, extend credit
29 and discount or purchase evidences of indebtedness and agree-
30 ments for the payment of money.

31 2. Nothing in this Act shall be deemed to permit a state
32 bank to purchase a vendor's or vendee's interest in a real prop-
33 erty sales contract, provided, however, that a state bank may
34 loan or extend credit on the security of such an interest.

35 **Sec. 903. Purchase and sale of drafts and bills of exchange.**

1 1. A state bank shall have power to accept drafts drawn
2 upon it having not more than six months after sight to run,
3 exclusive of days of grace:

4 a. Which grow out of transactions involving the importa-
5 tion or exportation of goods.

6 b. Which grow out of transactions involving the domestic
7 shipment of goods, provided documents of title are attached
8 thereto at the time of acceptance.

9 c. In which a security interest is perfected at the time
10 of acceptance covering readily marketable staples.

11 2. A state bank shall not accept such draft in an amount
12 which exceeds at any time in the aggregate for all drawers fifty
13 percent of its capital and surplus. The superintendent may
14 authorize a state bank to accept drafts in an amount not exceed-
15 ing at any time in the aggregate for all drawers one hundred
16 percent of its capital and surplus but the aggregate of accep-
17 tance growing out of domestic transactions shall in no event
18 exceed fifty percent of such capital and surplus.

19 3. A state bank may, with the prior approval of the superin-
20 tendent, accept drafts, having not more than three months after
21 sight to run, drawn upon it by banks or bankers in foreign coun-
22 tries, or in dependencies or insular possessions of the United
23 States, for the purpose of furnishing dollar exchange as re-
24 quired by the usages of trade where the drafts are drawn in
25 an aggregate amount which shall not at any time exceed for all
26 such acceptance on behalf of a single bank or banker ten per-
27 cent of capital and surplus, and for all such acceptances, fifty
28 percent of capital and surplus.

29 **Sec. 904. Obligations of one customer.**

30 1. For the purpose of this section:

31 a. The term "obligations" means the amounts for the pay-
32 ment of which a customer is obligated, whether directly or in-
33 directly, primarily or secondarily, to a state bank as a re-
34 sult of the exercise by the state bank of the powers conferred
35 by section nine hundred two (902) of this Act.

1 b. Obligations of a customer include obligations of others
2 to a state bank arising out of loans made by such state bank
3 for the benefit of such customer.

4 c. Obligations of a customer who is a partner include the
5 obligations of a partnership or other unincorporated associa-
6 tion for which obligations the customer is liable.

7 d. Obligations of a customer which is a partnership include
8 the obligations of its partners who are liable for its obliga-
9 tions.

10 e. Obligations of a customer include the obligations of
11 any and all corporations in which such customer owns or con-
12 trols more than fifty percent of the shares entitled to vote.

13 f. Obligations of a customer which is a corporation include
14 obligations of a person, who is also a customer, and who owns
15 more than fifty percent of the shares entitled to vote of such
16 corporation.

17 g. Obligations of a customer which is a corporation include
18 the obligations of any other corporation when a person owns
19 more than fifty percent of the shares entitled to vote, of such
20 corporations.

21 h. If the superintendent shall determine at any time that
22 the interests of a group of more than one customer, or any com-
23 bination thereof, are so interrelated that they should be con-
24 sidered as a unit for the purpose of applying the limitations
25 of this section, the total obligations of that group of cus-
26 tomers existing at any time shall be combined and deemed obli-
27 gations of one customer. A state bank shall not be deemed to
28 have violated this section solely by reason of the fact that
29 the obligations of a group exceed the limitations of this sec-
30 tion at the time of a determination by the superintendent that
31 the indebtedness of that group must be combined, but the state
32 bank shall, if required by the superintendent, dispose of the
33 obligations of the group in the amount in excess of the limita-
34 tions of this section within such reasonable time as shall be
35 fixed by the superintendent.

36 2. The total obligations of any one customer to a state

1 bank at any one time, secured and unsecured, shall not exceed
2 twenty percent of the capital and surplus of the state bank
3 except that:

4 a. The total obligations of any one customer to a state
5 bank at any one time, shall not exceed forty percent of the
6 capital and surplus of the state bank if at least all of the
7 amount by which such obligations exceed twenty percent of the
8 capital and surplus of the state bank shall consist of any of
9 the following or any combination of the following:

10 (1) Obligations in the form of notes or drafts, secured
11 by nonnegotiable bills of lading, warehouse receipts or other
12 documents transferring or securing title covering readily market-
13 able nonperishable staples when such goods are covered by in-
14 surance to the extent that insuring such goods is customary,
15 and when the market value of such goods is not at any time less
16 than one hundred twenty percent of the face amount of such obli-
17 gations.

18 (2) Obligations in the form of notes or drafts secured by
19 nonnegotiable bills of lading, warehouse receipts or other docu-
20 ments transferring or securing title covering readily market-
21 able refrigerated or frozen staples when such goods are fully
22 covered by insurance and when the market value of such goods
23 is not at any time less than one hundred twenty percent of the
24 face amount of such obligations.

25 (3) Obligations in the form of notes or drafts secured by
26 bills of lading, bills of sale or security agreements covering
27 feeder livestock when the proceeds of such obligations shall
28 have been given as purchase money for all or part of the pur-
29 chase price of such feeder livestock, but not to exceed the
30 total purchase price thereof.

31 (4) Obligations of the customer as indorser, guarantor or
32 accommodation party for others, other than obligations as in-
33 dorser of chattel paper described in paragraph b of this subsec-
34 tion.

35 (5) Such other obligations to a state bank as may be pre-
36 scribed by the superintendent by regulations of general applica-

1 tion to all state banks, or

2 b. The total obligations of any one customer to a state
3 bank at any one time shall not exceed sixty percent of the cap-
4 ital and surplus of the state bank if at least all of the amount
5 by which such obligations exceed twenty percent of the capital
6 and surplus of the state bank shall consist of obligations as
7 indorser of negotiable chattel paper negotiated by indorsement
8 with recourse, or as unconditional guarantor of nonnegotiable
9 chattel paper, or as transferor of chattel paper indorsed with-
10 out recourse subject to a repurchase agreement, or

11 c. The total obligations of any one customer to a state
12 bank at any one time shall not exceed the sum of twenty percent
13 of the capital and surplus and fifty percent of the capital
14 of the state bank, if at least all of the amount by which such
15 obligations exceed twenty percent of the capital and surplus
16 of a state bank shall consist of obligations secured by a first
17 lien on farmland, or on single family or two family residences,
18 subject to the provisions of section nine hundred five (905)
19 of this Act, except that the amount so loaned shall not exceed
20 fifty percent of the appraised value of such real property, or

21 d. The total obligations of any one customer, who is an in-
22 dividual, to a state bank at any one time shall not exceed forty
23 percent of the capital and surplus of the state bank if all of
24 the amount by which such obligations exceed twenty percent of
25 the capital and surplus of the state bank consists of amounts
26 owed by one or more corporations of which the customer owns or
27 controls more than fifty percent of the shares entitled to
28 vote, provided however, when this paragraph applies:

29 (1) The amounts owed by such customer shall not exceed
30 twenty percent of the capital and surplus of the state bank.

31 (2) The amounts owed by any one or all of such corpora-
32 tions shall not exceed twenty percent of the capital and sur-
33 plus of the state bank.

34 (3) The shares, assets and any liabilities of any such cor-
35 poration shall not be included in the financial statement of
36 such customer or otherwise relied upon as a basis for a loan

1 to such customer.

2 (4) The assets of such customer shall not be relied upon
3 as a basis for a loan to any such corporation.

4 For the purposes of this paragraph, the term "amounts owed"
5 means the amounts for the payment of which such customer or
6 any one or all such corporations are obligated, whether directly
7 or indirectly, primarily or secondarily, to a state bank as a
8 result of the exercise by the state bank of the powers conferred
9 by section nine hundred two (902) of this Act, but determined
10 without reference to paragraphs e, f and g of subsection one
11 (1) of this section.

12 3. The total obligations of any one customer to a state
13 bank at any one time for the purpose of applying the limita-
14 tions of subsection two (2) of this section shall include:

15 a. The aggregate rentals payable by the customer under leases
16 of personal property by the state bank as lessor, except obli-
17 gations secured by a lease on property in situations described
18 in the second sentence of paragraph h of subsection four (4)
19 of this section.

20 b. Obligations secured by real estate pursuant to section
21 nine hundred five (905) of this Act and installment obligations
22 made pursuant to section nine hundred six (906) of this Act,
23 except to the extent any such obligations are secured, guar-
24 anteed, insured or covered by unconditional commitments or agree-
25 ments to purchase by the United States, veterans' administra-
26 tion, federal housing administration, small business administra-
27 tion, farmers home administration, a federal reserve bank, or
28 other department, bureau, board, commission, agency, or estab-
29 lishment of the United States, or any corporation owned directly
30 or indirectly by the United States.

31 c. Obligations of the customer by reason of acceptance by
32 the state bank of drafts of a type not described in subsection
33 one (1) of section nine hundred three (903) of this Act, to
34 the extent that the state bank has acquired such acceptances.

35 d. Obligations of the customer consisting of bonds and se-
36 curities in which the state bank has invested pursuant to sub-

1 section two (2) of section nine hundred one (901) of this Act.

2 e. Amounts invested by a state bank for its own account
3 pursuant to paragraphs c and f of subsection three (3) of sec-
4 tion nine hundred one (901) of this Act in the shares and obli-
5 gations of a corporation which is a customer of the state bank.

6 f. Obligations of the customer as obligor pursuant to evi-
7 dences of indebtedness and agreements for the payment of money
8 acquired by purchase or discount by the state bank.

9 g. All other obligations of the customer of the state bank,
10 not otherwise excluded by subsection four (4) of this section,
11 whether direct or indirect, primary or secondary, including
12 overdrafts and liability for items paid by the state bank against
13 uncollected deposits of the customer.

14 4. The total obligations of any one customer to a state
15 bank at any one time for the purpose of applying the limita-
16 tions of subsection two (2) of this section shall not include:

17 a. Obligations of such customer as the drawer of drafts
18 drawn in good faith against actually existing values in con-
19 nection with a sale of goods which have been indorsed by such
20 customer with recourse or which have been accepted.

21 b. Obligations arising out of the discount of commercial
22 paper actually owned by the customer negotiating the same and
23 indorsed by the customer without recourse and which is not sub-
24 ject to repurchase by the customer.

25 c. Obligations drawn by the customer in good faith against
26 actually existing values and secured by nonnegotiable bills
27 of lading for goods in process of shipment.

28 d. Obligations in the form of acceptances of other banks
29 of the kind described in subsection three (3) of section nine
30 hundred three (903) of this Act.

31 e. Obligations of the customer by reason of acceptances
32 by the state bank for the account of the customer pursuant to
33 subsection one (1) of section nine hundred three (903) of this
34 Act.

35 f. Obligations of the customer which are fully secured by
36 bonds and securities of the kind in which a state bank is autho-

1 rized to invest for its own account without limitation under
2 subsection one (1) of section nine hundred one (901) of this
3 Act.

4 g. Obligations of a customer which is a member bank of the
5 federal reserve system to a state bank which is a member bank
6 of the federal reserve system for federal reserve funds borrowed.

7 h. Obligations of a federal reserve bank or of the United
8 States, or of any department, bureau, board, commission, agency,
9 or establishment of the United States, or of any corporation
10 owned directly or indirectly by the United States, or obliga-
11 tions of a customer to the extent that such obligations are
12 secured or guaranteed or covered by unconditional commitments
13 or agreements to purchase by a federal reserve bank or by the
14 United States, or any department, bureau, board, commission,
15 agency, or establishment of the United States, or any corpora-
16 tion owned directly or indirectly by the United States. An
17 obligation of a customer secured by a lease on property under
18 the terms of which the United States, or any department, bureau,
19 board, commission, agency, or establishment of the United States,
20 or any corporation owned directly or indirectly by the United
21 States, or the state of Iowa, or any political subdivision thereof,
22 is lessee and under the terms of which the aggregate rentals
23 payable to the customer will be sufficient to satisfy the amount
24 loaned shall be considered to be an obligation secured or guar-
25 anteed in the manner provided for in this paragraph.

26 **Sec. 905. Loans on real property.**

27 1. A state bank may make permanent loans or combined con-
28 struction and permanent loans, secured by liens on residential
29 real property housing more than two families, and on real prop-
30 erty consisting of farmland, industrial, manufacturing and com-
31 mercial properties including a leasehold in such properties.
32 Any such loan may be made in an amount not to exceed seventy-
33 five percent of the appraised value of the property offered
34 as security and for a term not longer than twenty years, pro-
35 vided that the loan is secured by an amortized mortgage, deed
36 of trust or other such instrument under the terms of which the

1 installation payments are sufficient to amortize the entire prin-
2 cipal of the loan within a period of not more than twenty years.
3 In the case of a combined construction and permanent loan made
4 pursuant to this subsection, the amount of the loan shall not
5 exceed seventy-five percent of the value of the property upon
6 completion of the construction.

7 2. A state bank may make permanent loans or combined con-
8 struction and permanent loans, secured by liens on residential
9 real property consisting of single family or two family resi-
10 dences in amounts not to exceed:

11 a. Eighty percent of the appraised value of the real prop-
12 erty offered as security and for a term not longer than twenty-
13 five years, provided that the loan is secured by an amortized
14 mortgage, deed of trust or other such instrument under the terms
15 of which the installment payments are sufficient to amortize
16 the entire principal of the loan within a period of not more
17 than twenty-five years.

18 b. Ninety percent of the appraised value of the real prop-
19 erty offered as security and for a term not longer than thirty
20 years, provided that the loan is secured by an amortized mort-
21 gage, deed of trust or other such instrument under the terms
22 of which the installment payments are sufficient to amortize
23 the entire principal of the loan within the period ending on
24 the date of its maturity and provided further, that at least
25 twenty percent of the loan is insured by a financially respon-
26 sible private mortgage insurance company authorized to do busi-
27 ness in this state.

28 c. In the case of a combined construction and permanent
29 loan made pursuant to this subsection, the amount of the loan
30 shall not exceed eighty or ninety percent, as the case may be,
31 of the value of the property upon completion of the construction.

32 3. A state bank may make loans secured by liens on real
33 property for the purpose of:

34 a. Financing the construction of single family and two fam-
35 ily residences if the majority of such loans shall not exceed
36 one year from the date thereof.

1 b. Financing the construction of industrial, manufacturing
2 or commercial buildings or residences housing more than two
3 families if the maturity of such loans shall not exceed two
4 years from the date thereof and there is an unconditional com-
5 mitment by a financially responsible permanent lender to ad-
6 vance the full amount of the loan of the state bank upon com-
7 pletion of the buildings.

8 c. Financing the acquisition and development of unimproved
9 real property if the maturity of any such loan does not exceed
10 three years from the date thereof and the amount of any such
11 loan does not exceed one-half of the cost of the real property
12 acquired for development plus one-half of the cost of develop-
13 ment exclusive of the cost of construction of buildings.

14 4. Any loan made pursuant to this section shall be subject
15 to the following requirements:

16 a. The terms of any such loan, except a loan made pursuant
17 to subsection three (3) of this section, shall require substan-
18 tially equal payments of principal or principal and interest
19 at successive intervals of not more than one year. In the case
20 of any such loan which shall constitute a combined construction
21 permanent loan to finance farm buildings or single family
22 and two family residences, the initial payment on the loan may
23 be deferred for a period not to exceed one year from the date
24 of the loan and, in the case of a combined construction and
25 permanent loan to finance buildings or other improvements on
26 industrial, manufacturing or commercial properties or residen-
27 tial properties housing more than two families, the initial
28 payment on the loan may be deferred for a period not to exceed
29 two years from the date of the loan.

30 b. The loan shall be evidenced by a bond, note or other
31 obligation and secured by a lien in the form of a mortgage,
32 deed of trust or other similar instrument.

33 c. The lien shall be a first lien, unless all prior liens
34 are held by the state bank and the aggregate of all such loans
35 by the state bank secured by liens on the real property sat-
36 isfies all other requirements of this section pertaining to

1 such loans, provided that, for the purpose of this paragraph
2 a mortgage, deed of trust or other similar instrument shall
3 not be deemed to be other than a first lien within the mean-
4 ing of this paragraph by reason of the existence of taxes or
5 assessments that are not delinquent, instruments creating or
6 reserving mineral, oil, or timber rights, rights of way, joint
7 driveways, sewer rights, rights in walls or by reason of build-
8 ing restrictions or other like restrictive covenants, or when
9 such real estate is subject to lease in whole or in part whereby
10 rents or profits are reserved to the owner.

11 d. The value of the real property shall be determined by
12 averaging the appraisals of two qualified persons, selected
13 in a manner authorized by the board of directors, who are famil-
14 liar with real property values in the vicinity where the real
15 property is located, and who inspect the real property and state
16 its value to the best of their judgment in a written report
17 to be retained by the state bank during the term of the loan.

18 e. Insurance against loss from fire on all buildings, which
19 are included in the appraised value, and against other hazards,
20 issued by insurers, acceptable to the state bank, authorized
21 to do business where the real property is located, and in form
22 and amount satisfactory to the state bank, shall be maintained
23 during the term of the loan by or at the expense of the customer
24 including the costs of any mortgage guaranty insurance required
25 by the state bank except that the state bank may at its own
26 expense maintain such insurance covering only its interest as
27 lender.

28 f. The state bank shall obtain a written opinion by an at-
29 torney admitted to practice in Iowa stating that the mortgage,
30 deed of trust or similar instrument is a first lien on the real
31 property.

32 g. Real property securing loans under this section shall
33 be located in this state or an adjoining state.

34 h. The customer shall pay all expenses in connection with
35 the loan for preparation and examination of abstracts, opinions
36 or title insurance, abstract certificates, and appraisal and

1 recording fees.

2 i. The maturity date of a loan to a lessee on a leasehold
3 shall occur prior to the expiration of two-thirds of the time
4 from the inception of the lease to its expiration, including
5 in such lease period the periods of time for which the lessee
6 may exercise an option to renew but in no event shall the date
7 of maturity be less than five years prior to such expiration
8 date.

9 5. The restrictions and requirements of this section shall
10 not apply to:

11 a. Loans guaranteed at least to the extent of twenty percent
12 thereof, or for which a written commitment for such guarantee
13 has been issued, by the veterans administration, under the laws
14 of the United States.

15 b. Loans insured, or for which a written commitment to insure
16 has been issued, by the federal housing administration under
17 the laws of the United States.

18 c. Loans insured, or for which a written commitment to in-
19 sure has been issued, by the farmers home administration under
20 the laws of the United States.

21 d. Loans in which the small business administration partic-
22 ipates, or has agreed in writing to participate, on an imme-
23 diate or deferred basis under the laws of the United States.

24 e. Loans in connection with which a state bank takes a real
25 property mortgage, deed of trust or other such instrument, as
26 security but as to which it is relying for repayment:

27 (1) In the case of a loan made, with or without other secu-
28 rity, for industrial, manufacturing, commercial or agricultural
29 purposes, on the operations of the customer based primarily
30 on the general credit of the customer and projection of his
31 operations.

32 (2) On an unconditional commitment by a financially respon-
33 sible person to advance the full amount of the loan or to provide
34 funds for payment thereof, within a period not to exceed three
35 years from the date of the loan.

36 (3) On a financially responsible lessee of the real prop-

erty provided that the lease shall be assigned to the state bank and the lease by its terms shall be sufficient to amortize the entire principal of the loan within a period of not more than twenty years.

(4) On collateral other than the real property.

(5) On a guaranty or an agreement by a financially responsible person, other than a person engaged in the business of guaranteeing real property loans, to take over or purchase the loan in the event of default.

f. Bonds and securities secured entirely or in part by real property, but in which a state bank is authorized to invest for its own account under section nine hundred one (901) of this Act.

6. A state bank may make a loan secured by a lien on an apartment constituting a part of a condominium constructed or established pursuant to the provisions of chapter four hundred ninety-nine B (499B) of the Code, subject to the provisions of this section.

7. Any loan, evidence of indebtedness or agreement for the payment of money secured by real property which is purchased by a state bank shall conform to the provisions of this section.

8. Nothing contained in this section shall prevent any state bank from accepting real property as security, or from taking secondary liens on real property to secure debts previously contracted to it in good faith, or to further secure a loan if such loan is otherwise secured, or to secure loans made for improvements to the real property.

Sec. 906. Installment loans by state banks.

1. A state bank may contract for and receive on any loan which is evidenced by a written agreement for repayment in installments, a charge, which shall include interest, determined in accordance with either of the following methods:

a. At a rate not to exceed six dollars per annum upon each one hundred dollars actually loaned to the customer. In addition to the amount actually loaned, the charge may be included

1 in the total amount of the loan. The terms of any loan for
2 which a charge is made pursuant to this paragraph shall require
3 substantially equal installments at successive intervals of
4 not more than one year in amounts sufficient to amortize the
5 entire loan, including charges, within a period of not more
6 than five years provided, however, that the first installment
7 may be deferred to not more than fifteen months from the date
8 of the loan.

9 b. At a rate not to exceed ^{and one-half} one percent per month computed
10 on unpaid principal balances. A state bank may receive such
11 charge by crediting each installment whenever received, first
12 to the charge at the monthly rate contracted for and the re-
13 mainder to principal until the loan is fully paid, or the state
14 bank may compute the total charge which would be earned at the
15 monthly rate contracted for if the loan were repaid according
16 to its terms and each installment were applied first to the
17 charge and then to principal, and include such total charge
18 in the total amount of the loan. The terms of any loan for
19 which a charge is made pursuant to this paragraph shall require
20 substantially equal installments at successive intervals of
21 not more than one month in amounts sufficient to amortize the
22 entire loan, including charges, within the period ending on
23 the date of its maturity which shall not exceed five years pro-
24 vided, however, that installments may be deferred or omitted
25 on a seasonal basis. If the total charge is included in the
26 total amount of the loan as provided for in this paragraph,
27 a first interval of not less than fifteen nor more than forty-
28 five days may be treated as a monthly interval.

29 2. If the charge determined in accordance with subsection
30 one (1) of this section is less than ten dollars, a state bank
31 may contract and receive a charge of not more than ten dollars,
32 which charge shall be in lieu of any charge determined in ac-
33 cordance with subsection one (1) of this section and shall not
34 be subject to refund as required by subsection five (5) of this
35 section.

36 3. No further amount shall be charged, contracted for or

1 received, directly or indirectly, on or in connection with any
2 loan subject to the provisions of this section, except fees
3 paid for filing documents in public offices in connection with
4 the loan, actual expenditures, including reasonable attorney's
5 fees for proceedings to collect the loan, and the cost of a
6 reasonable amount of insurance of the kind customarily required,
7 but not in excess of standard insurance rates.

8 4. When an installment is not paid when due, a state bank
9 may collect a single delinquency charge, in an amount not to
10 exceed five percent of the installment, for each installment
11 in arrears for a period of more than ten days, provided that
12 the delinquency has not been caused by reason of acceleration
13 or by reason of delinquency on a prior installment.

14 5. Any payment in cash made by a customer before maturity
15 shall be accepted by the state bank. When full payment of a
16 loan subject to the provisions of this section is made before
17 maturity, whether by payment in cash, renewal or otherwise,
18 or whenever the maturity of the loan is accelerated, the cus-
19 tomer shall receive from the state bank at the time the loan
20 is paid in full a refund of the unearned charge. The refund
21 shall be so calculated that the customer will not have paid
22 a charge for the loan at a greater rate when computed on actual
23 unpaid principal balances than the customer would have paid
24 had the loan been permitted to run to its maturity, and in no
25 event shall the customer be required to pay in excess of one
26 percent per month interest on the actual unpaid principal bal-
27 ances. All such refunds shall be made in accordance with a
28 uniform refund schedule calculated, prescribed and approved
29 by the superintendent.

30 6. The total amount loaned to any one customer for which
31 a charge is made pursuant to this section shall not, at any
32 one time, exceed ten thousand dollars excluding charges per-
33 mitted by this section. For any portion of one or more loans
34 to one customer in excess of ten thousand dollars, the charge
35 which the state bank may make shall be governed by law other
36 than this section. No state bank shall have outstanding loans

1 subject to this section in an aggregate amount exceeding twenty-
2 five percent of its total assets.

3 7. The provisions of this section, nor insofar as loans
4 described in paragraph b of this subsection are concerned, the
5 provisions of any other section of the laws of this state, shall
6 not apply to loans, evidence of indebtedness or agreements for
7 the payment of money which:

8 a. Are secured by first liens on real property.

9 b. Are real property improvement loans insured, all or in
10 part, by the federal housing administration under the laws of
11 the United States.

12 c. Are the obligations of a customer which is a corpora-
13 tion.

14 d. Have been acquired by the state bank by purchase or dis-
15 count from the person owning the same.

16 Sec. 907. **Participations.** A state bank may purchase and
17 may sell, subject to the provisions of section nine hundred
18 one (901), nine hundred four (904), nine hundred five (905),
19 and nine hundred six (906) of this Act, and to such regulations
20 as the superintendent may prescribe, participants in one or
21 more evidences of indebtedness and agreements for the payment
22 of money, and pools of bonds, securities, evidences of indebted-
23 ness and agreements for the payment of money.

24 Sec. 908. **Direct leasing.** A state bank shall have the power,
25 subject to approval by the superintendent, to acquire, upon
26 the specific request of and for the use of a customer, and lease,
27 personal property pursuant to a binding arrangement for the
28 leasing of such property to the customer upon terms requiring
29 payment to the state bank, during the minimum period of the
30 lease, of rentals which in the aggregate will be at least equal
31 to the total expenditures by the state bank for, and in con-
32 nection with, the acquisition, ownership, maintenance and pro-
33 tection of the property.

34 Sec. 909. **Loans and investments by officers.** No loan or
35 investment shall be made from the funds of any state bank, di-

1 rectly or indirectly, except by an officer of the state bank
2 who is authorized to do so by the board of directors.

3 **Sec. 910. Property acquired to satisfy debts previously**
4 **contracted.** A state bank may acquire property of any kind to
5 secure, protect or satisfy a loan or investment previously made
6 in good faith. Property acquired pursuant to this section shall
7 be held and disposed of subject to the following conditions
8 and limitations:

9 1. Shares in a corporation and other personal property,
10 the acquisition of which is not otherwise authorized by this
11 Act, shall be sold or otherwise disposed of within six months
12 unless the time is extended by the superintendent.

13 2. Real property purchased by a state bank at sales upon
14 foreclosure of mortgages or deeds of trust owned by it, or ac-
15 quired upon judgments or decrees obtained or rendered for debts
16 due it, or such real property as shall be conveyed to it in
17 satisfaction of debts previously contracted in the course of
18 its business, or such real property as it may obtain by re-
19 demption as a junior mortgagee or judgment creditor, shall be
20 sold or otherwise disposed of by the state bank within one year
21 after title is vested in the state bank, unless the time is
22 extended by the superintendent.

23 **Sec. 911. Letters of credit.** A state bank shall have the
24 power to issue, advise and confirm letters of credit authoriz-
25 ing a beneficiary thereof to draw on or demand payment of the
26 state bank or its correspondent banks.

27 **Sec. 912. Customer shall be free to obtain own insurance**
28 **and loan.** In any case in which any kind of insurance is re-
29 quired by the state bank as a condition for lending money or
30 in connection with any other transaction, the customer shall
31 be free to obtain such insurance from a source of his selec-
32 tion. In the case of a sale of shares of stock, bonds or other
33 securities or real property by an officer or employee which
34 is authorized by the board of directors of a state bank in the
35 manner provided for in subsection three (3) of section seven

1 hundred ten (710) of this Act, the purchaser shall be free to
2 obtain any loan for the purchase thereof from a lender of his
3 selection.

4 Division X

5 FIDUCIARY POWERS

6 Sec. 1001. **Power to act as fiduciary.** When approving
7 proposed state bank, or at any time subsequent thereto upon
8 amendment of its articles of incorporation, the superinten-
9 dent may authorize a state bank to act in a fiduciary capacity.
10 In determining whether he shall authorize a state bank to act
11 in a fiduciary capacity, the superintendent may consider any
12 of the relevant criteria referred to in section three hundred
13 five (305) of this Act, and other appropriate facts and circum-
14 stances. In any fiduciary capacity in which a state bank may
15 act pursuant to this section, it shall have all the rights and
16 duties which an individual has in such capacity under applic-
17 able law and under the terms upon which the state bank is des-
18 ignated to act in such capacity. In authorizing a state bank
19 to act in a fiduciary capacity, the superintendent may limit
20 such authorization to such capacities as he deems appropriate.

21 Sec. 1002. **Actions required, permitted or prohibited in a**
22 **fiduciary capacity.** The following rules shall be applicable
23 to a state bank acting in the capacity of fiduciary:

24 1. A state bank shall segregate from its assets all prop-
25 erty held as fiduciary, other than items in the course of col-
26 lection, and shall keep separate records of all such property
27 for each account for which such property is held.

28 2. Funds of a fiduciary account may be deposited in the
29 state bank which is acting as fiduciary, either as demand de-
30 posits, savings deposits or, for a period not exceeding one
31 year, in single maturity time deposits.

32 3. A state bank may provide any oath or affidavit required
33 of the state bank as fiduciary through an officer acting on
34 behalf of the state bank.

35 4. A state bank shall not make a loan or extension of credit

1 of any funds held as fiduciary, directly or indirectly, to or
2 for the benefit of a director, officer or employee of the state
3 bank or of an affiliate, a partnership or other unincorporated
4 association of which such director, officer or employee is a
5 partner or member, or a corporation in which such officer, di-
6 rector or employee has a controlling interest, except a loan
7 specifically authorized by the terms upon which the state bank
8 was designated as fiduciary.

9 5. Unless otherwise authorized by the instrument creating
10 the relationship, court order or the laws of this state, a state
11 bank, as fiduciary, shall not, directly or indirectly, sell
12 any asset to the state bank for its own account, or to an of-
13 ficer, director or employee, nor purchase from the state bank,
14 or an officer, director or employee, any asset or security
15 issued by the state bank except, in the case of a state bank:

16 a. Investments in which a state bank may invest without
17 limitation pursuant to subsection one (1) of section nine hun-
18 dred one (901) of this Act,

19 b. Assets purchased by the state bank pursuant to an agree-
20 ment whereby the state bank is bound to sell, and the state
21 bank as fiduciary is bound to buy, at a date not more than one
22 year from the date of acquisition by the state bank, such assets
23 at a price agreed upon at the time of acquisition by the state
24 bank, or

25 c. Any asset sold to the state bank for its own account
26 or purchased in a fiduciary capacity from the state bank with
27 the prior approval of the superintendent.

28 **Sec. 1003. Removal of fiduciary powers.** If the superin-
29 tendent at any time concludes that a state bank authorized to
30 act in a fiduciary capacity is managing its accounts in an un-
31 safe or unsound manner, or in a manner in conflict with the
32 provisions of this Act, and such state bank refuses to correct
33 such practices upon notice to do so, the superintendent may
34 forthwith direct that the state bank cease to act as a fidu-
35 ciary and proceed to resign its fiduciary positions.

1 In such event the superintendent shall cause to be filed
2 a petition in the district court in which the state bank has
3 its principal place of business setting forth in general terms
4 that the state bank is acting as fiduciary with respect to cer-
5 tain property and that it is necessary and desirable that suc-
6 cessor fiduciaries be appointed. Upon the filing of the peti-
7 tion the court shall enter an order requiring all persons in-
8 terested in all such fiduciary accounts to designate and take
9 all necessary measures to appoint a successor fiduciary within
10 a time to be fixed by order, or to show cause why a suc-
11 cessor fiduciary should not be appointed by the court. The
12 court shall also direct the state bank to mail a copy of the
13 order to each living settlor and each person known by the state
14 bank to have a beneficial interest in the fiduciary accounts
15 with respect to which the state bank is fiduciary and with re-
16 spect to which it is being asked to resign its position. Such
17 notice shall be mailed to the last known address of each such
18 settlor and person having a beneficial interest as shown by
19 the records of the state bank. The court may also order pub-
20 lication of such order to the extent that it deems necessary
21 to protect the interests of absent or remote beneficiaries.

22 In any fiduciary account where those interested therein fail
23 to cause a successor fiduciary to be appointed prior to the
24 time fixed in such order, the court shall appoint a successor
25 fiduciary. A successor fiduciary appointed in accordance with
26 the terms of this section shall succeed to all the rights, powers
27 titles, duties and responsibilities of the state bank, except
28 that he shall not exercise powers given in the instrument creat-
29 ing the powers that by its express terms are personal to the
30 fiduciary therein designated and except claims or liabilities
31 arising out of the management of the fiduciary account prior
32 to the date of the transfer.

33 **Sec. 1004. Voluntary relinquishment of fiduciary capacity.**

34 A state bank desiring to surrender its authorization to act
35 in a fiduciary capacity, in order to relieve itself of the ne-

1 cecessity of complying with the requirements attendant to such
2 capacity, shall file with the superintendent a certified copy
3 of a resolution signifying such intent. In such event the state
4 bank shall cause to be filed a petition in the district court
5 in which the state bank has its principal place of business
6 setting forth in general terms that the state bank is acting
7 as fiduciary with respect to certain property and that it de-
8 sires to cease its fiduciary function and resign its fiduciary
9 positions. Upon the filing of the petition the relinquish-
10 ment of fiduciary capacity and the appointment of a successor
11 fiduciary or fiduciaries shall be handled in the same manner
12 and with the same effect as provided for in section ten hun-
13 dred three (1003) of this Act, dealing with the removal of fi-
14 duciary powers.

15 After compliance with this section the state bank shall pro-
16 ceed to amend its articles of incorporation, in accordance with
17 the provisions of this Act, in a manner to indicate that it
18 is no longer authorized to act in a fiduciary capacity. The
19 superintendent shall approve the proposed amendment, in the
20 manner provided for in this Act, if he is satisfied that the
21 state bank has properly relieved itself of its fiduciary re-
22 sponsibilities.

23 **Sec. 1005. Trust companies on the effective date of this**
24 **Act.** Any trust company existing and operating on the effec-
25 tive date of this Act, and which was authorized to act only
26 as a trust company, may continue to act only in a fiduciary
27 capacity, according to the terms of its articles of incorpora-
28 tion, after the effective date of this Act, and shall be, in-
29 sofar as applicable, subject to the provisions of this Act.
30 Insofar as the use of the word "trust" is concerned, the pro-
31 visions of subsection two (2) of section one hundred seven (107)
32 of this Act shall not apply to a trust company subject to this
33 section.

34
35

Division XI
AFFILIATES

1 **Sec. 1101. Definitions.** For the purposes of this Act, an
2 "affiliate" of a state bank shall include any corporation, trust,
3 estate, association, or other similar organization:

4 1. Of which a state bank, directly or indirectly, owns or
5 controls either a majority of the voting shares or more than
6 fifty percent of the number of shares voted for the election
7 of its directors, trustees, or other individuals exercising
8 similar functions at the preceding election, or controls in
9 any manner the election of a majority of its directors, trus-
10 tees, or other individuals exercising similar functions.

11 2. Of which control is held, directly or indirectly, through
12 share ownership or in any other manner, by the shareholders
13 of a state bank who own or control either a majority of the
14 shares of such state bank or more than fifty percent of the
15 number of shares voted for the election of directors of such
16 state bank at the preceding election, or by trustees for the
17 benefit of the shareholders of any such state bank.

18 3. Of which a majority of its directors, trustees, or other
19 individuals exercising similar functions are directors of any
20 one state bank.

21 4. Which owns or controls, directly or indirectly, either
22 a majority of the voting shares of a state bank or more than
23 fifty percent of the number of shares voted for the election
24 of directors of a state bank at the preceding election, or con-
25 trols in any manner the election of a majority of the directors
26 of a state bank, or for the benefit of whose shareholders or
27 members all or substantially all of the outstanding voting shares
28 of a state bank is held by trustees.

29 5. Which is a bank holding company, as defined by the laws
30 of the United States, of which a state bank is a subsidiary,
31 and any other subsidiary, as defined by the laws of the United
32 States, of a bank holding company.

33 **Sec. 1102. Loans and other transactions with affiliates.**
34 No state bank shall make any loan or any extension of credit
35 to, or purchase securities under repurchase agreement from,

1 any of its affiliates, or invest any of its funds in the shares,
2 bonds, capital securities, or other obligations of any such
3 affiliate, or accept the shares, bonds, capital securities,
4 or other obligations of any such affiliate as collateral se-
5 curity for advances made to any customer, if the aggregate amount
6 of such loans, extensions of credit, repurchase agreements,
7 investments and advances against such collateral security will
8 exceed:

9 1. In the case of any one such affiliate, ten percent of
10 the capital and surplus of such state bank.

11 2. In the case of all such affiliates, twenty percent of
12 the capital and surplus of such state bank.

13 Within the foregoing limitations, each loan or extension
14 of credit of any kind or character to an affiliate shall be
15 secured by collateral in the form of shares of stock, bonds,
16 capital securities or other such obligations having a market
17 value at time of making the loan or extension of credit
18 of at least twenty percent more than the amount of the loan
19 or extension of credit, or of at least ten percent more than
20 the amount of the loan or extension of credit if it is secured
21 by obligations of any state, or of any political subdivision
22 or agency thereof.

23 A loan or extension of credit to a director, officer, clerk
24 or other employee or any representative of any such affiliate
25 shall be deemed a loan to the affiliate to the extent that the
26 proceeds of such loan are used for the benefit of, or trans-
27 ferred to, the affiliate.

28 The provisions of this section shall not apply to loans or
29 extensions of credit fully secured by obligations of the United
30 States, or the federal intermediate credit banks, or the federal
31 land banks, or the federal home loan banks, or obligations fully
32 guaranteed by the United States as to principal and interest.
33 The provisions of this section shall likewise not apply to in-
34 debtedness of any affiliate for unpaid balances due a state

1 For the purposes of this section, the term "extension of
2 credit" and "extensions of credit" shall be deemed to include
3 any purchase of securities, other assets or obligations under
4 repurchase agreement, and the discount of promissory notes,
5 bills of exchange, conditional sales contracts, or similiar paper,
6 whether with or without recourse.

7 **Sec. 1103. Exceptions.** The provisions of section eleven
8 hundred two (1102) of this Act shall not apply to any affil-
9 iate:

10 1. Engaged solely in holding or operating real estate used
11 wholly or substantially by the state bank in its operations
12 or acquired for its future use.

13 2. Engaged solely in conducting a safe-deposit business
14 or the business of an agricultural credit corporation eligible
15 to discount loans with a federal intermediate credit bank.

16 3. Engaged solely in holding obligations of the United States,
17 the federal intermediate credit banks, the federal land banks,
18 the federal home loan banks, or obligations fully guaranteed
19 by the United States as to principal and interest.

20 4. Where the affiliate relationship has arisen as a result
21 of shares acquired in satisfaction of a bona fide debt con-
22 tracted prior to the date of the creation of such relation-
23 ship provided that such shares shall be sold at public or pri-
24 vate sale within one year from the date of the creation of the
25 relationship, unless the time is extended by the superinten-
26 dent.

27 5. Where the affiliate relationship exists by reason of
28 the ownership or control of any voting shares thereof by a state
29 bank as executor, adminstrator, trustee, receiver, agent, de-
30 pository, or in any other fiduciary capacity, except where such
31 shares are held for the benefit of all or a majority of the
32 shareholders of such state bank.

33 6. Which is a bank.

34 **Sec. 1104. Applicability of general loan limitations.** Any
35 loan or extension of credit to an affiliate, and any investment

1 in the shares, bonds, capital securities or other obligations
2 of an affiliate, excepted by the provisions of section eleven
3 hundred two (1102) of this Act from the requirements of that
4 section, shall continue to be subject to the other provisions
5 of this Act applicable to loans or extensions of credit by a
6 state bank and investments by a state bank in shares, bonds,
7 capital securities, or other such obligations.

8 **Sec. 1105. Examination of affiliates and reports.**

9 1. For the purpose of determining the condition of a state
10 bank and information concerning the state bank, the superin-
11 tendent shall have the power to make or cause to be made an
12 examination of any affiliate to the same extent as he may ex-
13 amine a state bank under this Act.

14 2. If the superintendent has reasonable cause to believe
15 that any corporation, trust, estate, association, or other sim-
16 ilar organization is an affiliate, he may require the organiza-
17 tion to furnish such information as may enable him to determine
18 whether the organization is an affiliate.

19 **Sec. 1106. Fees paid to an affiliate.** In any case where
20 an affiliate has a contract or arrangement for management, fi-
21 nancial advice, consultation, or other services which involves
22 payment for these services by a state bank to an affiliate,
23 the superintendent shall have authority to determine whether
24 or not such fees are reasonable in relation to the services
25 performed, and if he determines they are unreasonable, to re-
26 quire that they be reduced to a reasonable amount or eliminated.

27 **Division XII**

28 **OFFICES**

29 **Sec. 1201. General provision.**

30 No bank shall open or maintain a branch bank. A state bank
31 may, subject to approval and regulation of the superintendent:

32 1. Establish bank offices for the sole and only purpose
33 of receiving deposits and paying checks and performing such
34 other clerical and routine duties not inconsistent with this
35 section, provided however, that a state bank shall not estab-

1 lish any bank office beyond those counties surrounding and con-
2 tiguous to or touching or cornering on the county in which the
3 state bank is located nor in a municipal corporation, or in
4 an unincorporated area, in which there is already an estab-
5 lished state or national bank and provided further, that no
6 bank office shall be continued after a state bank or national
7 bank has actually commenced business, through the opening of
8 its principal place of business, within the municipal corpora-
9 tion where the bank office is located.

10 2. Establish, for the convenience of its customers, not
11 more than two parking lot offices for servicing accounts, for
12 receiving and paying deposits, issuing and cashing checks, drafts,
13 money orders and travelers checks, for the storage of supplies
14 and noncurrent bank records, for safety deposits of customers
15 and for the performance of such other clerical and routine duties
16 not inconsistent with this section, provided however, that such
17 parking lot offices shall be located within the same municipal
18 corporation as the state bank, shall have adequate off-street
19 parking area as determined by the superintendent, and may be
20 for the service of both drive-up and pedestrian customers and
21 provided further, that such a facility located in the prox-
22 imity of the state bank may be found by the superintendent to
23 be an integral part of the state bank operation, so as to per-
24 mit the approval of two parking lot offices elsewhere. The
25 state bank shall supervise the operation of the parking lot
26 office but the executive and official business of the state
27 bank shall not be transacted at the parking lot office, no cur-
28 rent records shall be at a parking lot office, and all trans-
29 actions of the parking lot office shall be immediately trans-
30 mitted to the state bank.

31 3. Nothing in this section shall prohibit national banks
32 the privilege of this section whenever they may be so autho-
33 rized by federal law.

34 Sec. 1202. **Change of location.** Upon approval by the super-
35 intendent a state bank may change the location of a bank office

1 or a parking lot office. No change shall be authorized by the
2 superintendent to a location other than that specified in section
3 twelve hundred one (1201) of this Act.

4 Sec. 1203. Cancellation of approval of offices. Whenever
5 an examination by the superintendent or other supervisory agen-
6 cies discloses that the operation of a bank office or parking
7 lot office is being conducted in violation of section twelve
8 hundred one (1201) of this Act, the superintendent may forth-
9 with revoke the approval of the bank office or parking lot of-
10 fice.

11 Division XIII

12 DISSOLUTION

13 Sec. 1301. Voluntary dissolution prior to commencement of
14 business.

15 1. Subsequent to the issuance of the certificate of incor-
16 poration and prior to the issuance of the authorization to do
17 business, a state bank which has not issued any shares may be
18 voluntarily dissolved by its incorporators. In such case the
19 articles of dissolution shall be prepared and filed in the man-
20 ner provided in section four hundred ninety-six A point seventy-
21 nine (496A.79) of the Code. The articles of dissolution shall
22 be delivered to the superintendent, together with the applic-
23 able filing and recording fees, who shall deliver the same to
24 the secretary of state for filing and recording in the office
25 of the county recorder.

26 2. A state bank which has issued its shares, whether or
27 not it has received an authorization to do business, but which
28 has not commenced any business for which an authorization is
29 required, may propose to dissolve by the affirmative vote of
30 the holders of at least three-fourths of the shares entitled
31 to vote thereon. After obtaining the approval of the superin-
32 tendent to dissolve under this section the state bank shall
33 deliver to the superintendent articles of dissolution which
34 shall be executed by two duly authorized officers and which
35 shall contain the date of incorporation, a statement that it

1 has not transacted any business for which an authorization to
2 do business is required, a statement that all liabilities of
3 the state bank have been paid or provided for, a statement that
4 all amounts received on account of capital, surplus and undi-
5 vided profits, less any part thereof disbursed for necessary
6 expenses, have been returned to the persons entitled thereto,
7 and the number of shares entitled to vote on the dissolution
8 and the number of shares voted for or against it respectively.
9 If the superintendent finds that the articles of dissolution
10 satisfy the requirements of this Act, he shall deliver them
11 to the secretary of state, with his written approval, and notify
12 the state bank of his action.

13 **Sec. 1302. Involuntary dissolution prior to commencement**
14 **of business.** Prior to the issuance of an authorization to do
15 business, the superintendent may cause the dissolution of a
16 state bank if there exists any reason why it should not have
17 been incorporated under this Act or if an authorization to do
18 business has not been issued within one year after the date
19 of its incorporation, or such longer time as the superintenden-
20 dent may allow for satisfaction of conditions precedent to its
21 issuance. After giving the state bank adequate notice and an
22 opportunity for hearing, the superintendent shall certify the
23 applicable facts by the filing of a statement with the sec-
24 retary of state, who shall thereafter issue a certificate of
25 dissolution. Upon the issuance of such certificate of dis-
26 solution by the secretary of state, the corporate existence
27 of the state bank shall cease.

28 **Sec. 1303. Voluntary dissolution after commencement of**
29 **business.**

30 1. A state bank which has commenced business may propose
31 to voluntarily dissolve upon the affirmative vote of the holders
32 of at least three-fourths of the shares entitled to vote thereon,
33 adopting a plan of dissolution involving both a provision for
34 acquisition of its assets and assumption of its liabilities
35 by another state bank or national bank and a provision for con-

1 tinuance of its business if acquisition of its assets and as-
2 sumption of its liabilities is not effected, or any other plan
3 of dissolution providing for full payment of its liabilities.

4 2. Upon receipt of an application for approval of a plan
5 of dissolution the superintendent shall conduct such investiga-
6 tion as he may deem necessary to determine whether the plan
7 adequately protects the interests of depositors, other creditors
8 and shareholders and, if the plan involves an acquisition of
9 assets and assumption of liabilities by another state bank,
10 whether such acquisition and assumption would be consistent
11 with adequate and sound banking and in the public interest,
12 on the basis of factors substantially similar to those set forth
13 in paragraph d of subsection one (1) of section fourteen hun-
14 dred three (1403) of this Act. Within ninety days after receipt
15 of the application, the superintendent shall approve or disap-
16 prove the application on the basis of his investigation. Be-
17 fore receiving the decision of the superintendent with respect
18 to the pending application, the applying state bank shall, upon
19 notice, reimburse the superintendent to the extent of the ex-
20 penses incurred by him in connection with the application.
21 Thereafter the superintendent shall give to the applying state
22 bank written notice of his decision, and in the event of dis-
23 approval, a statement of the reasons for his decision. The
24 decision of the superintendent shall be subject to review by
25 the district court of Polk county upon petition by any inter-
26 ested party within thirty days after the superintendent notifies
27 the applying bank of his decision. The decision of the super-
28 intendent shall be upheld unless unsupported by substantial
29 evidence.

30 3. When a state bank has proposed to dissolve by adopting
31 a plan of dissolution involving a provision for acquisition
32 of its assets and assumption of its liabilities by another state
33 bank, it shall publish a notice of the proposed transaction.
34 The notice shall be published once each week for two successive
35 weeks in a newspaper of general circulation published in the

1 municipal corporation or unincorporated area in which the dis-
2 solving bank has its principal place of business, and in the
3 municipal corporation or unincorporated area in which the ac-
4 quiring state bank has its principal place of business, or if
5 there is none, a newspaper of general circulation published
6 in the county or counties, or in a county adjoining the county
7 or counties, in which the dissolving bank and the acquiring
8 bank have their principal place of business. Such publication
9 of notice shall be made within thirty days after making applica-
10 tion to the superintendent for approval of the plan of dissolu-
11 tion, and proof of publication of the notice shall be delivered
12 to the superintendent. The notice shall set forth the name
13 of the dissolving state bank and of the acquiring state bank,
14 the location and post office address of the principal place
15 of business of the dissolving state bank and of the acquiring
16 state bank and of each office to be maintained by the acquiring
17 state bank and a brief statement of the nature of the proposed
18 transaction. Prior to making a determination on the pending
19 application the superintendent shall, upon adequate notice,
20 afford all interested parties an opportunity for a stenograph-
21 ically reported hearing during which such parties shall be al-
22 lowed to present evidence in support of, or in opposition to,
23 the pending application. If the superintendent finds that he
24 must act immediately on the pending application in order to
25 protect the interests of depositors or the assets of the dis-
26 solving bank, he may proceed without requiring publication of
27 the notice and without providing for the hearing referred to
28 in this subsection.

29 **Sec. 1304. Voluntary dissolution—statement of intent to**
30 **dissolve.**

31 1. Immediately upon the adoption and approval of a plan
32 of dissolution under section thirteen hundred three (1303) of
33 this Act (or if the plan provides for continuance of the busi-
34 ness of the state bank unless a purchase of its assets and an
35 assumption of its liabilities becomes effective, immediately

1 after such purchase and assumption becomes effective), the state
2 bank shall deliver to the superintendent a statement of intent
3 to dissolve which shall be signed by two of its duly authorized
4 officers and which shall contain the name of the state bank,
5 the post office address of its principal place of business,
6 the name and address of its officers and directors, the number
7 of shares entitled to vote on the plan of dissolution and the
8 number of shares voted for or against the plan, respectively.

9 2. If the statement of intent to dissolve satisfies the
10 requirements of this section, the superintendent shall deliver
11 the statement with his written approval to the secretary of
12 state who shall issue to the state bank an approved copy of
13 such statement. Upon the issuance of an approved copy of the
14 statement of intent to dissolve, the state bank shall cease
15 to accept deposits or carry on its business, except insofar
16 as may be necessary for the proper winding up thereof in ac-
17 cordance with the approved plan, but its corporate existence
18 shall continue until issuance of a certificate of dissolution
19 pursuant to section thirteen hundred seven (1307) of this Act.

20 3. If the laws of the United States require approval by
21 any federal agency, the superintendent shall withhold delivery
22 of the approved statement of intent to dissolve until he re-
23 ceives notice of the decision of such agency. If the final
24 approval of the agency is not given, the superintendent shall
25 notify the applying state bank that the approval of the super-
26 intendent has been rescinded for that reason.

27 **Sec. 1305. Voluntary dissolution proceedings—winding up.**

28 1. The board of directors shall have full power to wind
29 up and settle the affairs of a state bank in voluntary dissolu-
30 tion proceedings.

31 2. Within thirty days after the issuance by the secretary
32 of state of an approved copy of the statement of intent to dis-
33 solve, the state bank shall give notice of its dissolution:

34 a. By mail to each depositor and creditor (except those
35 as to whom the liability of the state bank has been assumed

1 by another state bank or national bank pursuant to the plan),
2 at their last address of record as shown upon the books of the
3 bank, including a statement of the amount shown by the books
4 of the state bank to be due to such depositor or creditor and
5 a demand that any claim for a greater amount to be filed with the
6 state bank any time before a specified date at least ninety
7 days after the date of the notice.

8 b. By mail to each lessee of a safe-deposit box and each
9 customer for whom property is held in safekeeping (except those
10 as to whom the liability of the state bank has been assumed
11 by another state bank or national bank pursuant to the plan),
12 at their last known address of record as shown upon the books
13 of the state bank, including a demand that all property held
14 in a safe-deposit box or held in safekeeping by the state bank
15 be withdrawn by the person entitled thereto before a specified
16 date which is at least ninety days after the date of the notice.

17 c. By mail to each person, at his last known address as
18 shown upon the books of the state bank, interested in funds
19 held in a fiduciary account or other representative capacity.

20 d. By a conspicuous posting at each office of the state
21 bank.

22 e. By such publication as the superintendent may prescribe.

23 3. As soon after the issuance of an approved statement of
24 intent to dissolve as feasible, the state bank shall resign
25 all fiduciary appointments and take such action as may be nec-
26 cessary to settle its fiduciary accounts.

27 4. All known depositors and creditors shall be paid promptly
28 after the date specified in the notice given under paragraph
29 a of subsection two (2) of this section. Unearned portions
30 of rentals for safe-deposit boxes shall be rebated to the les-
31 sees thereof.

32 5. Safe-deposit boxes, the contents of which have not been
33 removed by the owners after the date specified in the notice
34 given under paragraph b of subsection two (2) of this section,
35 shall be opened under the supervision of the superintendent

1 and the contents placed in sealed packages which, together with
2 unclaimed property held by the state bank in safekeeping, shall
3 be transmitted to the treasurer of state. Amounts due to de-
4 positors who are unknown, or who are under a disability and
5 there is no person legally competent to receive such amount,
6 or who cannot be found after the exercise of reasonable dili-
7 gence, shall be transmitted to the treasurer of state, together
8 with a statement giving the name of the person, if known, en-
9 titled to such amount, his last known address, the amount due
10 such person, and such other information about such person as
11 the treasurer of state may reasonably require. All property
12 transmitted to the treasurer of state pursuant to this sub-
13 section shall be treated as abandoned, retained by the trea-
14 surer of state, and subject to claim, in the manner provided
15 for in sections fourteen (14) through twenty-one (21) of chap-
16 ter three hundred ninety-one (391), Acts of the Sixty-second
17 General Assembly. All amounts due creditors described in sec-
18 tion four hundred ninety-six A point one hundred one (496A.101)
19 of the Code shall be deposited with the treasurer of state in
20 accordance with the provisions of that section. Such amounts
21 shall be retained by the treasurer of state and subject to claim
22 in the manner provided for in said section four hundred ninety-
23 six A point one hundred one (496.101).

24 6. Upon approval by the superintendent, assets remaining
25 after the performance of all obligations of the state bank under
26 subsection three (3), four (4), and five (5) of this section
27 shall be distributed to its shareholders according to their
28 respective rights and preferences. Partial distributions to
29 shareholders may be made prior to such time only if, and to
30 the extent, approved by the superintendent. All amounts due
31 shareholders described in section four hundred ninety-six A
32 point one hundred one (496A.101) of the Code shall be deposited
33 with the treasurer of state in accordance with the provisions
34 of that section. Such amounts shall be retained by the trea-
35 surer of state and subject to claim in the manner provided for

1 in said section four hundred ninety-six A point one hundred
2 one (496A.101).

3 7. During the course of dissolution proceedings the state
4 bank shall make such reports as the superintendent may require,
5 and shall continue to be subject to the provisions of this Act,
6 including those relating to examination of state banks, until
7 completion of the dissolution of the state bank.

8 8. If at any time during the course of dissolution proceed-
9 ings the superintendent finds that the assets of the state bank
10 will not be sufficient to discharge its obligations, he shall
11 apply to the district court for appointment as receiver in the
12 manner required by section thirteen hundred ten (1310) of this
13 Act, and the dissolution shall thereafter be treated as an in-
14 voluntary dissolution in accordance with the terms of that sec-
15 tion and sections thirteen hundred eleven (1311) and thirteen
16 hundred twelve (1312) of this Act.

17 **Sec. 1306. Revocation of voluntary dissolution proceedings.**

18 1. A state bank may, at any time prior to the issuance of
19 the approved copy of the statement of intent to dissolve by
20 the secretary of state, revoke voluntary dissolution proceed-
21 ings by consent of the shareholders in the manner provided for
22 in section four hundred ninety-six A point eighty-five (496A.85)
23 of the Code or by act of the state bank as provided for in sec-
24 tion four hundred ninety-six A point eighty-six (496A.86) of
25 the Code, except that the vote taken on the resolution referred
26 to in subsection three (3) of section four hundred ninety-six
27 A point eighty-six (496A.86) shall be adopted only upon the
28 affirmative vote of the holders of at least three-fourths of
29 the shares entitled to vote thereon.

30 2. The statement of revocation of voluntary dissolution
31 proceedings, whether by consent of shareholders or by act of
32 the state bank, shall be delivered to the superintendent, to-
33 gether with the applicable filing and recording fee, who shall,
34 if he finds that they satisfy the requirements of this section,
35 deliver them to the secretary of state for filing and recording

1 in his office, and the same shall be filed and recorded in the
2 office of the county recorder.

3 **Sec. 1307. Articles of dissolution.**

4 1. If voluntary dissolution proceedings have not been re-
5 voked, then when all debts, liabilities and obligations of the
6 state bank have been paid or otherwise discharged, or adequate
7 provision has been made therefor, and all of the remaining prop-
8 erty and assets of the state bank have been distributed to its
9 shareholders, articles of dissolution shall be executed by the
10 state bank by its president or a vice president and by its cashier
11 or an assistant cashier, and verified by one of the officers
12 signing such statement, which shall set forth :

13 a. The name of the state bank.

14 b. That the secretary of state has theretofore filed a state-
15 ment of intent to dissolve the state bank, and the date on which
16 such statement was filed.

17 c. That all debts, obligations and liabilities of the state
18 bank have been paid or otherwise discharged or that adequate
19 provision has been made therefor.

20 d. That all the remaining property and assets of the corpora-
21 tion have been distributed among its shareholders in accordance
22 with their respective rights and interests.

23 e. That there are no suits pending against the corporation
24 in any court, or that adequate provision has been made for the
25 satisfaction of any judgment, order or decree which may be en-
26 tered against it in any pending suit.

27 2. The articles of dissolution shall be delivered to the
28 superintendent, together with the applicable filing and record-
29 ing fee, who shall, if he finds that they satisfy the require-
30 ments of this section, deliver them to the secretary of state
31 for filing and recording in his office, and the same shall be
32 filed and recorded in the office of the county recorder.

33 **Sec. 1308. Certificate of dissolution.** The secretary of
34 state upon filing the articles of dissolution shall issue a
35 certificate of dissolution, and send the same to the representa-

1 tive of the dissolved state bank. Upon the issuance of such
2 certificate of dissolution the existence of the state bank shall
3 cease, except for the purpose of suits, other proceedings and
4 appropriate corporate action by shareholders, directors and
5 officers as provided in this Act.

6 **Sec. 1309. Becoming subject to chapter 496A.** In lieu of
7 the dissolution procedure prescribed in sections thirteen hun-
8 dred three (1303) through thirteen hundred eight (1308) of this
9 Act, a state bank may cease to carry on the business of bank-
10 ing and, after compliance with the provisions of this section,
11 continue as a corporation subject to the provisions of chapter
12 four hundred ninety-six A (496A) of the Code.

13 1. A state bank which has commenced business may propose
14 to voluntarily cease to carry on the business of banking and
15 become a corporation subject to the provisions of chapter four
16 hundred ninety-six A (496A) upon the affirmative vote of the
17 holders of at least three-fourths of the shares entitled to
18 vote thereon, adopting a plan involving both a provision for
19 acquisition of its assets and assumption of its liabilities
20 by another state bank or national bank and a provision for con-
21 tinuance of its business if acquisition of its assets and as-
22 sumption of its liabilities is not effected, or any other plan
23 providing for the cessation of banking business and the pay-
24 ment of its liabilities.

25 2. The application to the superintendent for approval of
26 a plan described in subsection one (1) of this section shall
27 be treated by him in the same manner as an application for ap-
28 proval of a plan of dissolution under subsection two (2) of
29 section thirteen hundred three (1303) of this Act, and shall
30 be subject to the provisions of subsection three (3) of sec-
31 tion thirteen hundred three (1303).

32 3. Immediately upon adoption and approval of a plan to vol-
33 untarily cease to carry on the business of banking and become
34 a corporation subject to the provisions of chapter four hun-
35 dred ninety-six A (496A), the state bank shall deliver to the

1 superintendent a statement of its intent to cease to carry on
2 the business of banking and become a corporation subject to
3 the provisions of chapter four hundred ninety-six A (496A),
4 which shall be signed by two of its duly authorized officers
5 and shall contain the name of the state bank, the post office
6 address of its principal place of business, the name and address
7 of its officers and directors, the number of shares entitled
8 to vote on the plan and the number of shares voted for or against
9 the plan, respectively, the nature of the business to be con-
10 ducted by the corporation under the provisions of chapter four
11 hundred ninety-six A (496A), and the general nature of the assets
12 to be held by such corporation.

13 4. If the statement of intent to cease to carry on the busi-
14 ness of banking and become a corporation subject to the provi-
15 sions of chapter four hundred ninety-six A (496A) satisfies
16 the requirements of this section, the superintendent shall deliver
17 the statement with his written approval to the secretary of
18 state who shall issue to the state bank an approved copy of
19 such statement. Upon the issuance of an approved copy of the
20 statement of intent, the state bank shall immediately surrender
21 to the superintendent its authorization to do business as a
22 bank and shall cease to accept deposits or carry on the bank-
23 ing business except insofar as may be necessary for it to com-
24 plete the settlement of its affairs as a state bank in accor-
25 dance with subsection five (5) of this section.

26 5. The board of directors shall have full power to complete
27 the settlement of the affairs of the state bank. Within thirty
28 days after the issuance of an approved copy of the statement
29 of intent to cease to carry on the business of banking and be-
30 come a corporation subject to the provisions of chapter four
31 hundred ninety-six A (496A), the state bank shall give notice
32 of its intent to persons described in subsection two (2) of
33 section thirteen hundred five (1305) of this Act and in the
34 manner provided for in that subsection. In completing the set-
35 tlement of its affairs as a state bank the state bank shall

1 also follow the procedure prescribed in subsections three (3),
2 four (4) and five (5) of section thirteen hundred five (1305).

3 6. Upon approval by the superintendent, assets remaining
4 after the performance of all obligations described in this sec-
5 tion, except those which the state bank wishes to retain when
6 it becomes a corporation subject to the provisions of chapter
7 four hundred ninety-six A (496A), shall be distributed to its
8 shareholders according to their respective rights and prefer-
9 ences.

10 7. Upon completion of all the requirements of this section,
11 the state bank shall deliver to the superintendent articles
12 of intent to be subject to chapter four hundred ninety-six A
13 (496A), together with the applicable filing and recording fees,
14 which shall set forth that the state bank has complied with
15 the provisions of this section, that it has ceased to carry
16 on the business of banking, and the information required by
17 section four hundred ninety-six A point forty-nine (496A.49)
18 of the Code relative to the contents of articles of incorpo-
19 ration under chapter four hundred ninety-six A (496A). If the
20 superintendent finds that the state bank has complied with the
21 provisions of this section and that the articles of intent to
22 be subject to chapter four hundred ninety-six A (496A) satisfy
23 the requirements of this section, he shall deliver them to the
24 secretary of state for filing and recording in his office, and
25 the same shall be filed and recorded in the office of the county
26 recorder.

27 8. Upon the filing of the articles of intent to be subject
28 to chapter four hundred ninety-six A (496A), the state bank
29 shall cease to be a state bank subject to the provisions of
30 this Act, and shall cease to have the powers of a state bank
31 subject to this Act and shall become a corporation subject to
32 the provisions of chapter four hundred ninety-six A (496A).
33 The secretary of state shall issue a certificate as to the fil-
34 ing of the articles of intent to be subject to the provisions
35 of chapter four hundred ninety-six A (496A), and send the same

1 to the corporation or its representative. The articles of in-
2 tent to be subject to chapter four hundred ninety-six A (496A)
3 shall be the articles of incorporation of the corporation.
4 The provisions of chapter four hundred ninety-six A (496A) be-
5 coming applicable to a corporation formerly doing business as
6 a state bank shall affect any right accrued or established,
7 or liability or penalty incurred under the provisions of this
8 Act prior to the filing with the secretary of state of the art-
9 icles of intent to be subject to chapter four hundred ninety-
10 six A (496A).

11 9. A shareholder of a state bank who objects, in the manner
12 prescribed by section four hundred ninety-six A point seventy-
13 eight (496A.78) of the Code, to adoption by the state bank of
14 a plan to cease to carry on the business of banking and to con-
15 tinue as a corporation subject to the provisions of chapter
16 four hundred ninety-six A (496A), shall be entitled to the rights
17 and remedies of a dissenting shareholder provided for in that
18 section.

19 10 A state bank may, at any time prior to the issuance
20 of the approved copy of the statement of intent to cease to
21 carry on the business of banking and become a corporation sub-
22 ject to the provisions of chapter four hundred ninety-six A
23 (496A), revoke such proceedings in the manner prescribed by
24 section thirteen hundred six (1306) of this Act.

25 **Sec. 1310. Involuntary dissolution after commencement of**
26 **business—superintendent as receiver.** In a situation in which
30 apply to the district court for the county in which the state
27 the superintendent has required, in accordance with the pro-
28 visions of section two hundred twenty-six (226) of this Act,
29 that the state bank cease to carry on its business, he shall
31 bank is located for appointment as receiver for the state bank.
32 The district court shall appoint the superintendent as receiver
33 unless the superintendent has tendered such appointment to the
34 federal deposit insurance corporation as provided for in sec-
35 tion thirteen hundred thirteen (1313) of this Act, in which

1 case the district court shall appoint the federal deposit in-
2 surance corporation as receiver. The affairs of the state bank
3 shall thereafter be under the direction of the district court,
4 and the assets thereof shall be distributed in accordance with
5 the provisions of section thirteen hundred twelve (1312) of
6 this Act. All amounts due creditors and shareholders described
7 in section four hundred ninety-six A point one hundred one
8 (496A.101) of the Code shall be deposited with the treasurer
9 of state in accordance with the provisions of the section.
10 Such amounts shall be retained by the treasurer of state and
11 subject to claim in the manner provided for in section four
12 hundred ninety-six A point one hundred one (496A.101). Amounts
13 due to depositors who are unknown, or who are under a disability
14 and there is no person legally competent to receive such amount,
15 or who cannot be found after the exercise of reasonable dili-
16 gence, shall be transmitted to the treasurer of state in the
17 manner required by subsection five (5) of section thirteen hun-
18 dred five (1305) of this Act. Such property shall be treated
19 as abandoned, retained by the treasurer of state, and subject
20 to claim, in the manner provided for in sections fourteen (14)
21 through twenty-one (21) of chapter three hundred ninety-one
22 (391), Acts of the Sixty-second General Assembly. The attorney
23 general, or such assistants as shall be appointed by the court,
24 shall represent the superintendent in all proceedings connected
25 with such receivership.

26 **Sec. 1311. Involuntary dissolution after commencement of**
27 **business—receivership procedure.**

28 1. In all situations in which the superintendent has been
29 named the receiver as provided in section thirteen hundred ten
30 (1310) of this Act he shall make a diligent effort to collect
31 and realize on the assets of the state bank, and make distribu-
32 tion of the proceeds from time to time to those entitled thereto.
33 The superintendent may execute assignments, releases and sat-
34 isfactions to effectuate sales and transfers as receivers or
35 after the receivership has terminated. Upon the order of the

1 court in which the receivership is pending, the superintendent
2 may sell or compound all bad or doubtful debts, and, on a like
3 order, may sell all the real and personal property of such state
4 bank, on such terms as the court shall direct.

5 2. All expenses of the receivership and dissolution shall
6 be fixed by the superintendent, subject to the approval of the
7 district court, and shall be paid out of the assets of the state
8 bank.

9 3. At the termination of the receivership, the superintendent
10 shall file his final report containing the details of his actions
11 therein, together with such additional facts as the court may
12 require.

13 4. Upon the submission and approval of the final report,
14 the court shall enter a decree dissolving the state bank where-
15 upon the corporate existence of the state bank shall cease.
16 It shall be the duty of the clerk of such court to cause cer-
17 tified copies of the decree to be filed with and recorded by
18 the secretary of state and the county recorder of the county
19 in which is located the state bank. No fee shall be charged
20 by the secretary of state or said county recorder for the fil-
21 ing or recording thereof.

22 **Sec. 1312. Distribution of assets upon insolvency.** In the
23 distribution of the assets of a state bank which is dissolved
24 under this Act, or by any other method, the order of payment
25 of the liabilities of the state bank, in the event that its
26 assets are insufficient to pay in full all its liabilities for
27 which claims are made, shall be:

28 1. The payment of costs and expenses of the administration
29 of the dissolution.

30 2. The payment of claims which are given priority by applic-
31 able statutes and, if the assets are insufficient for the pay-
32 ment in full of all such claims, in the order provided by such
33 statutes or, in the absence of contrary provisions, **pro rata**.

34 3. Amounts due to depositors.

35 4. The payment of all other claims **pro rata**, exclusive of

1 claims on capital notes and debentures.

2 5. The payment of capital notes and debentures.

3 **Sec. 1313. Involuntary dissolution after commencement of**
4 **business—tender of receivership to F.D.I.C.**

5 1. When an insured state bank has ceased to carry on its
6 business, the superintendent may tender to the federal deposit
7 insurance corporation the appointment as receiver of the insured
8 state bank. If the federal deposit insurance corporation accepts
9 the appointment as receiver, the rights of depositors and other
10 creditors of the insured state bank shall be determined in accor-
11 dance with the laws of this state.

12 2. The federal deposit insurance corporation as receiver
13 shall possess all the powers, rights and privileges given to
14 the superintendent under section thirteen hundred eleven (1311)
15 of this Act, except insofar as that section may be in conflict
16 with the laws of the United States.

17 3. If the federal deposit insurance corporation pays or
18 makes available for payment the insured deposit liabilities
19 of an insured state bank, the federal deposit insurance cor-
20 poration, whether or not it has become receiver, shall be sub-
21 rogated by operation of law to all rights against such insured
22 state bank of the owners of such deposits in the same manner
23 and to the same extent as subrogation of the federal deposit
24 insurance corporation is provided for in applicable federal
25 law in the case of a national bank.

26 **Sec. 1314. Survival of rights and remedies after dissolution**
27 **or expiration—preservation of records.**

28 1. The dissolution of a state bank, or the expiration of
29 its period of duration, shall not take away or impair any rem-
30 edy available to or against such state bank, its directors,
31 officers, or shareholders, for any right or claim existing,
32 or any liability incurred prior to such dissolution or expira-
33 tion, if action or other proceeding thereon is commenced within
34 two years after the date of such dissolution or expiration.

35 Any such action or proceeding by or against the state bank may

1 be prosecuted or defended by the state bank in its corporate
2 name. The shareholders, directors and officers shall have power
3 to take such corporate or other action as shall be appropriate
4 to protect such remedy, right or claim.

5 2. Subsequent to the dissolution of a state bank, other
6 than through the adoption of a plan involving a provision for
7 acquisition of its assets and assumption of its liabilities
8 by another state or national bank, the superintendent shall
9 assume custody of the records of the state bank and shall re-
10 tain them in accordance with the provisions of section two hun-
11 dred twenty-one (221) of this Act. The superintendent may make
12 copies of such records in accordance with the provisions of
13 subsection one (1) of section two hundred twenty-one (221) of
14 this Act.

15 Division XIV

16 MERGER, CONSOLIDATION AND CONVERSION

17 Sec. 1401. Authority to merge or consolidate.

18 1. Upon compliance with the requirements of this Act, one
19 or more state banks or one or more national banks, or any com-
20 bination of state and national banks, may merge or consolidate
21 into a national bank or, with the approval of the superinten-
22 dent, may merge into a state bank or consolidate into a new
23 state bank.

24 2. The authority of a state bank to merge or consolidate
25 into a national bank shall be subject to the condition that
26 at the time of the transaction the laws of the United States
27 shall authorize a national bank located in this state, with-
28 out approval by the comptroller of the currency of the United
29 States, to merge or consolidate into a state bank under lim-
30 itations no more restrictive than those contained in this Act
31 with respect to the merger or consolidation of a state bank
32 into a national bank.

33 Sec. 1402. Requirements for a merger or consolidation. The
34 requirements for a merger or consolidation which must be sat-
35 isfied by the parties thereto are:

1 1. The parties shall adopt a plan stating the method, terms
2 and conditions of the merger or consolidation, including the
3 rights under the plan of the shareholders of each of the parties,
4 and an agreement concerning the merger or consolidation.

5 2. In the case of a state bank which is a party to the plan,
6 if the proposed merger or consolidation will result in a state
7 bank subject to this Act, adoption of the plan by such state
8 bank shall require the affirmative vote of at least a majority
9 of the directors and approval by the shareholders, in the man-
10 ner and according to the procedures prescribed in section four
11 hundred ninety-six A point seventy (496A.70) of the Code, at
12 a meeting called in accordance with the terms of that section.
13 In the case of a national bank, or if the proposed merger or
14 consolidation will result in a national bank, adoption of the
15 plan by each party thereto shall require the affirmative vote
16 of at least such directors and shareholders whose affirmative
17 vote thereon is required under the laws of the United States.
18 Subject to applicable requirements of the laws of the United
19 States in a case in which a national bank is a party to a plan,
20 any modification of a plan which has been adopted shall be made
21 by any method provided therein, or in the absence of such pro-
22 vision, by the same vote as required for adoption.

23 3. If a proposed merger or consolidation will result in
24 a state bank, application for the required approval by the super-
25 intendent shall be made in the manner prescribed by the superin-
26 tendent. There shall also be delivered to the superintendent,
27 when available:

28 a. Articles of merger or consolidation.

29 b. Applicable fees payable to the secretary of state, as
30 specified in section four hundred ninety-six A point one hun-
31 dred twenty-four (496A.124) of the Code, for the filing and
32 recording of the articles of merger or consolidation.

33 c. If there is any modification of the plan at any time
34 prior to the approval by the superintendent under section four-
35 teen hundred three (1403) of this Act, an amendment of the ap-

1 plication and, if necessary, of the articles of merger or con-
2 solidation, signed in the same manner as the originals, setting
3 forth the modification of the plan, the method by which such
4 modification was adopted and any related change in the provi-
5 sions of the articles of merger or consolidation.

6 d. Proof of publication of the notice required by subsec-
7 tion four (4) of this section.

8 4. If a proposed merger or consolidation will result in
9 a state bank, the parties to the plan shall publish a notice
10 of the proposed transaction in a newspaper of general circula-
11 tion published in a municipal corporation or unincorporated
12 area in which each party to the plan has its principal place
13 of business, and in the case of a consolidation, in which the
14 resulting state bank is to have its principal place of busi-
15 ness, or if there is none, in a newspaper of general circula-
16 tion published in the county, or in a county adjoining the county,
17 in which each party to the plan has its principal place of busi-
18 ness and, in the case of a consolidation, in which the result-
19 ing state bank is to have its principal place of business. The
20 notice shall be published once each week for two successive
21 weeks, within thirty days after making application to the super-
22 intendent for approval of the plan. The notice shall set forth
23 the names of the parties to the plan and the resulting state
24 bank, the location and post office address of the principal
25 place of business of the resulting state bank and of each of-
26 fice to be maintained by the resulting state bank, the purpose
27 or purposes of the resulting state bank, and the date of de-
28 livery of the articles of merger and consolidation to the super-
29 intendent.

30 5. The articles of merger or consolidation shall be signed
31 by two duly authorized officers of each party to the plan and
32 shall contain:

33 a. The names of the parties to the plan, and of the result-
34 ing state bank.

35 b. The location and post office address of the principal

1 place of business of each party to the plan, and of each ad-
2 ditional office maintained by the parties to the plan, and the
3 location and post office address of the principal place of busi-
4 ness of the resulting state bank, and of each additional office
5 to be maintained by the resulting state bank.

6 c. The votes by which the plan was adopted, and the time
7 and place of each meeting in connection with such adoption.

8 d. The number of directors constituting the board of di-
9 rectors, and the names and addresses of the persons who are
10 to serve as directors until the next annual meeting of the share-
11 holders or until their successors be elected and qualify.

12 e. In the case of a merger, any amendment of the articles
13 of incorporation of the resulting state bank.

14 f. In the case of a consolidation, the provisions required
15 in the articles of incorporation of a state bank by subsections
16 three (3), four (4), five (5), six (6), seven (7), nine (9),
17 and ten (10) of section three hundred two (302) of this Act.

18 g. The plan of merger or consolidation.

19 6. If a proposed merger or consolidation will result in
20 a national bank, a state bank which is a party to the plan shall:

21 a. Notify the superintendent of the proposed merger or con-
22 solidation.

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

25 c. Notify the superintendent of any abandonment or disap-
26 proval of the plan.

27 d. File with the superintendent and with the secretary of
28 state a certificate of approval of the merger or consolidation
29 by the comptroller of the currency of the United States.

30 e. Notify the superintendent of the date upon which such
31 merger or consolidation is to become effective.

32 **Sec. 1403. Approval of merger or consolidation by super-**
33 **intendent.**

34 1. Upon receipt of an application for approval of a merger
35 or consolidation and of the supporting items required by sub-

1 section three 3) of section fourteen hundred two (1402) of
2 this Act, the superintendent shall conduct such investigation
3 as he deems necessary to ascertain whether:

4 a. The articles of merger or consolidation and supporting
5 items satisfy the requirements of this Act.

6 b. The plan and any modification thereof adequately pro-
7 tects the interests of depositors, other creditors and share-
8 holders.

9 c. The requirements for a merger or consolidation under
10 all applicable laws have been satisfied and the resulting state
11 bank would satisfy the requirements of this Act with respect
12 to it.

13 d. The merger or consolidation would be consistent with
14 adequate and sound banking and in the public interest on the
15 basis of the financial history and condition of the parties
16 to the plan, including the adequacy of the capital structure
17 of the resulting state bank, the character of the management
18 of the resulting state bank, the potential effect of the merger
19 or consolidation on competition and the convenience and needs
20 of the area primarily to be served by the resulting state bank.

21 2. Within one hundred eighty days after receipt of the ap-
22 plication, or within an additional period of not more than sixty
23 days after receipt of an amendment of the application, the super-
24 intendent shall make a determination whether to approve or dis-
25 approve the application on the basis of his investigation. The
26 plan shall not be modified at any time after approval of the
27 application by the superintendent. Prior to making a deter-
28 mination on the pending application the superintendent shall,
29 upon adequate notice, afford all interested persons an oppor-
30 tunity for a stenographically reported hearing during which
31 such persons shall be allowed to present evidence in support
32 of, or in opposition to, the pending application. If the super-
33 intendent finds that he must act immediately on the pending
34 application in order to protect the interests of depositors
35 or the assets of any party to the plan, he may proceed without

1 requiring publication of the notice and without providing for
2 the hearing referred to in this subsection. Before receiving
3 the decision of the superintendent with respect to the pend-
4 ing application, the parties to the plan shall, upon notice,
5 reimburse the superintendent to the extent of the expenses in-
6 curred by him in connection with the application. Thereafter
7 the superintendent shall give to the parties to the plan written
8 notice of his decision and, in the event of disapproval, a state-
9 ment of the reasons for his decision. The decision of the super-
10 intendent shall be subject to review by the district court of
11 Polk county upon petition by any interested person within thirty
12 days after the superintendent notifies the parties to the plan
13 of his decision. The decision of the superintendent shall be
14 upheld unless unsupported by substantial evidence.

15 **Sec. 1404. Procedure after approval by the superintendent—**
16 **issuance of certificate of merger or consolidation.** If the
17 laws of the United States require the approval of the merger
18 or consolidation by any federal agency, the superintendent shall,
19 after his approval, retain the articles of merger or consolida-
20 tion until he receives notice of the decision of such agency.
21 If the final approval of the agency is not given, the superin-
22 tendent shall notify the parties to the plan that the approval
23 of the superintendent has been rescinded for that reason. If
24 such agency gives its approval, the superintendent shall deliver
25 the articles of merger or consolidation, with his approval in-
26 dicated thereon, to the secretary of state, and shall notify
27 the parties to the plan. The receipt of the approved articles
28 of merger or consolidation by the secretary of state shall con-
29 stitute filing thereof with that office. The secretary of state
30 shall record the articles of merger or consolidation in his
31 office, and the same shall be filed and recorded in the office
32 of the county recorder in each county in which the parties to
33 the plan had previously maintained a principal place of busi-
34 ness and, in the case of a consolidation, in the county in which
35 the new state bank is to maintain its principal place of busi-

1 ness. On the date upon which the merger or consolidation is
2 effective the secretary of state shall issue a certificate of
3 merger or consolidation and send the same to the resulting state
4 bank and a copy thereof to the superintendent.

5 **Sec. 1405. Effect of merger or consolidation.**

6 1. The merger or consolidation shall be effective upon the
7 filing of the articles of merger or consolidation with the sec-
8 retary of state, or at any later date and time specified by
9 the superintendent in writing on the articles of merger or con-
10 solidation. The certificate of merger or consolidation shall
11 be conclusive evidence of the performance of all conditions
12 precedent to the merger or consolidation, and of the existence
13 or creation of the resulting state bank, except as against the
14 state.

15 2. When a merger or consolidation becomes effective, the
16 existence of each party to the plan, except the resulting state
17 bank, shall cease as a separate entity but shall continue in,
18 and the parties to the plan shall be, a single corporation which
19 shall be the resulting state bank and which shall have all the
20 property, rights, powers, duties and obligations of each party
21 to the plan, except that the resulting state bank shall have
22 only the authority to engage in such business and exercise such
23 powers as it would have, and shall be subject to the same pro-
24 hibitions and limitations to which it would be subject, upon
25 original incorporation under this Act. A resulting state bank
26 may, however, engage in any business and exercise any right
27 that any party to the plan which was a state bank subject to
28 this Act could lawfully exercise or engage in immediately prior
29 to the merger or consolidation.

30 3. No liability of any party to the plan or of its share-
31 holders, directors or officers shall be affected, nor shall
32 any lien on any property of a party to the plan be impaired,
33 by the merger or consolidation. Any claim existing or action
34 pending by or against any party to the plan may be prosecuted
35 to judgment as if the merger or consolidation had not taken

1 place, or the resulting state bank may be substituted in its
2 place. The articles of incorporation of the resulting state
3 bank shall be, in the case of a merger, the same as its articles
4 of incorporation prior to the merger with any change stated
5 in the articles of merger, and in the case of a consolidation,
6 the provisions stated in the articles of consolidation shall
7 be deemed to be the original articles of incorporation of the
8 resulting state bank.

9 **Sec. 1406. Rights of dissenting shareholders.**

10 1. A shareholder of a state bank, which is a party to a
11 proposed merger or consolidation plan which will result in a
12 state bank subject to this Act, who objects to the plan in the
13 manner prescribed by section four hundred ninety-six A point
14 seventy-eight (496A.78) of the Code, shall be entitled to the
15 rights and remedies of a dissenting shareholder as provided
16 in that section. Shares acquired by a state bank pursuant to
17 payment of the agreed value therefor or to payment of the judg-
18 ment entered therefor, pursuant to section four hundred ninety-
19 six A point seventy-eight (496A.78), shall be sold at public
20 or private sale, within one year from the time of their pur-
21 chase or acquisition, unless the time is extended by the super-
22 intendent.

23 2. If a shareholder of a national bank which is a party
24 to a proposed merger or consolidation plan which will result
25 in a state bank, or a shareholder of a state bank which is a
26 party to a plan which will result in a national bank, shall
27 object to the plan and shall comply with the requirements of
28 the applicable laws of the United States, the resulting state
29 bank or national bank, as the case may be, shall be liable for
30 the value of his shares as determined in accordance with such
31 laws of the United States. Shares acquired by a state bank
32 pursuant to this subsection shall be sold at public or private
33 sale within one year from the time of their purchase or acqui-
34 sition, unless the time is extended by the superintendent.

35 **Sec. 1407. Succession to fiduciary accounts and appointments—**

1 **application for appointment of new fiduciary.**

2 1. If a party to a plan of merger or consolidation was author-
3 ized to act in a fiduciary capacity and if the resulting state
4 or national bank is similarly authorized, the resulting state
5 or national bank shall be automatically substituted by reason
6 of the merger or consolidation as fiduciary of all accounts
7 held in that capacity by such party to the plan, without further
8 action and without any order or decree of any court or public
9 officers, and shall have all the rights and be subject to all
10 the obligations of such party as fiduciary.

11 2. No designation, nomination or appointment as fiduciary
12 of a party to a plan of merger or consolidation shall lapse
13 by reason of the merger or consolidation. The resulting state
14 or national bank shall, if authorized to act in a fiduciary
15 capacity, be entitled to act as fiduciary pursuant to each such
16 designation, nomination or appointment to the same extent as
17 the party to the plan so named could have acted in the absence
18 of the merger or consolidation.

19 3. Any person with an interest in an account held in a fi-
20 duciary capacity by a party to a plan of merger or consolidation
21 may, within sixty days after the effective date of the merger
22 or consolidation, apply to the district court in the county
23 in which the resulting state or national bank has its principal
24 place of business, for the appointment of a new fiduciary to
25 replace the resulting state or national bank on the ground that
26 the merger or consolidation will adversely affect the admin-
27 istration of the fiduciary account. The court shall have the
28 discretion to appoint a new fiduciary to replace the resulting
29 state or national bank if it should find, upon hearing after
30 notice to all interested parties, that the merger or consolida-
31 tion will adversely affect the administration of the fiduciary
32 account and that the appointment of a new fiduciary will be
33 in the best interests of the beneficiaries of the fiduciary
34 account. This provision shall be in addition to any other pro-
35 vision of law governing the removal of fiduciaries and shall

1 be subject to the terms upon which the party to the plan which
2 held the fiduciary account was designated as fiduciary.

3 **Sec. 1408. Merger of corporation substantially owned by a**
4 **state bank.** Any state bank owning at least ninety-five percent
5 of the outstanding shares, of each class, of another corpora-
6 tion which it is authorized to own under the provisions of this
7 Act, may merge such other corporation into itself without ap-
8 proval by a vote of the shareholders of either the state bank
9 or the subsidiary corporation. The board of directors of the
10 state bank shall approve a plan of merger, mail to shareholders
11 of record of the subsidiary corporation and prepare and execute
12 articles of merger in the manner provided for in section four
13 hundred ninety-six A point seventy-two (496A.72) of the Code.
14 The articles of merger, together with the applicable filing
15 and recording fees, shall be delivered to the superintendent
16 who shall, if he approves of the proposed merger and if he finds
17 the articles of merger satisfy the requirements of this sec-
18 tion, deliver them to the secretary of state for filing and
19 recording in his office, and the same shall be filed in the
20 office of the county recorder. The secretary of state upon
21 filing the articles of merger shall issue a certificate of merger
22 and send the same to the state bank and a copy thereof to the
23 superintendent.

24 **Sec. 1409. Authority for conversion of national bank into**
25 **state bank.** A national bank may, subject to the provisions
26 of this Act, convert into a state bank upon authorization by
27 and compliance with the laws of the United States, adoption
28 of a plan of conversion by the affirmative vote of at least
29 a majority of its directors and the holders of two-thirds of
30 each class of its shares at a meeting held upon not less than
31 ten day's notice to all shareholders, and upon approval of the
32 superintendent.

33 **Sec. 1410. Application for approval by superintendent.**
34 A national bank shall make an application to the superinten-
35 dent for approval of the conversion in a manner prescribed by

1 the superintendent and shall deliver to the superintendent,
2 when available:

3 1. Articles of conversion.

4 2. As soon as available, proof of publication of the notice
5 required by section fourteen hundred twelve (1412) of this Act.

6 3. The applicable fee payable to the secretary of state,
7 by reason of subsection twenty (20) of section four hundred
8 ninety-six A point one hundred twenty-four (496A.124) of the
9 Code, for the filing and recording of the articles of conver-
10 sion.

11 **Sec. 1411. Articles of conversion.** The articles of con-
12 version shall be signed by two duly authorized officers of the
13 national bank and shall contain:

14 1. The name of the national bank and the name of the re-
15 sulting state bank.

16 2. The location and post office address of its principal
17 place of business and of each additional office, and the loca-
18 tion and post office address of the principal place of busi-
19 ness of the resulting state bank and of each additional office
20 to be maintained by the resulting state bank.

21 3. The votes by which the plan of conversion was adopted
22 and the time and place of each meeting in connection with the
23 adoption.

24 4. The number of directors constituting the board of di-
25 rectors, and the names and addresses of the persons who are
26 to serve as directors until the next annual meeting of share-
27 holders or until successors be elected and qualify.

28 5. The provisions required in the articles of incorpora-
29 tion by subsections three (3), four (4), five (5), six (6),
30 seven (7), nine (9), and ten (10) of section three hundred two
31 (302) of this Act.

32 6. The plan of conversion.

33 **Sec. 1412. Publication of notice.** The national bank shall
34 publish a notice of its intention to deliver, or the delivery
35 of, the articles of conversion to the superintendent, once each

1 week for two successive weeks in a newspaper of general circula-
2 tion published in the municipal corporation or unincorporated
3 area in which the national bank has its principal place of busi-
4 ness, or if there is none, a newspaper of general circulation
5 published in the county, or in a county adjoining the county,
6 in which the national bank has its principal place of business.
7 The notice shall appear prior to, or within seven days after,
8 the date of delivery of the articles of conversion to the super-
9 intendent and shall set forth:

10 1. The name of the national bank and the name of the re-
11 sulting state bank.

12 2. The location and post office address of its principal
13 place of business.

14 3. A statement that articles of conversion are to be, or
15 have been delivered to the superintendent.

16 4. The purpose or purposes of the resulting state bank.

17 5. The date of delivery of the articles of conversion to
18 the superintendent.

19 **Sec. 1413. Approval of conversion by superintendent.** Upon
20 receipt of an application for approval of a conversion the super-
21 intendent shall conduct such investigation as he may deem neces-
22 sary to ascertain whether:

23 1. The articles of conversion and supporting items satisfy
24 the requirements of this Act.

25 2. The plan adequately protects the interests of depositors.

26 3. The requirements for a conversion under all applicable
27 laws have been satisfied and the resulting state bank would
28 satisfy the requirements of this Act applicable to it.

29 4. The resulting state bank will possess an adequate cap-
30 ital structure.

31 Within ninety days after receipt of the application the super-
32 intendent shall make a determination whether to approve or dis-
33 approve the pending application on the basis of his investiga-
34 tion. Before receiving the decision of the superintendent with
35 respect to the pending application, the national bank shall,

1 upon notice, reimburse the superintendent to the extent of the
2 expenses incurred by him in connection with the application.
3 Thereafter, the superintendent shall give the national bank
4 written notice of his decision and, in the event of disapproval,
5 a statement of the reasons for his decision. If the superin-
6 tendent approves the pending application, he shall deliver the
7 articles of conversion, with his approval indicated thereon,
8 to the secretary of state. The decision of the superintendent
9 shall be subject to review by the district court of Polk county
10 upon petition by any interested party within thirty days after
11 the superintendent notifies the national bank of his decision.
12 The decision of the superintendent shall be upheld unless un-
13 ported by substantial evidence.

14 **Sec. 1414. Issuance of certificate of conversion.** The re-
15 ceipt of the approved articles of conversion by the secretary
16 of state shall constitute filing thereof with that office. The
17 secretary of state shall record the articles of conversion in
18 his office, and the same shall be filed and recorded in the
19 office of the county recorder in the county in which the re-
20 sulting state bank has its principal place of business. On
21 the date upon which the conversion is effective, the secretary
22 of state shall issue a certificate of conversion and send the
23 same to the resulting state bank and a copy thereof to the super-
24 intendent and the superintendent shall issue to the resulting
25 state bank an authorization to do business.

26 **Sec. 1415. Effect of filing of articles of conversion with**
27 **secretary of state and of certificate of conversion.**

28 1. The conversion shall be effective upon the filing of
29 the articles of conversion with the secretary of state, or at
30 any later date and time specified by the superintendent in writ-
31 ing on the articles of conversion. The certificate of conver-
32 sion shall be conclusive evidence of the performance of all
33 conditions required by this Act for conversion of a national
34 bank into a state bank, except as against the state.

35 2. When a conversion becomes effective, the existence of

1 the national bank shall continue in the resulting state bank
2 which shall have all the property, rights, powers and duties
3 of the national bank, except that the resulting state bank shall
4 have only the authority to engage in such business and exercise
5 such powers as it would have, and shall be subject to the same
6 prohibitions and limitations to which it would be subject, upon
7 original incorporation under this Act. The articles of incor-
8 poration of the resulting state bank shall be the provisions
9 stated in the articles of conversion.

10 3. No liability of the national bank or of its shareholders,
11 directors or officers shall be affected, nor shall any lien
12 on any property of the national bank be impaired by the con-
13 version. Any claim existing or action pending by or against
14 the national bank may be prosecuted to judgment as if the con-
15 version had not taken place, or the resulting state bank may
16 be substituted in its place.

17 **Sec. 1416. Authority for conversion of state bank into**
18 **national bank.**

19 1. A state bank may convert into a national bank upon author-
20 ization by and compliance with the laws of the United States,
21 and adoption of a plan of conversion by the affirmative vote
22 of at least a majority of its directors and the holders of two-
23 thirds of each class of its shares at a meeting held upon not
24 less than ten days' notice to all shareholders. The authority
25 of a state bank to convert into a national bank shall be sub-
26 ject to the condition that at the time of the transaction, the
27 laws of the United States shall authorize a national bank located
28 in this state, without approval by the comptroller of the cur-
29 rency of the United States, to convert into a state bank under
30 limitations and conditions no more restrictive than those con-
31 tained in this section and section fourteen hundred seventeen
32 (1417) of this Act with respect to conversion of a state bank
33 into a national bank.

34 2. A state bank which converts into a national bank shall
35 notify the superintendent of the proposed conversion, provide

1 such evidence of the adoption of the plan as the superintendent
2 may request, notify the superintendent of any abandonment or
3 disapproval of the plan, file with the superintendent and with
4 the secretary of state a certificate of the approval of the
5 conversion by the comptroller of the currency of the United
6 States, and the date upon which such conversion is to become
7 effective.

8 **Sec. 1417. Rights of dissenting shareholder of converting**
9 **state or national bank.**

10 1. A shareholder of a state bank which converts into a na-
11 tional bank, who votes against the plan of conversion or has
12 given the state bank written notice that he dissents from the
13 plan, at or prior to the meeting at which the plan is adopted
14 in the manner prescribed by section fourteen hundred sixteen
15 (1416) of this Act, shall be entitled to receive in cash the
16 value of the shares held by him, if and when the conversion
17 is consummated, upon written request made to the resulting na-
18 tional bank at any time within thirty days after the consumma-
19 tion of the conversion, accompanied by the surrender of his
20 share certificates. The value of such shares shall be deter-
21 mined as of the date of the shareholders' meeting at which the
22 conversion plan was adopted, by a committee of three persons,
23 one to be selected by unanimous vote of the dissenting share-
24 holders entitled to receive the value of their shares, one by
25 the directors of the resulting national bank, and the third
26 by the two so chosen. The valuation agreed upon by any two
27 of three appraisers thus chosen shall govern. If the value
28 so fixed shall not be satisfactory to any dissenting shareholder
29 who has requested payment as provided herein, such shareholder
30 may, within five days after being notified of the appraised
31 value of his shares, appeal to the superintendent, who shall
32 cause a reappraisal to be made, which shall be final and bind-
33 ing as to the value of the shares of the appellant. If, within
34 ninety days from the date of consummation of the conversion,
35 for any reason one or more of the appraisers is not selected

1 as herein provided, or the appraisers fail to determine the
2 value of such shares, the superintendent shall, upon written
3 request of any interested party, cause an appraisal to be made
4 which shall be final and binding on all parties. The expenses
5 of the superintendent in making the reappraisal, or the appraisal
6 as the case may be, shall be paid by the resulting national
7 bank. The plan of conversion shall provide the manner of dis-
8 posing of the shares of the resulting national bank not taken
9 by the dissenting shareholders of the state bank.

10 2. If a shareholder of a national bank, which converts into
11 a state bank, shall object to the plan of conversion and shall
12 comply with the requirements of applicable laws of the United
13 States, the resulting state bank shall be liable for the value
14 of his shares as determined in accordance with such laws of
15 the United States. Shares acquired by a state bank pursuant
16 to this subsection shall be sold at public or private sale,
17 within one year from the time of purchase or acquisition, un-
18 less the time is extended by the superintendent.

19 **Sec. 1418. Succession to fiduciary accounts and appointments—**
20 **application for appointment of new fiduciary.** The provisions
21 of section fourteen hundred seven (1407) of this Act shall apply
22 to a resulting state or national bank after a conversion with
23 the same effect as though such state or national bank were a
24 party to a plan of merger or consolidation, and the conversion
25 were a merger or consolidation, within the provisions of that
26 section.

27 **Sec. 1419. Offices of a resulting state bank.** If a merger,
28 consolidation or conversion results in a state bank subject
29 to the provisions of this Act, the resulting state bank shall,
30 after the effective date of the merger, consolidation or con-
31 version, be subject to all the provisions of sections twelve
32 hundred one (1201), twelve hundred two (1202) and twelve hun-
33 dred three (1203) of this Act relating to the bank offices and
34 parking lot offices.

35 **Sec. 1420. Nonconforming assets of resulting state bank.**

1 If a merger, consolidation or conversion results in a state
2 bank subject to the provisions of this Act, and the resulting
3 state bank has assets which do not conform with the provisions
4 of this Act, the superintendent may allow the resulting state
5 bank a reasonable time to conform with state law.

6 Division XV

7 AMENDMENT TO ARTICLES OF INCORPORATION

8 Sec. 1501. **Right to amend.** A state bank may, with the ap-
9 proval of the superintendent and in the manner provided in this
10 Act, amend its articles of incorporation in order to make any
11 change therein so long as its articles of incorporation as amended
12 contain only such provisions as might be lawfully contained
13 in the original articles of incorporation at the time of mak-
14 ing such amendment.

15 Sec. 1502. **Procedure to amend.**

16 1. An amendment of the articles of incorporation shall be
17 proposed by adoption of a resolution by the board of directors,
18 directing that it be submitted to a vote at a meeting of share-
19 holders called in the manner required by section five hundred
20 nine (509) of this Act.

21 2. The resolution proposing an amendment or amendments shall
22 contain the language of each amendment by setting forth in full
23 the articles of incorporation as they would be amended or any
24 provision thereof as it would be amended or by setting forth
25 in full any matter to be added to or deleted from the articles
26 of incorporation. A copy of the resolution or a summary thereof
27 shall be included with the notice of the meeting required for
28 the vote of the shareholders.

29 3. Adoption of each amendment shall require the affirmative
30 vote of the holders of a majority of the shares entitled to
31 vote thereon and, if any class is entitled to vote thereon as
32 a class, the affirmative vote of the holders of a majority of
33 the shares of each class entitled to vote thereon as a class.

34 Sec. 1503. **Class voting on amendments.** The shareholders
35 of the outstanding shares of a class shall be entitled to vote

1 as a class upon a proposed amendment, whether or not entitled
2 to vote thereon by the provisions of the articles of incorpora-
3 tion, if the amendment would:

4 1. Increase or decrease the aggregate number of authorized
5 shares of such class.

6 2. Increase or decrease the par value of the shares of such
7 class.

8 3. Effect an exchange, reclassification, or cancellation
9 of all or part of the shares of such class.

10 4. Effect an exchange, or create a right of exchange, of
11 all or any part of the shares of another class into the shares
12 of such class.

13 5. Change the designations, preferences, limitations, or
14 relative rights of the shares of such class.

15 6. Change the shares of such class into the same or a dif-
16 ferent number of shares of the same class or another class or
17 classes.

18 7. Create a new class of shares having rights and prefer-
19 ences prior and superior to the shares of such class, or in-
20 crease the rights and preferences of any class having rights
21 and preferences prior or superior to the shares of such class.

22 8. Divide the unissued shares of such class into series
23 and fix and determine the designation of such series and the
24 variations in the relative rights and preferences between the
25 shares of such series, or authorize the board of directors to
26 do so.

27 9. Limit or deny the existing preemptive rights, if any,
28 of the shares of such class.

29 10. Cancel or otherwise affect dividends on the shares of
30 such class which have accrued but have not been declared.

31 **Sec. 1504. Articles of amendment.**

32 1. Upon the adoption of an amendment, articles of amend-
33 ment shall be prepared on forms supplied by the superintendent,
34 signed by two duly authorized officers of the state bank and
35 shall contain:

- 1 a. The name of the state bank.
- 2 b. The location and post office address of its principal
- 3 place of business.
- 4 c. The amendment adopted, which shall be set forth in full.
- 5 d. The place, date and hour of the meeting of shareholders
- 6 at which the amendment was adopted, and the kind and period
- 7 of notice given to the shareholders.
- 8 e. The number of shares entitled to vote on the amendment,
- 9 and if the shares of any class are entitled to vote thereon
- 10 as a class, the number of shares of each class.
- 11 f. The number of shares voted for and against such amend-
- 12 ment, respectively, and if the shares of any class are entitled
- 13 to vote thereon as a class, the number of shares of each such
- 14 class voted for and against such amendment.

15 2. The articles of amendment shall be delivered to the super-
16 intendent together with the applicable fees for the filing and
17 recording of the articles of amendment.

18 **Sec. 1505. Approval of articles of amendment.**

19 1. Upon receipt of the articles of amendment the superin-
20 tendent shall conduct such investigation as he may deem nec-
21 essary to determine whether the articles of amendment satisfy
22 the requirements of section fifteen hundred four (1504) of this
23 Act and whether the amendment, if effected, will in any way
24 prejudice the interests of the depositors of the state bank.

25 2. Within sixty days after receipt of the articles of amend-
26 ment the superintendent shall approve or disapprove the art-
27 icles of amendment on the basis of his investigation. If the
28 superintendent shall approve the articles of amendment, he shall
29 deliver them with his written approval to the secretary of state
30 and notify the state bank of his action. If the superintendent
31 shall disapprove the articles of amendment, he shall give written
32 notice to the state bank of his disapproval and a statement
33 of the reasons for his decision. The decision of the super-
34 intendent shall be subject to review by the district court of
35 Polk county upon petition by any interested party within thirty

1 days after the superintendent notifies the state bank of his
2 decision. The decision of the superintendent shall be upheld
3 unless unsupported by substantial evidence.

4 **Sec. 1506. Certificate of amendment—effect.**

5 1. The secretary of state shall record the articles of amend-
6 ment in his office, and the same shall be filed and recorded
7 in the office of the county recorder in the county in which
8 the state bank has its principal place of business. The sec-
9 retary of state upon the filing of the articles of amendment
10 shall issue a certificate of amendment and send the same to
11 the state bank.

12 2. Upon the issuance of the certificate of amendment by
13 the secretary of state, the amendment shall become effective
14 and the articles of incorporation shall be deemed to be amended
15 accordingly. No amendment shall affect the existing rights
16 of persons other than shareholders, or any existing cause of
17 action in favor of or against such state bank, or any pending
18 suit to which such state bank shall be a party, and, in the
19 event the name of the state bank shall be changed by amendment,
20 no suit brought by or against such state bank under its former
21 name shall abate for that reason.

22 **Sec. 1507. Change of location of principal place of busi-**
23 **ness.**

24 1. If a change in the location of the principal place of
25 business of a state bank is proposed and involves a change other
26 than a change within the municipal corporation or unincorpo-
27 rated area in which the state bank has its principal place of
28 business, application for the required approval of the super-
29 intendent shall be made in the manner required by the super-
30 intendent and subject to the provisions of this section. Any
31 change in location of the principal place of business of a state
32 bank subject to this section shall require amendment to the
33 articles of incorporation in accordance with the provisions
34 of sections fifteen hundred two (1502), fifteen hundred four
35 (1504), and fifteen hundred six (1506) of this Act. A state

1 bank seeking approval of a change of location pursuant to this
2 subsection shall publish a notice of the proposed change of
3 location in a newspaper of general circulation published in
4 the municipal corporation or unincorporated area in which the
5 state bank has its principal place of business, or if there is
6 none, in a newspaper of general circulation published in the
7 county, or in a county adjoining the county, in which the state
8 bank has its principal place of business, and in the municipal
9 corporation in which it seeks to establish its principal place
10 of business, or if there is none, in a newspaper of general
11 circulation published in the county, or in a county adjoining
12 the county, in which such municipal corporation is located.
13 The notice shall be published within thirty days after making
14 application to the superintendent for approval of the change
15 in location. The notice shall set forth the name of the state
16 bank, the present location of its principal place of business,
17 the location to which it wishes to move its principal place
18 of business and the date upon which the state bank made applica-
19 tion to the superintendent for approval of the change.

20 2. Upon receipt of an application for approval of a change
21 of location of the principal place of business of a state bank
22 pursuant to subsection one (1) of this section, the superin-
23 tendent shall conduct such investigation as he deems neces-
24 sary giving due consideration to factors substantially similar
25 to those set forth in subsections two (2) through six (6) of
26 section three hundred five (305) of this Act. Within one hun-
27 dred eighty days after receipt of the application, the super-
28 intendent shall make a determination whether to approve or dis-
29 approve the application on the basis of his investigation. Prior
30 to making a determination on the pending application the super-
31 intendent shall, upon adequate notice, afford all interested
32 persons an opportunity for a stenographically reported hear-
33 ing during which such persons shall be allowed to present evi-
34 dence in support of, or in opposition to, the pending applica-
35 tion. Thereafter the superintendent shall give written notice

1 of his decision to the state bank and, in the event of disap-
2 proval, a statement of the reasons for his decision. If the
3 superintendent shall approve the change in location he shall
4 deliver the articles of amendment to the secretary of state.
5 The decision of the superintendent shall be subject to review
6 by the district court of Polk county upon petition by any in-
7 terested person within thirty days after the superintendent
8 notifies the state bank of his decision. The decision of the
9 superintendent shall be upheld unless unsupported by substan-
10 tial evidence. Before receiving the decision of the superin-
11 tendent with respect to the pending application, the state bank
12 shall upon notice reimburse the superintendent to the extent
13 of the expenses incurred by him in connection with the applica-
14 tion.

15 **Sec. 1508. Restatement of articles of incorporation. A**
16 **state bank may at any time restate its articles of incorpora-**
17 **tion, which may be amended by such restatement, so long as its**
18 **articles of incorporation as so restated contain only such pro-**
19 **visions as might be lawfully contained in original articles**
20 **of incorporation at the time of making such restatement, by**
21 **the adoption of restated articles of incorporation, including**
22 **any amendments to its articles of incorporation to be made thereby,**
23 **in the following manner:**

24 1. The board of directors shall adopt a resolution setting
25 forth the proposed restated articles of incorporation, which
26 may include an amendment or amendments to the articles of in-
27 corporation of the state bank to be made thereby, and direct-
28 ing that such restated articles, including such amendment or
29 amendments, be submitted to a vote at a meeting of shareholders,
30 which may be either an annual meeting or a special meeting.

31 2. Written or printed notice setting forth the proposed
32 restated articles or a summary of the provisions thereof shall
33 be given to each shareholder of record entitled to vote thereon
34 within the time and in the manner provided in section five hun-
35 dred nine (509) of this Act. If the meeting be an annual meet-

1 ing, the proposed restated articles may be included in the notice
2 of such annual meeting. If the restated articles include an
3 amendment or amendments to the articles of incorporation to
4 be made thereby, the notice shall separately set forth such
5 amendment or amendments or a summary of the changes to be ef-
6 fected thereby.

7 3. At such meeting a vote of the shareholders entitled to
8 vote thereon shall be taken on the proposed restated articles.
9 The proposed restated articles shall be adopted upon receiving
10 the affirmative vote of the holders of a majority of the shares
11 entitled to vote thereon, unless such restated articles include
12 an amendment to the articles of incorporation to be made thereby
13 which, if contained in a proposed amendment to articles of in-
14 corporation to be made without restatement of the articles of
15 incorporation, would entitle a class of shares to vote as a
16 class thereon, in which event the proposed restated articles
17 shall be adopted upon receiving the affirmative vote of the
18 holders of a majority of the shares of each class of shares
19 entitled to vote thereon as a class, and of the total shares
20 entitled to vote thereon.

21 Upon such approval, restated articles of incorporation shall
22 be executed by the state bank by its president or vice-president
23 and by its cashier or an assistant cashier, and verified by
24 one of the officers signing the same, and shall set forth, as
25 then stated in the articles of incorporation of the state bank
26 and, if the restated articles of incorporation included an amend-
27 ment or amendments to the articles of incorporation to be made
28 thereby, as so amended, the material and contents described
29 in section three hundred two (302) of this Act.

30 The restated articles of incorporation shall set forth also
31 a statement that they correctly set forth the provisions of
32 the articles of incorporation as theretofore or thereby amended,
33 that they have been duly adopted as required by law and that
34 they supersede the original articles of incorporation and all
35 amendments thereto.

1 The restated articles of incorporation shall be delivered
2 to the superintendent together with the applicable fees for
3 the filing and recording of the restated articles of incorpo-
4 ration. The superintendent shall conduct such investigation
5 and give his approval or disapproval, all as in the manner pro-
6 vided for in section fifteen hundred five (1505) of this Act.
7 If the superintendent shall approve the restated articles of
8 incorporation he shall deliver them with his written approval
9 to the secretary of state for filing and recording in his of-
10 fice and the same shall be filed and recorded in the office
11 of the county recorder. The secretary of state upon filing
12 the restated articles of incorporation shall issue a restated
13 certificate of incorporation and send the same to the state
14 bank or its representative.

15 Upon the issuance of the restated certificate of incorpora-
16 tion by the secretary of state, the restated articles of in-
17 corporation including any amendment or amendments to the art-
18 icles of incorporation made thereby, shall become effective
19 and shall supersede the original articles of incorporation and
20 all amendments thereto.

21 No amendment shall affect the existing rights of persons
22 other than shareholders, or any existing cause of action in
23 favor of or against such state bank, or any pending suit to
24 which such state bank shall be a party; and, in the event the
25 corporate name shall be changed by amendment, no suit brought
26 by or against such state bank under its former name shall abate
27 for that reason.

28 Division XVI

29 PENAL

30 Sec. 1601. Penalties and criminal provisions applicable to
31 directors, officers and employees of state banks.

32 1. A director, officer or employee of a state bank who will-
33 fully violates any of the provisions of subsection four (4)
34 of section six hundred twelve (612), section six hundred thir-
35 teen (613), subsection two (2) of section seven hundred six

1 (706) [insofar as such subsection incorporates subsection four
2 (4) of section six hundred twelve (612)], or section seven hun-
3 dred ten (710) of this Act, shall be guilty of a misdemeanor
4 and, upon conviction thereof, shall be subject to imprisonment
5 in the county jail for a period not exceeding one year or a
6 fine not exceeding one thousand dollars, or both, plus, in the
7 following circumstances, an additional fine or fines equal to:

8 a. The amount of money or the value of the property which
9 he received for procuring, or attempting to procure, a loan,
10 extension of credit or investment by the state bank, upon con-
11 viction of a violation of subsection one (1) of section six
12 hundred thirteen (613), or of subsection one (1) of section
13 seven hundred ten (710) of this Act.

14 b. The amount by which his deposit account in the state
15 bank is overdrawn, upon conviction of a violation of subsection
16 two (2) of section six hundred thirteen (613), or of subsection
17 two (2) of section seven hundred ten (710) of this Act.

18 c. The amount of any profit which he receives on the trans-
19 action, upon conviction of a violation of subsection four (4)
20 of section six hundred twelve (612), or of subsection two (2)
21 of section seven hundred six (706) of this Act, insofar as each
22 applies to purchases from and sales to a state bank upon terms
23 more favorable to such director or officer than those offered
24 to other persons.

25 d. The amount of profit, fees or other compensation re-
26 ceived, upon conviction of a violation of subsection three (3)
27 of section seven hundred ten (710) of this Act.

28 2. A director or officer who willfully make or receives
29 a loan in violation of subsection one (1) of section six hun-
30 dred twelve (612), or subsection one (1) of section seven hun-
31 dred six (706) of this Act, shall be guilty of a misdemeanor
32 and, upon conviction thereof, shall be subject to imprisonment
33 in the county jail for a period not exceeding one year or a
34 fine not exceeding one thousand dollars, or both, plus an ad-
35 ditional fine equal to that amount of the loan in excess of

1 the limitation imposed by such subsections, and shall be for-
2 ever disqualified from acting as a director or officer of any
3 state bank. For the purpose of this subsection, amounts which
4 are treated as obligations of an officer or director pursuant
5 to subsection five (5) of section six hundred twelve (612) of
6 this Act, shall be considered in determining whether the loan
7 or extension of credit is in violation of subsection one (1)
8 of section six hundred twelve (612) and subsection one (1) of
9 section seven hundred six (706) of this Act.

10 3. A director, officer or employee of a state bank who will-
11 fully makes or receives a loan or extension of credit of funds
12 held by the state bank as fiduciary, in violation of subsection
13 four (4) of section ten hundred two (1002) of this Act, shall
14 be guilty of a misdemeanor and, upon conviction thereof, shall
15 be subject to imprisonment in the county jail for a period not
16 exceeding one year or a fine not exceeding one thousand dollars,
17 or both, plus a further fine equal to the amount of the loan
18 or extension of credit made in violation of subsection four
19 (4) of section ten hundred two (1002), and shall be forever
20 disqualified from acting as a director, officer or employee
21 of any state bank.

22 4. A director, officer or employee of a state bank who will-
23 fully violates, or participates in the violation of, section
24 eight hundred fourteen (814), or section eight hundred nineteen
25 (819) of this Act, shall be guilty of a misdemeanor and, upon
26 conviction thereof, shall be subject to imprisonment in the
27 county jail for a period not exceeding one year or a fine not
28 exceeding one thousand dollars, or both.

29 **Sec. 1602. Penalties applicable to state bank.** The super-
30 intendent may impose a penalty on a state bank of up to one
31 hundred dollars for each day:

32 1. That its cash reserves are less than the amount required
33 by section eight hundred sixteen (816) of this Act.

34 2. That it holds investments for its own account in bonds
35 or securities in violation of section nine hundred one (901)

1 of this Act.

2 3. On which it accepts and holds drafts in violations of
3 section nine hundred three (903) of this Act.

4 4. On which it has money loaned, credit extended or holds
5 discounted or purchased evidences of indebtedness or agreements
6 for the payment of money, in violation of sections nine hundred
7 four (904), nine hundred five (905), nine hundred six (906),
8 or nine hundred seven (907) of this Act.

9 5. On which it has money loaned, invested or is otherwise
10 in violation of section eleven hundred two (1102) or eleven
11 hundred four (1104) of this Act.

12 6. On which it publishes, disseminates or distributes any
13 advertising containing any false, misleading or deceptive state-
14 ments concerning rates, terms and conditions on which loans
15 are made or deposits are received, in violation of section six-
16 teen hundred six (1606) of this Act.

17 **Sec. 1603. Engaging in business unlawfully.**

18 1. Any person who willfully engages in the business of re-
19 ceiving money for deposit or transacts the business generally
20 done by banks, or who willfully establishes a place of busi-
21 ness for such purposes, in violation of subsection one (1) of
22 section one hundred seven (107) of this Act, shall be guilty
23 of a misdemeanor and, upon conviction thereof, shall be sub-
24 ject to:

25 a. In the case of an individual, imprisonment in the county
26 jail for a period not exceeding one year, or a fine not exceed-
27 ing one thousand dollars, or both.

28 b. In the case of any other person, to a fine not exceeding
29 five thousand dollars.

30 2. The superintendent may impose a penalty on a state bank
31 of up to one hundred dollars for each day that it violates the
32 provisions of section twelve hundred one (1201) of this Act.

33 **Sec. 1604. Failure to file report or make statement.**

34 1. Any person whose duty it is to make statements or file
35 reports as may be required by this Act, and who willfully neglects

1 or refuses to perform such duty, shall be guilty of a misde-
2 meanor and, upon conviction thereof, shall be subject to im-
3 prisonment in the county jail for a period not exceeding one
4 year or a fine not exceeding one thousand dollars.

5 2. A state bank which fails to furnish to the superinten-
6 dent the statement of condition required within the time re-
7 quired by this Act, or fails to furnish him any report or other
8 information he is legally authorized to request, within ten
9 days of his request therefor, or within the time required by
10 this Act, shall pay to the superintendent a penalty of fifty
11 dollars for each day of delinquency, unless prior to such de-
12 linquency the superintendent has extended the time within which
13 the same may be filed.

14 3. Any officer or employee who violates section seven hun-
15 dred nine (709) of this Act shall be guilty of a misdemeanor
16 and shall, upon conviction thereof, be subject to imprisonment
17 in the county jail for a period not to exceed one year or a
18 fine not exceeding one thousand dollars, or both.

19 Sec. 1605. False statements, reports and fraudulent acts.

20 1. Any director, officer or employee of a state bank who
21 shall knowingly subscribe or make any false statements or false
22 entries in the books, records, or memoranda of a state bank,
23 or knowingly subscribe or exhibit false papers with intent to
24 deceive any person authorized to examine its condition, or shall
25 knowingly subscribe or make false reports, or shall knowingly
26 divert the funds of the state bank to other purposes than those
27 authorized by law, or who commits any other act with intent
28 to defraud the state bank or any other person shall, upon con-
29 viction thereof, be subject to imprisonment in the penitentiary
30 for a period not exceeding five years or a fine not exceeding
31 ten thousand dollars, or both, and shall be forever disqualified
32 from acting as a director, officer or employee of any state
33 bank.

34 2. Any officer or employee of a state bank who, with intent
35 to defraud the state bank or any other person, certifies any

1 check when there are not sufficient funds on hand available
2 to the credit of the drawer of said check to pay the same, or
3 who issues any certificate of deposit when funds have not been
4 deposited equal to the amount of such certificate, or who, with
5 intent to defraud the state bank or any other person, draws
6 any draft or bill of exchange, makes any acceptance, or issues,
7 puts forth or assigns any note, debenture, bond or other obli-
8 gation or instrument, or participates in, or receives directly
9 or indirectly any money, property or other benefit from any
10 transaction, loan, contract or other act of a state bank shall,
11 upon conviction thereof, be subject to imprisonment in the peni-
12 tentiary for a period not exceeding five years, or a fine not
13 exceeding ten thousand dollars, or both, or be subject to im-
14 prisonment in the county jail for a period not exceeding one
15 year, or a fine not exceeding one thousand dollars, or both,
16 and shall, in either event be forever disqualified from acting
17 as an officer or employee of any state bank.

18 **Sec. 1606. Fraudulent advertising or notice.** A state bank
19 shall not publish, disseminate or distribute any advertising
20 or notice containing any false, misleading or deceptive state-
21 ments concerning the rates, terms or conditions on which loans
22 are made or deposits are received, any charge which the state
23 bank is authorized to impose pursuant to this Act, or the finan-
24 cial condition of the state bank. Any officer or employee of
25 a state bank who willfully violates the provisions of this sec-
26 tion shall be guilty of a misdemeanor and, upon conviction thereof,
27 shall be subject to imprisonment in the county jail for a period
28 not exceeding one year, or a fine not exceeding one thousand
29 dollars, or both.

30 **Sec. 1607. False statement for credit.** Any person who know-
31 ingly makes or causes to be made, directly or indirectly, any
32 false statement in writing, or who procures, knowing that a
33 false statement in writing has been made concerning the finan-
34 cial condition or means or ability to pay of such person, or
35 any other person in which such person is interested or for whom

1 such person is acting, with the intent that such statement shall
2 be relied upon by a bank for the purpose of procuring the de-
3 livery of property, the payment of cash or the receipt of credit
4 in any form, for the benefit of such person or of any other
5 person in which such person is interested or for whom such person
6 is acting, shall be guilty of a misdemeanor and, upon convic-
7 tion thereof, shall be subject to imprisonment in the county
8 jail for a period not exceeding one year or a fine not exceed-
9 ing one thousand dollars, or both.

10 **Sec. 1608. Penalty for accepting deposits while insolvent.**

11 If a state bank shall accept any deposit or renew any certifi-
12 cate of deposit in violation of subsection five (5) of section
13 eight hundred five (805), any officer or employee knowing of
14 such insolvency who willfully receives, accepts or renews or
15 is accessory to or otherwise knowingly permits such acceptance
16 shall, upon conviction thereof, be subject to imprisonment in
17 the penitentiary for a period not exceeding ten years or a fine
18 not exceeding ten thousand dollars, or both, or subject to im-
19 prisonment in the county jail for a period not exceeding one
20 year or a fine not exceeding one thousand dollars, or both,
21 and shall, in either event be forever disqualified from acting
22 as an officer or employee of any state bank.

23 **Sec. 1609. False statement concerning state banks.** Who-
24 ever maliciously or with intent to deceive makes, publishes,
25 utters, repeats, or circulates any false statement concerning
26 any state bank which imputes, or tends to impute, insolvency,
27 unsound financial condition or financial embarrassment, or which
28 may tend to cause or provoke, or aid in causing or provoking,
29 a general withdrawal of deposits from such state bank, or which
30 may otherwise injure or tend to injure the business or good
31 will of such state bank, shall be guilty of a misdemeanor and,
32 upon conviction thereof, shall be subject to imprisonment in
33 the county jail for a period not exceeding one year or a fine
34 not exceeding one thousand dollars, or both.

35 **Sec. 1610. Violation of prohibition against receiving a**

1 **commission for organizing a state bank.** Any person violating
2 the provisions of section three hundred eleven (311) of this
3 Act shall be guilty of a misdemeanor and shall upon conviction
4 thereof be subject to imprisonment in the county jail for a
5 period not exceeding one year or a fine not exceeding one thou-
6 sand dollars, or both, plus an additional fine equal to twice
7 the amount of such commission or bonus.

8 **Sec. 1611. Offenses involving employees of department of**
9 **banking.**

10 1. Any person violating the provisions of subsection one
11 (1) of section two hundred eleven (211) of this Act shall be
12 guilty of a misdemeanor and shall, upon conviction thereof,
13 be subject to imprisonment in the county jail for a period not
14 exceeding one year or a fine not exceeding one thousand dol-
15 lars, or both, and shall be subject to a further fine of a sum
16 equal to the amount of the value of the property given or re-
17 ceived or the money so loaned or borrowed. The deputy super-
18 intendent, an assistant or examiner convicted of a violation
19 of such subsection shall be immediately discharged from employ-
20 ment and shall be forever disqualified from holding any posi-
21 tion in the department of banking.

22 2. Any examiner violating the provision of section two hun-
23 dred twelve (212) of this Act shall be guilty of a misdemeanor
24 and, upon conviction thereof, shall be subject to imprisonment
25 in the county jail for a period not exceeding one year or a
26 fine not exceeding one thousand dollars, or both. Any examiner
27 convicted of a violation of section two hundred twelve (212)
28 of this Act shall be immediately discharged from employment
29 and shall be forever disqualified from holding any position
30 in the department of banking.

31 **Division XVII**

32 **PRIVATE BANKS**

33 **Sec. 1701. Application of Act.** Nothing in this Act shall
34 be construed as affecting or in any way interfering with any
35 private bank or private banker that was engaged in lawful busi-

1 ness prior to April 19, 1919.

2 **Sec. 1702. Application for supervision—effect.**

3 1. A private bank may request of the superintendent that
4 such private bank be subject to examination and supervision
5 pursuant to this Act and to such rules and regulations as may
6 be prescribed by the superintendent applicable to state banks.
7 The superintendent may adopt and promulgate such regulations
8 as he deems necessary for the supervision of private banks which
9 have applied for supervision in accordance with this section.

10 2. Subsequent to the receipt by the superintendent of a
11 request as provided in subsection one (1) of this section, a
12 private bank shall be subject to examination and supervision
13 in the same manner as a state bank and shall thereafter remain
14 subject to such examination and supervision. The superinten-
15 dent shall have power to take over the management of the prop-
16 erty and business of such private bank in the same manner as
17 he may take over the management of the property and business
18 of a state bank pursuant to this Act. In the event that a re-
19 ceiver is appointed for a private bank which is subject to ex-
20 amination and supervision in the same manner as a state bank,
21 the superintendent shall be appointed as such receiver.

22 **Division XVIII**

23 **EFFECTIVE DATE AND REPEALER**

24 **Sec. 1801. Effective date.** This Act shall take effect and
25 be in force on and after January 1, 1970.

26 **Sec. 1802. Applicability of other chapters.** The provisions
27 of chapters four hundred ninety-one (491), four hundred ninety-
28 two (492), four hundred ninety-three (493), and four hundred
29 ninety-six A (496A) of the Code shall not apply to banks except
30 insofar as is provided by this Act.

31 **Sec. 1803.** Section sixty-four point six (64.6), Code 1966,
32 subsection nine (9), is amended by striking from line one (1)
33 the word "twenty" and inserting in lieu thereof the words "one
34 hundred".

35 **Sec. 1804.** Section one hundred sixteen point nine (116.9),

1 subsection two (2), Code 1966, is amended as follows:

2 1. By striking from line five (5) the word "banking,".

3 2. By inserting in line seven (7) after the word "state",
4 the words "or a bank examiner employed by the department of
5 banking of this state pursuant to section two hundred eight
6 (208) of this Act".

7 Sec. 1805. Section two hundred forty-four point six (244.6),
8 Code 1966, is amended by striking from line three (3) the words
9 "savings bank" and inserting in lieu thereof the words "state
10 bank or national bank authorized to do business in this state".

11 Sec. 1806. Section two hundred sixty-two point sixty-three
12 (262.63), Code 1966, is amended as follows:

13 1. By striking from lines two (2) and three (3) the words
14 "bankers, savings banks and institutions,".

15 2. By striking from line five (5) the words "a banking or"
16 and inserting in lieu thereof the word "an".

17 Sec. 1807. Section three hundred twenty-one A point twenty-
18 five (321A.25), Code 1966, subsection one (1), is amended by
19 striking from line six (6) the words "savings banks" and in-
20 serting in lieu thereof the words "a state bank".

21 Sec. 1808. Section three hundred eighty-three point ten
22 (383.10), Code 1966, is amended by inserting in line eighty-
23 nine (89) after the words "trust company" the words "or bank
24 having fiduciary powers".

25 Sec. 1809. Section three hundred eighty-three point six-
26 teen (383.16), Code 1966, is amended by inserting in lines
27 thirty-six (36) and thirty-seven (37) after the word "deposit"
28 the words "state or".

29 Sec. 1810. Section four hundred three point six (403.6),
30 Code 1966, subsection four (4), is amended by striking from
31 line five (5) the words "savings banks" and inserting in lieu
32 thereof the words "a state bank".

33 Sec. 1811. Section four hundred three point ten (403.10),
34 Code 1966, is amended as follows:

35 1. By striking from lines two (2) and three (3) the words

1 "bankers, savings banks and institutions,".

2 2. By striking from lines five (5) and six (6) the words
3 "a banking or" and inserting in lieu thereof the word "an".

4 Sec. 1812. Section four hundred nineteen point four (419.4),
5 Code 1966, subsection two (2), is amended as follows:

6 1. By striking from paragraph f, subparagraph six (6), line
7 two (2), the words "commercial banks;" and inserting in lieu
8 thereof the words "banks organized under the laws of any state
9 or of the United States;".

10 2. By striking from paragraph f, subparagraph eight (8),
11 lines one (1) and two (2), the words "commercial banks;" and
12 inserting in lieu thereof the words "banks organized under the
13 laws of any state or of the United States;".

14 Sec. 1813. Section four hundred twenty-one point seventeen
15 (421.17), Code 1966, subsection seven (7), is amended as fol-
16 lows:

17 1. By striking from line eleven (11) the words "loan and".

18 2. By striking from line eighteen (18) the words "loan
19 and".

20 3. By striking from line twenty (20) the words "loan and".

21 Sec. 1814. Section four hundred twenty-two point thirty-
22 four (422.34), Code 1966, subsection one (1), is amended by
23 striking lines one (1) and two (2) and inserting in lieu thereof
24 the words "1. All state banks, as defined in section one hun-
25 dred three (103) of this Act, and all national and private
26 banks, credit unions, title insur-".

27 Sec. 1815. Section four hundred twenty-eight point twelve
28 (428.12). Code 1966, is amended as follows:

29 1. By striking from line seven (7) the words "or agency".

30 2. By striking from lines eleven (11) and twelve (12) the
31 words "branch business is done" and inserting in lieu thereof
32 the words "bank office is located".

33 Sec. 1816. Section four hundred twenty-nine point two (429.2),
34 Code 1966, is amended by striking lines fifteen (15) and six-
35 teen (16) and inserting in lieu thereof the words "shares of

1 stock of national banks, state banks as defined in section one
2 hundred three (103) of this Act, and trust companies, and ”.

3 Sec. 1817. Section four hundred twenty-nine point nine
4 (429.9), Code 1966, is amended by striking the comma at the
5 end of line two (2) and all of line three (3) and inserting
6 in lieu thereof the words “bank as defined in section one hun-
7 dred three (103) of this Act, national bank, or trust”.

8 Sec. 1818. Section four hundred thirty point two (430.2),
9 Code 1966, is amended as follows:

10 1. By striking line two (2) and inserting in lieu thereof
11 the words “banks, state banks as defined in section one hun-
12 dred three (103) of this Act,”.

13 2. By striking from line five (5) the words “loan and”.

14 Sec. 1819. Section four hundred thirty point three (430.3),
15 Code 1966, is amended by striking from lines two (2) and three
16 (3) the words “and state and savings banks and loan” and in-
17 serting in lieu thereof the words”, state banks as defined in
18 section one hundred three (103) of this Act,”.

19 Further amend said section by striking from lines four (4)
20 and five (5) the word “stockholders” and inserting in lieu
21 thereof the word “shareholders”.

22 Sec. 1820. Section four hundred thirty point ten (430.10),
23 Code 1966, is amended by striking from lines six (6), seven
24 (7), and eight (8) the words “state, savings, national bank,
25 and loan and trust company stock is” and inserting in lieu
26 thereof the words “shares of state banks, as defined in sec-
27 tion one hundred three (103) of this Act, national banks, and
28 trust companies are”.

29 Sec. 1821. Section four hundred thirty A point two (430A.2),
30 Code 1966, is amended by striking from lines ten (10) and eleven
31 (11) the words “regularly chartered”.

32 Sec. 1822. Section four hundred fifty-three point one (453.1),
33 Code 1966, as amended by chapter three hundred one (301), sec-
34 tion three (3), and chapter three hundred fifty-nine (359), sec-
35 tion two (2), Acts of the Sixty-second General Assembly, is

1 further amended by striking lines twenty-five (25) and twenty-
2 six (26) and inserting in lieu thereof the words "means a bank
3 or a private bank, as defined in section one hundred three (103)
4 of this Act."

5 Sec. 1823. Section four hundred fifty-four point seven
6 (454.7), Code 1966, is amended as follows:

7 1. By striking lines ten (10) through sixteen (16), inclu-
8 sive, and inserting in lieu thereof the following:

9 "or merger with another bank or banks, or in any manner
10 authorized by the National Bank Conservation Act, and espe-
11 cially section two hundred seven (207) of title II thereof,
12 or".

13 2. By striking lines twenty (20) through twenty-five (25),
14 inclusive, and inserting in lieu thereof the following:

15 "ized in any manner authorized by the National Bank Conser-
16 vation Act, and especially section two hundred seven (207) of
17 title II thereof,".

18 Sec. 1824. Section four hundred fifty-four point fourteen
19 (454.14), Code 1966, is amended as follows:

20 1. By striking lines twelve (12) through twenty (20), in-
21 clusive, and inserting in lieu thereof the following:

22 "of the assets of another bank, or merger with another bank
23 or banks, or in any manner authorized by the National Bank Con-
24 servation Act and especially section two hundred seven (207)
25 of title II thereof, the state of Iowa or any county, city,".

26 2. By striking lines thirty-two (32) through thirty-seven
27 (37), inclusive, and inserting in lieu thereof the words "by
28 him. Unless".

29 3. By striking from line forty-one (41) the word "both".

30 4. By striking from lines forty-two (42) and forty-three
31 (43) the words "and that part represented by the trust certifi-
32 cate,".

33 Sec. 1825. Section four hundred ninety-one point twenty-
34 four (491.24), Code 1966, is amended by striking from lines
35 four (4) and five (5) the words "for the establishment and

1 conduct of savings banks.”.

2 Sec. 1826. Section four hundred ninety-one point thirty
3 (491.30), Code 1966, is amended by striking from lines seven
4 (7) and eight (8) the words “for the establishment and conduct
5 of saving banks.”.

6 Sec. 1827. Section four hundred ninety-one point thirty-
7 three (491.33), Code 1966, is repealed.

8 Sec. 1828. Section four hundred ninety-one point thirty-
9 four (491.34), Code 1966, is repealed.

10 Sec. 1829. Section four hundred ninety-one point thirty-
11 five (491.35), Code 1966, is repealed.

12 Sec. 1830. Section four hundred ninety-one point thirty-
13 seven (491.37), Code 1966, is repealed.

14 Sec. 1831. Section four hundred ninety-two point six (492.6),
15 Code 1966, is amended as follows:

16 1. By striking from line twelve (12) the words “banks or”.

17 2. By striking lines fifteen (15) through nineteen (19),
18 inclusive, and inserting in lieu thereof the word “Any”.

19 3. By striking from line twenty-five (25) the words “to
20 the superintendent of banking or”.

21 Sec. 1832. Section four hundred ninety-two point seven
22 (492.7), Code 1966, is amended by striking from lines two (2)
23 and three (3) the words, “the superintendent of banking”.

24 Sec. 1833. Section four hundred ninety-three point one
25 (493.1), Code 1966, is amended by striking from line four (4)
26 the words “banks, savings” and inserting in lieu thereof the
27 word “state”.

28 Sec. 1834. Section four hundred ninety-four point four
29 (494.4), Code 1966, is amended by striking from lines twenty-
30 five (25) to twenty-seven (27), inclusive, the words “or for
31 the establishment and conduct of savings banks,”.

32 Sec. 1835. Section four hundred ninety-six point nineteen
33 (496.19), Code 1966, is amended by striking from line eight
34 (8) the words “or loan”.

35 Sec. 1836. Section four hundred ninety-six B point two

- 1 (496B.2), Code 1966, subsection two (2), is amended by strik-
- 2 ing from lines one (1) and two (2) the words "banking institu-
- 3 tion, savings bank, co-operative".
- 4 Sec. 1837. Section four hundred ninety-six B point nine
- 5 (496B.9), Code 1966, subsection three (3), paragraph b, is
- 6 amended by striking all of subparagraph three (3).
- 7 Sec. 1838. Section four hundred ninety-nine point seven
- 8 (499.7), Code 1966, is amended by striking from subsection
- 9 eight (8) all after the period in line three (3).
- 10 Sec. 1839. Section five hundred fifteen point seventy-
- 11 six (515.76), Code 1966, subsection two (2), is amended by
- 12 striking from line twenty (20) the word "of" and inserting in
- 13 lieu thereof the words "or a bank having fiduciary powers,
- 14 located in".
- 15 Sec. 1840. Section five hundred twenty point nine (520.9),
- 16 Code 1966, is amended by inserting in line twenty-six (26),
- 17 after the word "company", the words "or bank having fiduciary
- 18 powers".
- 19 Sec. 1841. Section five hundred twenty-three A point three
- 20 (523A.3), Code 1966, is repealed.
- 21 Sec. 1842. Chapter five hundred twenty-four (524), Code
- 22 1966, is repealed.
- 23 Sec. 1843. Chapter five hundred twenty-five (525), Code
- 24 1966, is repealed.
- 25 Sec. 1844. Chapter five hundred twenty-six (526), Code
- 26 1966, is repealed.
- 27 Sec. 1845. Chapter five hundred twenty-seven (527), Code
- 28 1966, is repealed.
- 29 Sec. 1846. Chapter five hundred twenty-eight (528), Code
- 30 1966, is repealed.
- 31 Sec. 1847. Chapter five hundred twenty-eight A (528A), Code
- 32 1966, is repealed.
- 33 Sec. 1848. Chapter five hundred twenty-eight B (528B), Code
- 34 1966, is repealed.
- 35 Sec. 1849. Chapter five hundred twenty-nine (529), Code

1 1966, is repealed.

2 Sec. 1850. Chapter five hundred thirty (530), Code 1966,
3 is repealed.

4 Sec. 1851. Chapter five hundred thirty-one (531), Code
5 1966, is repealed.

6 Sec. 1852. Chapter five hundred thirty-two (532), Code
7 1966, is repealed.

8 Sec. 1853. Section five hundred thirty-three point four
9 (533.4), Code 1966, subsection five (5), is amended by strik-
10 ing from lines one (1) and two (2), the word "savings" and in-
11 serting in lieu thereof the word "state".

12 Sec. 1854. Section five hundred thirty-six point thirteen
13 (536.13), Code 1966, subsection one (1), paragraph b, is
14 amended by striking from the last line the word "commercial".

15 Sec. 1855. Section five hundred thirty-six point twenty
16 (536.20), Code 1966, is amended by striking from line five (5)
17 the words "saving banks,".

18 Sec. 1856. Section five hundred sixty-five A point one
19 (565A.1), Code 1966, subsection fourteen (14), is amended by
20 striking from line two (2) the word "trust" and inserting in
21 lieu thereof the word "fiduciary".

22 Sec. 1857. Section five hundred sixty-five A point two
23 (565A.2), Code 1966, subsection one (1), paragraph c, is
24 amended by striking from line five (5) the word "trust" and
25 inserting in lieu thereof the word "fiduciary".

26 Sec. 1858. Section six hundred eighty point eight (680.8),
27 Code 1966, is amended as follows:

28 1. By striking from line three (3) the words "savings banks,
29 loan and" and inserting in lieu thereof the words "as defined
30 in section one hundred five (105) of this Act,".

31 2. By striking from line five (5) the words "state banks,
32 savings banks, loan" and inserting in lieu thereof the words
33 "such state banks".

34 Sec. 1859. Section six hundred eighty-two point twenty-
35 three (682.23), Code 1966, subsection fourteen (14), is amended

- 1 by striking from line four (4) the words "banking institution"
- 2 and inserting in lieu thereof the word "bank".
- 3 Sec. 1860. Section seven hundred eight point nine (708.9),
- 4 Code 1966, is amended as follows:
- 5 1. By striking from lines three (3) and four (4) the words
- 6 "or banking association".
- 7 2. By striking from lines five (5) and six (6) the words
- 8 "or any banking association".
- 9 3. By striking from lines ten (10) and eleven (11) the words
- 10 "or banking association".

EXPLANATION OF SENATE FILE 18

This bill is a complete recodification of the present Iowa banking statutes. The bill's major objectives are to improve the organization, consistency, and clarity of the state's banking laws, to update these laws in some respects, to replace the variety of state-chartered banking entities presently authorized by law with a single type of state bank, and to prescribe more precisely the requirements for establishment and dissolution of banking corporations. See the Report of the Banking Laws Study Committee, and the separately bound text of Senate File 18 with explanatory comments following each section.

- 1 Amend Senate File 18 as follows:
- 2 Amend page one hundred five (105), line five (5), by inserting
- 3 a period after the word "bank" and by striking the balance of
- 4 line five (5) and all of lines six (6), seven (7), eight (8) and
- 5 nine (9).

Filed - *Last 2-27*
February 10, 1969

VAN NOSTRAND of Pottawattamie

- 1 Amend Senate File 18 as follows:
- 2 1. Strike from line twenty-one (21), page seven (7), the
- 3 words "by the state banking board" and insert in lieu thereof
- 4 the following:
- 5 "by the general assembly".
- 6 2. Strike from line twenty-nine (29), page eight (8), the
- 7 words "by the state banking board" and insert in lieu thereof
- 8 the following:
- 9 "by the general assembly".

Filed - *Withdrawn 2-27*
February 25, 1969

JESSE of Polk

- 1 Amend House File 18 as follows:
- 2 1. Amend page nineteen (19) as follows:
- 3 a. Line thirty (30) by inserting after the word "newspaper"
- 4 the words "or shopping guide".
- 5 b. Lines thirty-three (33) and thirty-four (34) by striking
- 6 the word "newspaper" and inserting in lieu thereof the word
- 7 "publication".
- 8 2. Amend page twenty-six (26), line thirty (30), by inserting
- 9 after the word "newspaper" the words "or shopping guide".
- 10 3. Amend page thirty (30), line twenty-eight (28), by inserting
- 11 after the word "newspaper" the words "or shopping guide".
- 12 4. Amend page thirty-one (31), line six (6), by striking the
- 13 word "newspaper" and inserting in lieu thereof the word "publica-
- tion."
- 14 5. Amend page seventy-three (73), line thirty-two (32), by
- 15 inserting after the word "newspaper" the words "or shopping guide".
- 16 6. Amend page one hundred nine (109), line five (5), after
- 17 the word "newspaper" the words "or shopping guide".
- 18 7. Amend page one hundred twenty-four (124), line fifteen (15),
- 19 by inserting after the word "newspaper" the words "or shopping
- 20 guide".
- 21 8. Amend page one hundred thirty-three (133), line four (4),
- 22 after the word "newspaper" the words "or shopping guide".
- 23 9. Amend page one hundred forty-two (142), line ten (10),
- 24 after the word "newspaper" the words "or shopping guide".

Filed

February 19, 1969

Lost 2-27-69

VAN DRIE of Story

- 1 Amend Senate File 18, section 812, paragraph 1,
- 2 page 73, line 7, by striking the words "may mail a
- 3 notice" and place in lieu thereof the words:
- 4 "shall mail a notice by certified or registered mail".

Filed - *Adopted 2-27*
February 25, 1969

DOYLE of Woodbury

- 1 Amend Senate File 18, page ten (10), line 3, by inserting after
- 2 the period the following:
- 3 "Chapter nineteen (19), paragraph four (4), Code of Iowa,
- 4 1966, shall apply to the expenses of the department of
- 5 banking."

Filed and lost
February 25, 1969

KLEIN of Winnebago

- 1 Amend Senate File 18 as follows:
- 2 Page 7, by striking all after the word "office" in line
- 3 fourteen (14) and all of lines fifteen (15) and sixteen (16)
- 4 and inserting in lieu thereof a period.

Filed and lost
February 25, 1969

KREAMER of Polk

1 Amend Senate File 18 as follows:

2 1. By striking lines thirty-four (34) and thirty-five (35),
3 page thirty-one (31), and lines one (1) through twelve (12),
4 inclusive, page thirty-two (32), and inserting in lieu thereof
5 the following:

6 "Any state bank originally incorporated pursuant to the pro-
7 visions of this Act may have its principal place of business at
8 any location which, in the opinion of the state banking board,
9 will fulfill the intent of the General Assembly as set out in
10 sections one hundred two (102) and three hundred five (305) of
11 this Act."

12 2. By striking from line fourteen (14), page thirty-two (32),
13 the word "superintendent" and inserting in lieu thereof the words
14 "state banking board".

15 3. By striking from line fifteen (15), page thirty-two (32),
16 the words "a change of location shall be".

17 4. By striking lines sixteen (16) through twenty-four (24),
18 inclusive, page thirty-two (32).

19 5. By striking lines thirty-three (33) and thirty-four (34),
20 page one hundred four (104), and inserting in lieu thereof the
21 following:

22 "of receiving and paying deposits, issuing and cashing checks,
23 drafts, money orders, and travelers checks, for the storage of
24 supplies and noncurrent bank records, for safety deposits of
25 customers, and for the performance of such other clerical and
26 routine duties not inconsistent with this".

27 6. By striking from line seventeen (17), page one hundred
28 five (105), the words "shall be located within the same municipal".

29 7. By striking from line eighteen (18), page one hundred five
30 (105), the words "corporation as the state bank".

Filed

February 19, 1969
Withdrawn 2-27

HOLDEN of Scott

1 Amend Senate File 18 as follows:

2 1. Page 57, lines twenty-seven (27) and twenty-eight (28),
3 by striking the words "under similar circumstances".

4 2. Page 57, line thirty-one (31), by striking the words
5 "under similar circumstances".

6 3. Page 62, line seven (7), by striking the words "twenty
7 five" and inserting in lieu thereof the word "forty-five".

8 4. Page 71, line twenty-two (22), by striking the period
9 after the word "therein" and adding the words "or to his agent."

Filed - Last 2-27
February 17, 1969

RADL of Linn

- 1 Amend Senate File 18 as follows:
2 1. On page 5, line 33, by striking the word "not."
3 2. On page 25, line 9, by striking the word "perpetual"
4 and inserting in lieu thereof "not more than twenty-five
5 years."

Filed and ~~lost~~
February 25, 1969

GANNON of Jasper

- Adopted 2-25*
- 1 Amend Senate File 18 as follows:
2 1. Amend Senate File 18 by inserting after the period (.) in line
3 nine (9) of page ten (10) the following: "Said fund shall be subject
4 at all times to the warrant of the state comptroller, drawn upon writ-
5 ten
6 requisition of the superintendent or his designated representative, for
7 the payment of all salaries and other expenses necessary to carry out
8 the duties of the department of banking."
9 2. Amend Senate File 18 by striking the period (.) after the word
10 "duties" in line twelve (12) of page eleven (11), and inserting in lieu
11 thereof the following:
12 " , and such expenses shall be paid by the treasurer of state on
13 warrants drawn by the state comptroller.
14 "Nothing in this Act shall be construed to exclude the department of
banking from the provisions of chapter eight (8) of the Code."

Filed and adopted - *Motion to reconsider filed 2-25, prevailed 2-27*
February 25, 1969 *Adopted as amended* EDGINGTON of Floyd

- 1 Amend Senate File 18 as follows:
2 1. Amend page ten (10), line 19, by striking the word "may"
3 and insert in lieu thereof the word "shall".
4 2. Amend page ten (10), line 33, by striking all after the
5 period and striking all of lines 34 and 35.
6 3. Further amend Senate File 18 by amending page 11 by striking
7 all of lines 1 and 2.

Filed - *Motion to reconsider filed 2-25*
Division 1 ~~lost~~ *Withdrawn 2-27*
Divisions 2 and 3 adopted
February 25, 1969

KLEIN of Winnebago-Worth

- 1 Amend Senate File 18, page eight (8), line thirty-five (35),
2 by inserting after the word "chairman" the words, "and who shall
3 have the right to vote".

Filed and adopted
February 25, 1969

McCARTNEY of Floyd

- 1 Amend Senate File 18, page 57, by striking all of lines
2 twenty-four (24) through thirty-one (31).

Filed - *Lost 2-27*
February 26, 1969

RADL of Linn

1 Amend Senate File 18 as follows:

2 1. By striking from line eleven (11), page twenty-seven (27),
3 the word "superintendent" and inserting in lieu thereof the words
4 "state banking board".

5 2. By striking from line twelve (12), page twenty-seven (27),
6 the word "superintendent" and inserting in lieu thereof the words
7 "state banking board".

8 3. By striking from line thirteen (13), page twenty-seven (27),
9 the word "he" and inserting in lieu thereof the word "it".

10 4. By striking from line four (4), page twenty-eight (28), the
11 word "superintendent" and inserting in lieu thereof the words
12 "state banking board".

13 5. By striking from line six (6), page twenty-eight (28), the
14 word "his" and inserting in lieu thereof the word "its".

15 6. By striking from line ten (10), page twenty-eight (28), the
16 word "superintendent" and inserting in lieu thereof the words
17 "state banking board".

18 7. By striking from line twelve (12), page twenty-eight (28),
19 the word "superintendent" and inserting in lieu thereof the words
20 "state banking board".

21 8. By striking from line seventeen (17), page twenty-eight (28),
22 the word "superintendent" and inserting in lieu thereof the words
23 "state banking board".

24 9. By striking from line eighteen (18), page twenty-eight (28),
25 the word "he" and inserting in lieu thereof the word "it".

26 10. By striking from line nineteen (19), page twenty-eight (28),
27 the word "his" and inserting in lieu thereof the word "its".

28 11. By striking from line twenty-two (22), page twenty-eight
29 (28), the word "superintendent" and inserting in lieu thereof the
30 words "state banking board".

31 12. By striking from line twenty-two (22), page twenty-eight
32 (28), the word "he" and inserting in lieu thereof the word "it".

33 13. By striking from line twenty-three (23), page twenty-eight
34 (28), the word "his" and inserting in lieu thereof the word "its".

35 14. By striking from line twenty-four (24), page twenty-eight
36 (28), the word "his" and inserting in lieu thereof the word "its".

37 15. By striking from line twenty-five (25), page twenty-eight
38 (28), the word "superintendent" and inserting in lieu thereof the
39 words "state banking board".

40 16. By striking from line twenty-seven (27), page twenty-eight
41 (28), the word "superintendent" and inserting in lieu thereof the
42 words "state banking board".

43 17. By striking from line twenty-eight (28), page twenty-eight
44 (28), the word "his" and inserting in lieu thereof the word "its".

45 18. By striking from line twenty-nine (29), page twenty-eight
46 (28), the word "superintendent" and inserting in lieu thereof the
47 words "state banking board".

48 19. By striking from line thirty-five (35), page twenty-eight
49 (28), the word "superintendent" and inserting in lieu thereof the
50 words "state banking board".

51 20. By striking from line two (2), page twenty-nine (29), the
52 word "superintendent" and inserting in lieu thereof the words
53 "state banking board".

54 21. By striking from line three (3), page twenty-nine (29), the
55 word "him" and inserting in lieu thereof the word "it".

56 22. By striking from line eighteen (18), page thirty-three (33),
57 the word "superintendent" and inserting in lieu thereof the words
58 "state banking board".

- 59 23. By striking from line thirty-two (32), page thirty-three
- 60 (33), the word "superintendent" and inserting in lieu thereof the
- 61 words "state banking board".
- 62 24. By inserting in line thirty-one (31), page one hundred four
- 63 (104), after the word "approval" the words "of the state banking
- 64 board".

Filed
 February 19, 1969
 Lost 2-27-69

HOLDEN of Scott

- 1 Amend Senate File 18 as follows:
- 2 1. By striking from line one (1) of page 9 the word "six"
- 3 and inserting in lieu thereof the word "seven".
- 4 2. Further amend by adding after the period in line two (2)
- 5 of page 9 the following:
- 6 "Provided, however, that in no event shall more than
- 7 five members of such board be engaged in the business of banking
- 8 in any executive capacity."

Filed
 Division 1 withdrawn
 Division 2 adopted
 February 25, 1969

KREAMER of Polk

- 1 Amend Senate File 18 as follows:
- 2 1. By striking all of line 34 after the word "system"
- 3 and all of line 35 on page 10 and all of lines 1 and 2 on page 11.
- 4 2. By adding the following after the word "system" in line
- 5 34 on page 10: " , other than clerical, who examine the accounts
- 6 and affairs of state banks and who examine the accounts and
- 7 affairs of other persons, subject to supervision and regulation
- 8 by the Superintendent which are substantially equivalent to
- 9 those paid by the Federal Deposit Insurance Corporation and
- 10 other federal supervisory agencies in this area of the United
- 11 States."

Filed and adopted
 February 27, 1969

KLEIN of Winnebago-Worth

- 1 Amend Senate File 18 as follows:
- 2 1. By striking lines 32 and 33 on page 104 and by inserting the
- 3 following: "1. Establish bank offices for the purpose of servic-
- 4 ing accounts, for receiving and paying deposits, issuing and
- 5 cashing checks, drafts, money orders and travelers checks, for
- 6 the storage of supplies and noncurrent bank records, for safety
- 7 deposits of customers, for making loans and for the performance of
- 8 such".
- 9 2. By inserting after the word "customers" in line 14 on page
- 10 105 the following: " , for making loans".

Filed
 Amendment 1 lost
 Amendment 2 withdrawn
 February 27, 1969

VAN NOSTRAND of Pottawattamie

Senate

- 1 Amend the Gaudineer amendment by striking from line 16 the
- 2 word "stockholders" and inserting in lieu thereof the word
- 3 "shareholders".

Filed and adopted
February 13, 1969

By GAUDINEER

- 1 Amend Senate File 18, section 205, page 9, line
- 2 1, by striking the word "four" and inserting in lieu
- 3 thereof the word "six".

Filed - *adopted 2-14*
February 13, 1969

By FROMMELT

- 1 Amend Senate File 18 as follows:
- 2 1. Amend page 7 by striking lines 20 through 24.
- 3 2. Further amend page 7 by inserting the following as a new section after
- 4 section 201.
- 5 "Sec. 202. Superintendent—salary. The superintendent shall
- 6 receive a salary to be fixed by the state banking board. The superintendent
- 7 shall be entitled to receive reimbursement for expenses incurred in the
- 8 performance of his duties, subject to the provisions of section two
- 9 hundred
- 9 nine (209) of this Act."

Filed - *adopted 2-14*
February 13, 1969

By GAUDINEER and BENDA

- 1 Amend Senate File 18 as follows:
- 2 By striking in line 6 and line 23 on page 93 the word
- 3 "five" and inserting in lieu thereof the word "seven".

Filed and withdrawn
February 13, 1969

By POTGETER

- 1 Amend Senate File 18 as follows:
- 2 1. Amend page 68 by striking all of section 806
- 3 and inserting in lieu thereof the following:
- 4 "When a deposit shall be made in any state bank
- 5 in the names of two individuals, payable to either, or
- 6 payable to either or the survivor, such deposit, including
- 7 interest, or any part thereof, may be paid to either of
- 8 such individuals whether the other be living or not, and
- 9 the receipt or acquittance of the person so paid shall be
- 10 a valid and sufficient release and discharge to the state
- 11 bank for any payment so made."

Filed and adopted
February 13, 1969

By BENDA and RIGLER

- 1 Amend Senate File 18 by making the following additions thereto:
- 2 1. Page nine (9), line two (2), by striking the period following
- 3 the word "state", and inserting in lieu thereof the following:
- 4 "four (4) members to be representative of the various types of
- 5 banking institutions under the control of the banking department
- 6 and two members representative of the general public".

Filed
February 25, 1969

KOCH of Woodbury

(Corrected)

- 1 Amend Senate File 18 by making the following additions thereto:
- 2 1. Page nine (9), line two (2), by striking the period following
- 3 the word "state", and inserting in lieu thereof the following:
- 4 "four (4) members to be representative of the various types of
- 5 banking institutions under the control of the banking department
- 6 and two members representative of the general public".

Withdrawn
February 26, 1969

KOCH of Woodbury

- 1 Amend the Edgington amendment to Senate File 18,
- 2 adopted February 25, 1969, by striking all of lines thirteen (13)
- 3 and fourteen (14).

Filed and adopted
February 27, 1969

EDGINGTON of Franklin

- 1 Amend Senate File 18 as follows:
- 2 1. Amend page 68 by striking all of section
- 3 806 and inserting in lieu thereof the following:
- 4 "When a deposit shall be made in any state bank in
- 5 the names of two individuals, payable to either,
- 6 or payable to either or the survivor, such deposit,
- 7 or any part thereof, or interest thereon, may be
- 8 paid to either of such individuals whether the other
- 9 be living or not, and the receipt or acquittance of
- 10 the person so said shall be a valid and sufficient
- 11 release and discharge to the state bank for any
- 12 payment so made."

Filed - *Withdrawn 2-13*
February 12, 1969

Senate
By RIGLER and BENDA

- 1 Amend Senate File 18 as follows:
- 2 1. After the period in line 12, page 74, add the
- 3 following:
- 4 "Any amount so held as proceeds from such
- 5 sale shall be credited with interest at the customary
- 6 annual rate for savings accounts at said state bank,
- 7 or in lieu thereof, at the customary rate of interest
- 8 in the community where such proceeds are held. The
- 9 crediting of interest shall not activate said account
- 10 to avoid an abandonment as unclaimed property under
- 11 chapter three hundred ninety-one (391), Acts of the
- 12 Sixty-second General Assembly."
- 13 2. Strike line 23 after the word "held" and line 24,
- 14 page 69, and insert a period (.) after the word "held" in
- 15 line 23.
- 16 3. Strike line 15 after the word "held" and lines 16
- 17 and 17, page 72, and insert a period (.) after the word
- 18 "held" in line 15.

Adopted 2-14
Mowry
Filed 2-13

Filed - *Adopted 2-14*
 February 13, 1969

Senate

By MOWRY

- 1 Amend Senate File 18 as follows:
- 2 1. By striking all after the word, "office", in lines four-
- 3 teen (14) through sixteen (16) on page 7 and inserting in lieu
- 4 thereof a period (.)
- 5 2. By striking lines 25 through 35 on page 7 and lines 1
- 6 through 4 on page 8 and renumbering the remaining sections to
- 7 conform thereto.
- 8 3. By striking lines 28 through 32 on page 8.
- 9 4. By striking lines 24 through 35 on page 10 and lines 1
- 10 and 2 on page 11 and renumbering the remaining sections to con-
- 11 form thereto.
- 12 5. By striking lines 3 through 12 on page 11 and renumber-
- 13 ing the remaining sections to conform thereto.
- 14 6. By adding the following new subsections after line 22 on
- 15 page 15:
- 16 "4. In any action brought as a stockholders derivative
- 17 suit against a state bank.
- 18 5. In any action brought to recover monies or to recover
- 19 upon an indemnity bond for embezzlement, misappropriation or mis-
- 20 use
- 20 of state bank funds."
- 21 7. By striking the period (.) after the word, "liable" on page
- 22 38, line 23, and by inserting in lieu thereof the following, " as
- 23 are other claims pursuant to section six hundred thirty-three point
- 24 four hundred twenty-five (633.425) of the Code".

Lost
2-13

Adopted
2-13

Lost
2-13

Adopted
2-13

Filed - *Lost 2-13*
 February 12, 1969

By GAUDINEER

Senate

- 1 Amend Senate File 18 as follows:
2 1. Strike the period in line 12, page 74, and insert in
3 lieu thereof:
4 "and shall be credited with annual interest at the
5 customary and going rate of interest for savings accounts
6 at said bank or in lieu thereof at the customary rate
7 of interest in the community where said bank is so
8 located. The crediting of interest shall not activate
9 said account to avoid an abandonment as unclaimed property
10 under chapter three hundred ninety-one (391), Acts of the
11 Sixty-second General Assembly."
12 2. Strike line 23 after the word "held" and line 24,
13 page 69, and insert after the word "held" in line 23 a period
14 as follows: ".".
15 3. Strike line 15 after the word "held" and lines 16 and
16 17, page 72, and insert after the word "held" in line 15 a
17 period as follows: ".".

Filed - *Withdrawn 2-14*
February 13, 1969

By MOWRY

- 1 Amend Senate File 18 as follows:
2 1. Amend page 45, line 16, by striking the words "the inspection
of all
3 shareholders" and by inserting in lieu thereof the words "public inspec-
tion."
4 2. Further amend page 45, line 17, by inserting after the word
"hours."
5 the following:
6 "If an affiliate, as defined in subsection four (4) of section
7 eleven hundred one (1101) of this Act is a shareholder
8 in a state bank, such list shall include the names, addresses,
9 and percentage of ownership or interest in the affiliate of the
10 shareholders, members or other individuals possessing a
11 beneficial interest in said affiliate."

Filed - *Adopted 2-14*
February 13, 1969

By GRIFFIN

- 1 Amend Senate File 18 as follows:
2 1. By inserting in page 5, line 19, after the figures
3 "(509)" the words "of this Act". *Adopted 2-14*
4 2. By inserting in page 23, line 7, after the figures
5 "(106)" the words "of this Act". *Adopted 2-14*
6 3. By inserting in page 31, line 20, after the figures
7 "(106)" the words "of this Act". *Adopted 2-14*
8 4. By inserting in page 151, line 13, after the figures
9 "(805)" the words "of this Act".

Filed and adopted
February 14, 1969

By RIGLER

HOUSE AMENDMENT TO
SENATE FILE 18

1 Amend Senate File 18 as follows:

2 1. By inserting after the word "chairman" on page eight
3 (8), line thirty-five (35), the words, "and who shall have
4 the right to vote".

5 2. By adding after the period in line two (2) of
6 page nine (9) the following:

7 "Provided, however, that in no event shall more
8 than five members of such board be engaged in the business
9 of banking in any executive capacity."

10 3. By inserting after the period in line nine (9)
11 of page ten (10) the following: "Said fund shall be subject
12 at all times to the warrant of the state comptroller, drawn
13 upon written requisition of the superintendent or his
14 designated representative, for the payment of all salaries
15 and other expenses necessary to carry out the duties of the
16 department of banking."

17 4. By striking all of line thirty-four (34) after the
18 word "system" and all of line thirty-five (35) on page ten (10),
19 also all of lines one (1) and two (2) on page eleven (11) and
20 inserting in lieu thereof the following: ", other than
21 clerical, who examines the accounts and affairs of state banks
22 and who examine the accounts and affairs of other persons,
23 subject to supervision and regulation by the superintendent
24 which are substantially equivalent to those paid by the
25 Federal Deposit Insurance Corporation and other federal
26 supervisory agencies in this area of the United States."

27 5. By striking the period after the word "duties" in
28 line twelve (12) of page eleven, and inserting in lieu
29 thereof the following: ", and such expenses shall be paid
30 by the treasurer of state on warrants drawn by the state
31 comptroller."

32 6. By striking from page seventy-three (73), line 7,
33 the words "may mail a notice" and insert in lieu thereof
34 the words: "shall mail a notice by certified or registered
35 mail".

Senate concurred

3-11