

Com. Com. 1.13-72
Amend. fees 1/27

FILED JAN 12 1972

SENATE FILE 1008

By BROWNLEE, OLLENBURG,
and CARLSON
(Fischer of Grundy, Freeman,
McElroy, and Priebe)

Passed Senate, Date 2-8-72 Passed House, Date _____

Vote: Ayes 47 Nays 2 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to bank holding companies, bank offices,
2 certain real estate loans by state banks, and fees
3 paid by state banks for management, financial advice,
4 consultation or services, and prescribing penalties
5 for violations.

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

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1 Section 1. Section five hundred twenty-four point nine
2 hundred five (524.905), Code 1971, is amended as follows:

3 1. By inserting after existing subsection three (3) a
4 new subsection to read as follows:

5 "A state bank may make loans secured by liens on real
6 property repayable in one or more payments provided that the
7 entire principal of any such loan shall mature in not more
8 than five years from the date of the loan, but no such loan
9 shall exceed fifty percent of the appraised value of the real
10 property offered as security."

11 2. By amending subsection four (4), paragraph "a", to
12 read as follows:

13 a. The terms of any such loan, except ~~a loan~~ loans made
14 pursuant to subsection 3 of this section, or section one (1),
15 subsection one (1), of this Act, shall require substantially
16 equal payments of principal or principal and interest at
17 successive intervals of not more than one year. In the case
18 of any such loan which shall constitute a combined construction
19 and permanent loan to finance farm buildings or single family
20 and two family residences, the initial payment on the loan
21 may be deferred for a period not to exceed one year from the
22 date of the loan and, in the case of a combined construction
23 and permanent loan to finance buildings or other improvements
24 on industrial, manufacturing or commercial properties or
25 residential properties housing more than two families, the
26 initial payment on the loan may be deferred for a period not
27 to exceed two years from the date of the loan.

28 3. By renumbering the succeeding subsections accordingly.

29 Sec. 2. Section five hundred twenty-four point eleven
30 hundred six (524.1106), Code 1971, is amended to read as
31 follows:

32 524.1106 FEES PAID TO AN AFFILIATE. ~~In-any-case-where~~
33 ~~an-affiliate-has-a~~ Any contract or arrangement for manage-
34 ment, financial advice, consultation, or other services which
35 involves payment for these services by a state bank to an

1 a person who owns shares in that bank, or to any other affili-
2 ate, the must be approved by the superintendent prior to such
3 contract or arrangement becoming binding upon the state bank,
4 and may also be reviewed at any time after original approval.
5 The superintendent shall have authority to determine whether
6 or not such fees are reasonable in relation to the services
7 to be performed and, if he determines they are unreasonable,
8 to require that they be reduced to a reasonable amount or
9 eliminated, or that such contract or arrangement not be entered
10 into by the state bank.

11 Sec. 3. Section five hundred twenty-four point twelve
12 hundred one (524.1201), Code 1971, is amended by striking
13 the section and inserting in lieu thereof the following:

14 524.1201 POWERS OF OFFICES. No bank shall open or main-
15 tain a branch bank. A state bank may establish and operate
16 bank offices subject to approval and regulation of the super-
17 intendent and to the restrictions upon location and number
18 imposed by section 524.1202. A bank office may furnish all
19 banking services ordinarily furnished to customers and de-
20 positors at the principal place of business of the state bank
21 which operates the office. The central executive and offi-
22 cial business and principal record-keeping functions of a
23 state bank shall be exercised only at its principal place
24 of business, except that data processing services referred
25 to in section 524.804 may be performed for the state bank
26 at some other point. All transactions of a bank office shall
27 be immediately transmitted to the principal place of business
28 of the state bank which operates the office, and no current
29 record-keeping functions shall be maintained at a bank office
30 except to the extent the state bank which operates the office
31 deems it desirable to keep there duplicates of the records
32 kept at the principal place of business of the state bank.

33 Sec. 4. Section five hundred twenty-four point twelve
34 hundred two (524.1202), Code 1971, is amended by striking
35 the section and inserting in lieu thereof the following:

1 524.1202 LOCATION OF OFFICES. The location of any new
2 bank office, or any change of location of a previously es-
3 tablished bank office, shall be subject to the approval of
4 the superintendent. No state bank shall establish a bank
5 office outside the boundaries of the counties contiguous to
6 or cornering upon the county in which the principal place
7 of business of the state bank is located.

8 1. Except as otherwise provided in subsection two (2)
9 of this section, no state bank shall establish a bank office
10 in a municipal corporation or unincorporated area in which
11 there is already an established state or national bank, how-
12 ever the subsequent chartering and establishment of any state
13 or national bank, through the opening of its principal place
14 of business within the municipal corporation where the bank
15 office is located, shall not affect the right of the bank
16 office to continue in operation in that municipal corporation.

17 2. A state bank located in a municipal corporation may
18 establish not more than two bank offices each of which shall
19 have adequate off-street parking as determined by the super-
20 intendent, and may also have facilities to serve pedestrian
21 customers, within the boundaries of that municipal corpora-
22 tion. A state bank located in a municipal corporation, or
23 in an urban complex composed of two or more municipal corp-
24 orations each of which is contiguous to or corners upon at
25 least one of the other municipal corporations within the com-
26 plex, having a population of over 50,000 according to the
27 most recent federal census may establish two such offices
28 within the boundaries of the municipal corporation or urban
29 complex; if the municipal corporation or urban complex has
30 a population of over 100,000 but not over 200,000, the state
31 bank may establish three such offices within the boundaries
32 of the municipal corporation or urban complex; if the municipal
33 corporation or urban complex has a population of over 200,000,
34 the state bank may establish four such offices within the
35 boundaries of the municipal complex. Such a facility located

1 in the proximity of a state bank's principal place of business
2 may be found by the superintendent to be an integral part
3 of the principal place of business, and not a bank office
4 within the meaning of this section.

5 Sec. 5. Section five hundred twenty-four point twelve
6 hundred three (524.1203), Code 1971, is amended to read as
7 follows:

8 524.1203 CANCELLATION OF APPROVAL OF OFFICES. Whenever
9 an examination by the superintendent or other supervisory
10 agencies discloses that the operation of a bank office ~~or~~
11 ~~parking-lot-office~~ is being conducted in violation of sec-
12 tion 524.1201, the superintendent may forthwith revoke the
13 approval of the bank office ~~or-parking-lot-office~~.

14 Sec. 6. Chapter five hundred twenty-four (524), Code 1971,
15 is amended by adding to Division twelve (XII) the following
16 new section:

17 "The privileges extended to state banks by sections five hun-
18 dred twenty-four point twelve hundred one (524.1201) and five
19 hundred twenty-four point twelve hundred two (524.1202) of the
20 Code shall be available on the same conditions to national
21 banks to the extent they are so authorized by federal law."

22 Sec. 7. As used in sections seven (7) through twelve (12)
23 of this Act, "Bank Holding Company" means any corporation,
24 business trust, voting trust, association, partnership, joint
25 venture, or similar organization, other than an individual,
26 which directly or indirectly owns or controls twenty-five
27 percent or more of the voting shares of each of two or more
28 banks or of a company which is a bank holding company by
29 virtue of this section, or which controls in any manner the
30 election of a majority of the directors of each of two or
31 more banks, or for the benefit of whose shareholders or members
32 twenty-five percent or more of the voting shares of each of
33 two or more banks or of a company which is a bank holding
34 company by virtue of this section is held by trustees.

35 However, no company shall be a bank holding company solely

1 by virtue of its ownership or control of shares:

2 1. In a fiduciary capacity arising in the ordinary course
3 of business.

4 2. Acquired by it in connection with its underwriting
5 of bank shares and held only for such period of time as will
6 permit sale of the shares upon a reasonable basis.

7 3. Acquired and held in the ordinary course of securing
8 or collecting a debt previously contracted in good faith.

9 Sec. 8. No bank holding company shall directly or indi-
10 rectly acquire ownership or control of more than twenty-five
11 percent of the voting shares of any bank, or the power to
12 control in any manner the election of a majority of the di-
13 rectors of any bank, if upon such acquisition the banks so
14 owned or controlled by the bank holding company would have,
15 in the aggregate, more than ten percent of the total deposits,
16 both time and demand, of all banks in this state, as deter-
17 mined by the superintendent on the basis of the most recent
18 reports of the banks in the state to their supervisory author-
19 ities which are available at the time of the acquisition.

20 Sec. 9. No bank holding company shall make any offer to
21 purchase or acquire, directly or indirectly, the voting shares
22 of any state or national bank without extending the same of-
23 fer to the owners of all outstanding shares of the bank not
24 owned or controlled by the holding company. The refusal of
25 any shareholder to accept the offer shall not be a bar to
26 purchase or acquisition of the shares of any other share-
27 holder if all other pertinent requirements of this Act have
28 been met by the bank holding company.

29 Sec. 10. Any bank holding company, or firm which would
30 thereby become a bank holding company, which proposes to di-
31 rectly or indirectly acquire ownership or control of the
32 voting shares of any bank, and which upon such acquisition
33 would own or control more than twenty-five percent of the
34 voting shares of the bank, shall provide to the superinten-
35 dent a copy of any original application to the board of gov-

1 errors of the federal reserve system for permission to take
2 such action, and a copy of any subsequent amendment thereto,
3 at the same time the application or amendment is transmitted
4 to the federal reserve system. The superintendent may con-
5 duct such investigation into and evaluation of the proposed
6 action as he deems necessary and appropriate, and may sub-
7 mit to the federal reserve board any information so obtained
8 together with his own comments or recommendations regarding
9 the proposed acquisition.

10 Sec. 11. Nothing in this Act shall be construed to autho-
11 rize a bank holding company which is with respect to the state
12 of Iowa an "out-of-state bank holding company", as defined
13 or referred to in 12 U.S.C. 1842(d), as amended to January
14 1, 1971, to acquire any of the voting shares of, any interest
15 in, all or substantially all of the assets of, or power to
16 control in any manner the election of any of the directors
17 of any bank in this state, unless such bank holding company
18 on January 1, 1971, owned at least two banks in this state.

19 Sec. 12. Any bank holding company which willfully vio-
20 lates any provision of sections seven (7) through eleven (11)
21 of this Act shall, upon conviction, be fined not less than
22 one hundred dollars nor more than one thousand dollars for
23 each day during which the violation continues. Any individual
24 who willfully participates in a violation of any provisions
25 of sections seven (7) through eleven (11) of this Act shall
26 be guilty of a misdemeanor and, upon conviction thereof, shall
27 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. 13. Sections seven (7) through twelve (12) of this
31 Act shall constitute a new division of chapter five hundred
32 twenty-four (524) of the Code, which division shall be en-
33 titled "bank holding companies".

34 EXPLANATION

35 This bill embodies the legislation recommended by the Bank

1 Holding Companies Study Committee which functioned during
2 the interim between the first and second sessions of the
3 Sixty-fourth General Assembly.

4 Section one permits banks to make loans for up to fifty
5 percent of the appraised value of real estate which secures
6 the loan, for periods of up to five years, and without the
7 requirement that the loan be repaid in annual installments.
8 This authority was omitted from the Iowa Banking Act of 1969
9 by oversight.

10 Section two requires prior approval of the Superintendent
11 of Banking for certain types of service contracts or similar
12 arrangements between a bank and any individual or firm which
13 has an interest in the bank. At present, such contracts or
14 arrangements are reviewed after they take effect.

15 Sections three through six are a revision of the present
16 bank office law. These sections permit a bank office to of-
17 fer all services offered at the main bank which operates the
18 office, and permit a bank office previously established in
19 a community to remain there even if new banks are later char-
20 tered there. In most situations, bank offices are not per-
21 mitted to be newly established in competition with existing
22 banks in a city other than that in which the main bank is
23 located, however in multi-city metropolitan areas of 50,000
24 population or more banks could locate what are now known as
25 parking lot offices across corporate boundary lines within
26 the same metropolitan area. A larger number of such offices
27 than now allowed would be permitted in areas of 100,000 pop-
28 ulation or more.

29 Sections seven through thirteen relate directly to bank
30 holding companies. They restrict any one bank holding com-
31 pany to control of ten percent of total state bank deposits,
32 require any bank holding company proposing to acquire a bank
33 to make an equal stock purchase offer to all shareholders
34 of the bank and to notify the Superintendent of Banking when
35 the company applies to the Federal Reserve Board for permis-

1 sion to complete the acquisition, and prohibit any out-of-
2 state bank holding company from purchasing banks in Iowa
3 unless it owned two or more banks in Iowa on January 1, 1971.

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LSB 3111
pb/jw/3

1 Amend Senate File 1008 as follows:

2 1. Page 4, by striking lines 18 through 22, inclu-
3 sive, and inserting in lieu thereof the following:

4 "establish not more than two bank offices within
5 the boundaries of the municipal corporation, each of
6 which shall have adequate off-street parking as deter-
7 mined by the superintendent, and may also have facili-
8 ties to serve pedestrian customers. A state bank located
9 in a municipal corporation, or".

10 2. Page 4, line 35, by inserting after the word
11 "municipal" the words "corporation or urban".

12 3. Page 7, line 10, by striking the word "Act" and
13 inserting in lieu thereof the word "division".

14 4. Page 7, line 18, by striking the words "on January
15 1, 1971," and inserting in lieu thereof the words "was
16 on January 1, 1971 registered with the federal reserve
17 board as a bank holding company, and on that date".

Filed - *Adopted 2/8 (3/2)*
January 27, 1972

By COMMITTEE ON COMMERCE

SENATE FILE 1008

1 Amend Senate File 1008 as follows: page 7, line 17, by
2 striking everything after the word "state" and by striking
3 all of line 18, and insert in lieu thereof a period.

Filed - *Last 2/8/72 (3/2)*
January 31, 1972

By RILEY

EXPLANATION OF AMENDMENT

No state in the union presently allows an "out-of-state bank holding company" to expand operations. Section 11 would make Iowa the first state to do so. A Minnesota bank holding company (Northwest Bancorporation) with assets nearly equal to the entire bank deposits in Iowa, would be accorded the right to expand in Iowa--a right which Minnesota laws do not extend to an Iowa bank should it wish to expand into Minnesota. Northwest Bancorporation, which is fifth largest bank holding in the United States, could dominate banking in Iowa if permitted to expand its operations in Iowa to the prejudice of competition and the Iowa borrower.

Under my amendment, Iowa would treat out-of-state bank holding companies the same way all other states treat such "foreign corporations".

1 Amend the DeKoster, et al., amendment filed February
2 8, 1972, to Senate File 1008, line 5, by striking the
3 word "wife" and inserting in lieu thereof the word
4 "spouse".

Filed and adopted
February 8, 1972

By DODERER

HOUSE AMENDMENT TO SENATE FILE 1008

1 Amend Senate File 1008, as amended and passed by the
2 Senate and reprinted, as follows:

3 1. Page 6, line 15, by striking the words "and one-
4 half".

5 2. By adding the following new section:

6 "Section five hundred twenty-four point five hundred
7 nineteen (524.519), subsection one (1), Code 1971, is
8 amended to read as follows:

9 524.519 CHANGE OF CONTROL--SHARES AS SECURITY--
10 REPORTS.

11 1. ~~Whenever a change occurs in the ownership~~ any
12 person proposes to purchase or otherwise acquire directly
13 or indirectly any of the outstanding shares of a state
14 bank which will, and the proposed purchase or acquisition
15 would result in control or in a change in control of a state
16 the bank, the person proposing to purchase or acquire the
17 shares shall first apply in writing to the superintendent for
18 a certificate of approval for the proposed change of control.
19 The superintendent shall grant the certificate if he is
20 satisfied that the person who proposes to obtain control of
21 the bank is qualified by character, experience and financial
22 responsibility to control and operate the bank in a sound
23 and legal manner, and that the interests of the depositors,
24 creditors and shareholders of the bank, and of the public
25 generally, will not be jeopardized by the proposed change of

PAGE 2

1 control. If the proposed purchaser or acquirer is a
2 bank holding company as defined by section seven (7) of
3 this Act, it shall comply with section ten (10) of this
4 Act in lieu of seeking a certificate of approval under
5 this subsection. In any situation where he has reason to
6 believe any of the foregoing requirements have not been
7 complied with, it shall be the duty of the president or
8 cashier ~~shall~~ of a bank to promptly report in writing such
9 facts to the superintendent upon obtaining knowledge
10 thereof. As used in this section, the term control means
11 the power, directly or indirectly, to elect the board of
12 directors. If there is any doubt as to whether a change
13 in the ownership of the outstanding shares is sufficient
14 to result in control thereof, or to effect a change in
15 the control thereof, such doubt shall be resolved in favor
16 of reporting the facts to the superintendent."

Received from the House
February 28, 1972

Senate concurred 2-29-72

SENATE FILE 1008

1 Amend Senate File 1008, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 4, line 19, by inserting after the
4 word "corporation" the words "in which its principal
5 place of business is located or within the county in
6 which its principal place of business is located or
7 any county contiguous to or cornering upon the county
8 in which its principal place of business is located".
9 2. Page 4, line 21, by inserting after the
10 period the words "A state bank located in a county
11 having a population over 50,000 and having its
12 principal place of business within a municipal
13 corporation having a population which when combined
14 with the population of the unincorporated area of such
15 county would not exceed 50% of the total population
16 of that county may establish not more than two bank
17 offices within the boundaries of the municipal
18 corporation in which its principal place of business
19 is located or within the unincorporated area of that
20 county."

Filed - *Sen 2-24(708)*
February 23, 1972

By HOLDEN of Scott

EXPLANATION OF AMENDMENT

Section 524.1202 deals with location of bank offices. It is written in the negative and, therefore, is subject to the interpretations of the superintendent of banking. Some have interpreted this section to prohibit bank offices in unincorporated areas and some have interpreted it to permit these locations. The bill as written in subsection 2 would limit the locations of bank offices to the principal place of business which even the sponsors agree is not intended.

This amendment would clarify that a banking office could be located anywhere in the base county or contiguous counties. It would, also, provide that in counties over 100,000, only the small town banks would be permitted to go outside their own municipality and would thereby be protected from the large city banks establishing a branch office in an unincorporated village near their municipality.

The following counties have over 50,000 population: Black Hawk, Clinton, Dubuque, Johnson, Linn, Polk, Pottawattamie, Scott, Story and Woodbury.

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by
2 the Senate and reprinted, by adding the following
3 new section:

4 "Section five hundred twenty-four point five hundred
5 nineteen (524.519), subsection one (1), Code 1971,
6 is amended to read as follows:

7 524.519 CHANGE OF CONTROL--SHARES AS SECURITY-
8 -REPORTS.

9 1. ~~Whenever a change occurs in the ownership~~ any
10 person proposes to purchase or otherwise acquire
11 directly or indirectly any of the outstanding shares
12 of a state bank which will, and the proposed pur-
13 chase or acquisition would result in control or in
14 a change in control of a state the bank, the person
15 proposing to purchase or acquire the shares shall
16 first apply in writing to the superintendent for a
17 certificate of approval for the proposed change of
18 control. The superintendent shall grant the
19 certificate if he is satisfied that the person who
20 proposes to obtain control of the bank is qualified by
21 character, experience and financial responsibility
22 to control and operate the bank in a sound and legal
23 manner, and that the interests of the depositors,
24 creditors and shareholders of the bank, and of the
25 public generally, will not be jeopardized by the
26 proposed change of control. If the proposed purchaser
27 or acquirer is a bank holding company as defined by
28 section seven (7) of this Act, it shall comply with
29 section ten (10) of this Act in lieu of seeking a
30 certificate of approval under this subsection. In
31 any situation where he has reason to believe any of
32 the foregoing requirements have not been complied
33 with, it shall be the duty of the president or cashier
34 shall of a bank to promptly report in writing such
35 facts to the superintendent upon obtaining knowledge
36 thereof. As used in this section, the term control
37 means the power, directly or indirectly, to elect
38 the board of directors. If there is any doubt as
39 to whether a change in the ownership of the outstanding
40 shares is sufficient to result in control thereof,
41 or to effect a change in the control thereof, such
42 doubt shall be resolved in favor of reporting the
43 facts to the superintendent."

Filed - *Adopted 2-24-72 (712)*
February 15, 1972

By GLUBA of Scott
SMALL of Johnson

HOUSE CLIP SHEET
Friday, February 18, 1972

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by the
2 Senate and reprinted, as follows:
3 1. Page 4, line 16, by inserting after the word
4 "corporation" the words ", except in situations where
5 subsection four (4) of this section is applicable".
6 2. Page 4, line 21, by striking the word "A" and
7 inserting in lieu thereof the words "Except as other-
8 wise provided in subsection three (3) of this section,
9 a".
10 3. Page 5, by inserting after line 4 the following
11 new subsections:
12 "3. The superintendent shall not approve the loca-
13 tion of any new bank office, or the relocation of any
14 existing bank office, in any municipal corporation
15 which is part of an urban complex as defined in sub-
16 section two (2) of this section, and in which fewer
17 than three chartered banks have their principal places
18 of business, by any bank whose principal place of
19 business is located outside that municipal corporation,
20 for a period of two years after the effective date of
21 this Act. During such period, if any applications for
22 new bank charters in that municipal corporation are
23 submitted by reputable groups of incorporators none of
24 whom are engaged in the business of banking as owners
25 of an interest in any bank having its principal place
26 of business in the urban complex of which the municipal
27 corporation is a part, and who have complied with all
28 applicable requirements of this chapter, at least one
29 such application shall be approved unless the super-
30 intendent finds in writing that the municipal corpora-
31 tion is receiving adequate banking services from
32 existing banks or bank offices. Where such a finding
33 has been made, no bank office shall thereafter be
34 located or relocated in that municipal corporation by
35 a bank which has its principal place of business out-
36 side that municipal corporation unless the superin-
37 tendent first gives one year's public notice of intent
38 to approve such location or relocation of a bank
39 office. If during the one year period following such
40 notice any applications for new bank charters in that
41 municipal corporation are submitted by reputable groups

42 of incorporators meeting all qualifications previously
43 set forth in this subsection, at least one such appli-
44 cation shall be approved unless the superintendent
45 finds in writing that the need for increased avail-
46 ability of banking services is not sufficient to sup-
47 port a new chartered bank. Any such finding shall be
48 subject to judicial review, but the decision of the
49 superintendent shall be upheld unless unsupported by
50 substantial evidence.

51 4. Any bank office located or relocated after
52 July 1, 1972 in a municipal corporation which is part
53 of an urban complex as defined by subsection two (2) of
54 this section, by a bank which has its principal place
55 of business outside that municipal corporation, shall
56 be removed from that municipal corporation within one
57 year of the chartering of any new bank therein, if the
58 continued operation of such bank office there would
59 result in the municipal corporation having more than
60 one bank or bank office for each five thousand inhabi-
61 tants or major fraction thereof."

EXPLANATION OF AMENDMENT

This amendment is intended to encourage needed expansion of banking services in growing suburban communities through chartering of new banks, rather than by establishing additional outlets for existing banks. However, the amendment does not prohibit establishment of bank offices by existing banks in suburban areas where new bank charters are not requested.

Filed - *Senat 2-24 (705)*
February 17, 1972

By SMALL of Johnson
GLUBA of Scott

SENATE FILE 1008

1 Amend Senate File 1008, as amended and passed by
2 the Senate and reprinted, page 4, by striking from
3 line 21 the words "A state", all of lines 23 through
4 34, and through the word "complex." in line 35.

Filed - *Senat 2-24 (705)*
February 17, 1972

By SMALL of Johnson

1 Amend Senate File 1008, as amended, passed, and
2 reprinted by the Senate, page 4, line 19, by inserting
3 after the word "corporation," the words "or within the
4 unincorporated area of the county in which the state
5 bank is located or in a county contiguous to or corner-
6 ing upon the county in which the principal place of
7 business of the state bank is located,".

Filed - *W. S. 2-24 (705)*
February 16, 1972

By HOLDEN of Scott

SENATE FILE 1008

1 Amend Senate File 1008, as amended and passed
2 by the Senate and reprinted, as follows:
3 1. Page 4, by striking lines 22 through 34 and
4 by striking from line 35 the words "boundaries of the
5 municipal corporation or urban complex" and inserting
6 in lieu thereof the following:
7 "bank located in a municipal corporation, or
8 in an urban complex composed of two or more Iowa muni-
9 cipal corporations each of which is contiguous to or
10 corners upon at least one of the other municipal corp-
11 orations within the complex, having a population accord-
12 ing to the last decennial federal census of over 200,000,
13 may establish four such offices within the boundaries
14 of the municipal corporation or urban complex".
15 2. Page 6, line 15, by striking the words
16 "and one-half".

Offered from the floor
Amendment 1 lost
Amendment 2 adopted
February 24, 1972

By CURTIS of Cherokee
PRIEBE of Kossuth
NYSTROM of Boone
FREEMAN of Buena Vista
MENDENHALL of Allamakee
FISHER of Greene
MILLEN of Van Buren
MCELROY of Fremont
MCCORMICK of Delaware

SENATE FILE 1008

1 Amend the Holden amendment to Senate File 1008
2 as amended, passed, and reprinted by the Senate,
3 filed February 23, 1972, as follows:
4 1. Line 5, by inserting after the word "or"
5 the following: ", subject to the limitations of
6 subsection one (1) of this section,".
7 2. Line 10, by striking the word "A" and
8 inserting in lieu thereof the following: "Subject
9 to the limitations of subsection one (1) of this
10 section, a".

Offered from the floor and adopted
February 24, 1972

By HOLDEN of Scott

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by the
2 Senate and reprinted by striking from line 19 on
3 page 7A the word "bank" and inserting in lieu
4 thereof the word "multi-bank".

Offered from the floor as a substitute amendment
Substitute motion lost
February 24, 1972

By EGENES of Story

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by
2 the Senate and reprinted, as follows:

3 1. Page 6, line 13, by striking the words ", if
4 upon such acquisition" and inserting in lieu thereof
5 the words "; or acquire the assets of, assume the
6 liabilities of or merge with an existing bank; or
7 charter a new bank, if upon such acquisition, assump-
8 tion, merger or chartering".

9 2. Page 6, by inserting after line 19 the follow-
10 ing:

11 "No company domiciled in a state other than Iowa
12 which is itself, or is the owner of, a company which
13 is by operation of federal law a bank holding company,
14 but which owned no more than one bank in Iowa on
15 January 1, 1971, shall acquire additional banks in
16 this state by issuance of a charter to establish a
17 new state bank, nor by acquisition directly or
18 indirectly of any of the voting shares of, any inter-
19 est in, all or substantially all of the assets of, or
20 power to control in any manner the election of any of
21 the directors of, nor by assumption of the liabilities
22 of any existing bank in this state."

Filed - *w.d. 2-24 (710)*
February 23, 1972

By FISCHER of Grundy

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by the
2 Senate and reprinted, as follows:

3 1. Page 7A, by striking lines 10 through 20, inclusive.

4 2. Renumber remaining sections in accordance with this
5 amendment.

Filed - *last 2-24 (712)*
February 23, 1972

By FREEMAN of Buena Vista
MILLEN of Van Buren
HANSEN of Black Hawk
MAYBERRY of Webster
DRAKE of Muscatine
CAMP of Clinton
DEN HERDER of Sioux
ELLSWORTH of Dubuque

HOUSE CLIP SHEET
Friday, February 25, 1972

SENATE FILE 1008

1 Amend Senate File 1008, as passed and reprinted by
2 the Senate as follows:
3 1. Page 2, by adding after line 2, the following:
4 "____. By amending subsection two (2), paragraph
5 a, to read as follows:
6 a. Eighty Eighty-five percent of the appraised
7 value of the real property offered as security and
8 for a term not longer than twenty-five years, pro-
9 vided that the loan is secured by an amortized
10 mortgage, deed of trust or other such instrument
11 under the terms of which the installment payments
12 are sufficient to amortize the entire principal of
13 the loan within a period of not more than twenty-
14 five years."

Offered from the floor and lost By GLUBA of Scott
February 24, 1972

SENATE FILE 1008

1 Amend the Curtis, et al., amendment to Senate File
2 1008, filed February 24, 1972, by striking from line
3 13 the word "four" and inserting in lieu thereof the
4 word "two".

Offered from the floor and lost By SMALL of Johnson
February 24, 1972

SENATE FILE 1008

1 Amend the Curtis, et al., amendment to Senate
2 File 1008, filed February 24, 1972, as follows:
3 1. Line 8, by striking the word "Iowa".
4 2. Line 9, by inserting after the word
5 "corporations" the following: ", whether within or
6 without the state of Iowa,".

Offered from the floor and lost By SCHROEDER of Pottawattamie
February 24, 1972

SENATE FILE 1008

1 Amend Senate File 1008, as amended and passed by
2 the Senate and reprinted, page 4, by striking from
3 line 27 the word "two" and inserting the word "three".

Offered from the floor and lost By MOLLETT of Pottawattamie
February 24, 1972

SENATE FILE 1008

1 Amend Senate File 1008 as amended and passed by
2 the Senate and reprinted as follows:
3 1. Page 4, line 23, by striking the word "Iowa".
4 2. Page 4, line 26, by inserting before the
5 word "having" the following:
6 "said urban complex where applicable to include
7 contiguous municipal corporations located in states
8 bordering Iowa."

Offered from the floor and lost By KNOKE of Pottawattamie
February 24, 1972

SENATE FILE 1008

1 Amend the Curtis, et al., amendment to Senate File
2 1008 as passed and reprinted by the Senate by
3 inserting in line 9 after the word "to" the
4 following: "on the effective date of this act".

Offered from the floor and lost By SKINNER of Polk
February 24, 1972

SENATE FILE 1008

- 1 Amend Senate File 1008 as follows:
2 1. Page 2, line 34, by striking the words ", financial
3 advice, consultation, or other" and inserting in lieu
4 thereof the words "~~7-financial-advice, consultation, or~~
5 ~~other or financial~~".
6 2. Page 4, line 11, by inserting after the word
7 "bank" the words "or office".
8 3. Page 4, line 23, by inserting after the word
9 "more" the word "Iowa".

Filed - *Adopted 2/8/72*
February 3, 1972

By BROWNLEE, OLLENBURG, CARLSON and
VAN DRIE

SENATE FILE 1008

- 1 Amend Senate File 1008 as follows:
2 1. Page 7, by inserting after line 18 the following
3 new section:
4 "Sec. 12. If any individual is a director or an
5 officer, or both, of a bank holding company, or of a
6 bank which is owned or controlled by a bank holding
7 company in any manner, and to the extent, specified
8 by section seven (7) of this Act, such individual shall
9 also be deemed to be a director or an officer, or both,
10 as the case may be, of each bank so owned or controlled
11 by that bank holding company, for the purposes of
12 sections ~~five hundred twenty-four point six hundred~~
13 ~~twelve (524.612), five hundred twenty-four point six~~
14 ~~hundred thirteen (524.613) and five hundred twenty-four~~
15 ~~point seven hundred six (524.706) of the Code."~~
16 2. Page 7, line 20, by striking the word and number
17 "eleven (11)" and inserting in lieu thereof the word
18 and number "twelve (12)".
19 3. Page 7, line 25, by striking the word and number
20 "eleven (11)" and inserting in lieu thereof the word
21 and number "twelve (12)".
22 4. Page 7, line 30, by striking the word and number
23 "twelve (12)" and inserting in lieu thereof the word
24 and number "thirteen (13)".
25 5. By renumbering sections in accordance with this

PAGE 2

1 amendment.

Filed - *Adopted 2/8/72 (390)*
February 3, 1972

By GAUDINEER

EXPLANATION

This amendment applies the limitations included in the Iowa Banking Act of 1969 on dealings by an individual with a bank of which he is an officer or director, to similar dealings which an individual might have with a bank owned by a bank holding company of which he is an officer or director, or with other banks owned by the same bank holding company owning the bank of which he is an officer or director.

Senate 3
February 8, 1972

SENATE FILE 1008

- 1 Amend Senate File 1008 as follows:
- 2 1. Page 2, line 34 by striking the following: ", financial
 - 3 advice, consultation, or other services" and insert in lieu
 - 4 thereof the following: "~~,-financial-advice,-consultation,-or~~
 - 5 ~~other-services fees~~".
 - 6 2. Page 5, line 13 insert after the word "office" the words
 - 7 "where there is an intentional violation on the part of the
 - 8 bank".
 - 9 3. Page 7, by striking lines 10 through 18, inclusive.
 - 10 4. Renumber the subsequent sections accordingly.
 - 11 5. Page 7, line 20, by striking the word and number "eleven
 - 12 (11)" and insert in lieu thereof the word and number "ten (10)".
 - 13 6. Page 7, line 25 by striking the word and number "eleven
 - 14 (11)" and insert in lieu thereof the word and number "ten (10)".
 - 15 7. Page 7, line 30 by striking the word and number "twelve
 - 16 (12)" and insert in lieu thereof the word and number "eleven
 - 17 (11)".
 - 18 8. Page 1, line 2 by striking the word "fees" and striking
 - 19 lines 3 through 5, inclusive, and insert in lieu thereof the
 - 20 words "management fees, and prescribing penalties for violations."

*with
2/8*

*Law
2/8/72*

*with
drawn
2/8*

*with
2/8*

Filed By THORSEN
February 7, 1972

AMENDMENT TO SENATE FILE 1008

- 1 Amend Senate File 1008, page 4, by striking lines 22 through
- 2 35 and inserting in lieu thereof the following:
- 3 "tion. A state bank located in a municipal corporation, or in
- 4 an urban complex composed of two or more municipal corporations
- 5 each of which is contiguous to or corners upon at least one of
- 6 the other municipal corporations within the complex, having a
- 7 population of over 200,000 according to the most recent federal
- 8 census may establish three such offices within the boundaries
- 9 of the municipal corporation or urban complex. Such a facility
- 10 located".

Filed - *Law 2/8/72 (315)* By THORSEN, NICHOLSON, MESSERLY
February 7, 1972 and RABEDEAUX

SENATE FILE 1008

- 1 Amend Senate File 1008 by striking from page 6, line 15, the
- 2 and inserting in lieu thereof the words "seven and one-half".
- word "ten"

Filed - *Adopted as amended 2/8 (317)* By VAN DRIE, BASS, ANDERSON, BALLOUN
February 7, 1972 VAN GILST, STEPHENS, RABEDEAUX and
Motion to reconsider filed: Law 2/8 SHAWVER

Senate File 1008

1 Amend the Brownlee, et al., amendment filed February 3 to
2 Senate File 1008, by striking all of line 5 and inserting
3 in lieu thereof the following: "~~other-services~~ fees".

Filed and withdrawn By THORSEN
February 8, 1972

SENATE FILE 1008

1 Amend the Thorsen, Nicholson, et al., amendment filed February
2 7, 1972 to Senate File 1008 as follows:
3 1. Line 1, by striking the number "22" and inserting in lieu
4 thereof the number "23".
5 2. By striking line 3 and inserting in lieu thereof the word
6 "in".

Filed and adopted By THORSEN
February 8, 1972

SENATE FILE 1008

1 Amend the Brownlee, Ollenburg, et al., amendment, filed
2 February 3, 1972 to Senate File 1008, after line 9, as follows:
3 4. Page 1, line 3, by striking the first comma and inserting
4 in lieu thereof the word "and" and on line 4 by striking
5 "consultation or services,".

Filed and withdrawn By BROWNLEE
February 8, 1972

SENATE FILE 1008

1 Amend the Van Drie, Bass, et al., amendment filed February
2 7, 1972 to Senate File 1008 by striking from line 2 the
3 word "seven" and inserting in lieu thereof the word "eight".

Filed and adopted By BROWNLEE, VAN DRIE, OLLENBURG,
February 8, 1972 CARLSON and LAMBORN

SENATE FILE 1008

1 Amend Senate File 1008, page 3, after line 4, by inserting the
2 following:
3 1. "Any contract or arrangement for consultation or other
4 services which involve payment of those services by a state
5 bank to any person who individually or whose wife or immediate
6 family or any combination thereof owns fifteen percent or more
7 of the outstanding shares of that bank or is an officer or
8 director thereof, or to an affiliate may be reviewed by the
9 superintendent."
10 2. Page 3, line 9, after the word "eliminated" insert the words
11 "and the excess refunded".

Filed and adopted By DE KOSTER, GAUDINEER and BROWNLEE
February 8, 1972

SENATE FILE 1008

1 Amend Senate File 1008, page 7, by striking Sec. 11 and
 2 insert in lieu thereof the words: "Nothing in this Act shall
 3 be con-
 4 strued to authorize a bank holding company which was on or
 5 before
 6 January 1, 1958, registered with the federal reserve board as
 7 bank holding company which owned at least two banks in this
 8 state
 9 as part of the bank holding company, and on January 1, 1972,
 10 are
 11 still registered as a bank holding company with the federal re-
 12 serve board, owning at least two banks in this state as part of
 13 the holding company, and the state in which the said out-of-
 14 state
 15 bank holding company's total deposits of all such banking sub-
 16 sid-
 17 iaries are largest, grants to a resident Iowa bank holding
 18 company
 19 the same rights to acquire any of the voting shares of, any in-
 20 ter-
 21 est in, all or substantially all of the assets of, or power to
 22 con-
 23 trol in any manner the election of any of the directors of any
 24 bank
 25 in that state."

Filed and lost
 February 8, 1972

By RILEY

SENATE FILE 1008

1 Amend the Van Drie, et al., amendment to page 6 of
 2 Senate File 1008, filed February 7, 1972, by striking
 3 in line 2 the words "seven and one-half", and inserting
 4 in lieu thereof the word "five".

Filed and out of order
 February 8, 1972 *as adopted
 of Board, et al
 amendment*

By SCHABEN

SENATE FILE 1008

1 Amend Senate File 1008 as follows:
 2 Page 3, line 18, by striking all after the period,
 3 by striking lines 19 and 20, and by striking on
 4 line 21 the words "which operates the office." and
 5 inserting in lieu thereof, "A bank office may operate
 6 for the sole and only purpose of receiving deposits
 7 and paying checks and performing such other clerical
 8 and routine duties not inconsistent with this section."

Filed and lost
 February 8, 1972

By BASS

SENATE FILE 1008

1 Amend Senate File 1008, page 7, line 18 by striking
 2 the words "two banks" and inserting in lieu thereof
 3 "one bank".

Filed and lost
 February 8, 1972

By GLENN

February 9, 1972
SENATE AMENDMENTS
IN BOLD FACE

the Commerce 2/10/72, Pass 2/15/72

SENATE FILE 1008
By BROWNLEE, OLLENBURG,
and CARLSON
(Fischer of Grundy, Freeman,
McElroy, and Priebe)
(AS PASSED BY THE SENATE)

Passed Senate, Date 2-29-72 Passed House, Date 2-24-72
Vote: Ayes 41 Nays 3 Vote: Ayes 84 Nays 11
Approved 3-9-72

A BILL FOR

- 1 An Act relating to bank holding companies, bank offices,
- 2 certain real estate loans by state banks, and fees
- 3 paid by state banks for management, financial advice,
- 4 consultation or services, and prescribing penalties
- 5 for violations.
- 6 *Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section five hundred twenty-four point nine
2 hundred five (524.905), Code 1971, is amended as follows:

3 1. By inserting after existing subsection three (3) a
4 new subsection to read as follows:

5 "A state bank may make loans secured by liens on real
6 property repayable in one or more payments provided that the
7 entire principal of any such loan shall mature in not more
8 than five years from the date of the loan, but no such loan
9 shall exceed fifty percent of the appraised value of the real
10 property offered as security."

11 2. By amending subsection four (4), paragraph "a", to
12 read as follows:

13 a. The terms of any such loan, except [a loan] *loans* made
14 pursuant to subsection 3 of this section, *or section one (1),*
15 *subsection one (1), of this Act,* shall require substantially
16 equal payments of principal or principal and interest at
17 successive intervals of not more than one year. In that case
18 of any such loan which shall constitute a combined construction
19 and permanent loan to finance farm buildings or single family
20 and two family residences, the initial payment on the loan
21 may be deferred for a period not to exceed one year from the
22 date of the loan and, in the case of a combined construction
23 and permanent loan to finance buildings or other improvements
24 on industrial, manufacturing or commercial properties or
25 residential properties housing more than two families, the
26 initial payment on the loan may be deferred for a period not
27 to exceed two years from the date of the loan.

28 3. By renumbering the succeeding subsections accordingly.

29 Sec. 2. Section five hundred twenty-four point eleven
30 hundred six (524.1106), Code 1971, is amended to read as
31 follows:

32 524.1106 FEES PAID TO AN AFFILIATE. [In any case where
33 an affiliate has a] *Any* contract or arrangement for manage-
34 ment[, *financial advice, consultation, or other*] *or financial* services
35 involves payment for these services by a state bank to [an] which

1 *a person who owns shares in that bank, or to any other affli-*
2 *ate, [the] must be approved by the superintendent prior to such*
3 *contract or arrangement becoming binding upon the state bank,*
4 *and may also be reviewed at any time after original approval.*
5 *Any contract or arrangement for consultation or other*
6 *services which involve payment of those services by a*
7 *state bank to any person who individually or whose spouse*
8 *or immediate family or any combination thereof owns fifteen*
9 *percent or more of the outstanding shares of that bank or*
10 *is an officer or director thereof, or to an affiliate may*
11 *be reviewed by the superintendent.*

12 *The superintendent shall have authority to determine whether*
13 *or not such fees are reasonable in relation to the services*
14 *to be performed and, if he determines they are unreasonable,*
15 *to require that they be reduced to a reasonable amount or*
16 *eliminated and the excess refunded, or that such contract or*
17 *arrangement not be entered into by the state bank.*

18 Sec. 3. Section five hundred twenty-four point twelve
19 hundred one (524.1201), Code 1971, is amended by striking
20 the section and inserting in lieu thereof the following:

21 524.1201 POWERS OF OFFICERS. No bank shall open or main-
22 tain a branch bank. A state bank may establish and operate
23 bank offices subject to approval and regulation of the super-
24 intendent and to the restrictions upon location and number
25 imposed by section 524.1202. A bank office may furnish all
26 banking services ordinarily furnished to customers and de-
27 positors at the principal place of business of the state bank
28 which operates the office. The central executive and offi-
29 cial business and principal record-keeping functions of a
30 state bank shall be exercised only at its principal place
31 of business, except that data processing services referred
32 to in section 524.804 may be performed for the state bank
33 at some other point. All transactions of a bank office shall
34 be immediately transmitted to the principal place of business
35 of the state bank which operates the office, and no current

36 record-keeping functions shall be maintained at a bank office
37 except to the extent the state bank which operates the office
38 deems it desirable to keep there duplicates of the records
39 kept at the principal place of business of the state bank.
40 Sec. 4. Section five hundred twenty-four point twelve
41 hundred two (524.1202), Code 1971, is amended by striking
42 the section and inserting in lieu thereof the following:

1 in the proximity of a state bank's principal place of business
2 may be found by the superintendent to be an integral part
3 of the principal place of business, and not a bank office
4 within the meaning of this section.

5 Sec. 5. Section five hundred twenty-four point twelve
6 hundred three (524.1203), Code 1971, is amended to read as
7 follows:

8 524.1203 CANCELLATION OF APPROVAL OF OFFICES.

Whenever

9 an examination by the superintendent or other supervisory
10 agencies discloses that the operation of a bank office [or
11 parking lot office] is being conducted in violation of sec-
12 tion 524.1201, the superintendent may forthwith revoke the
13 approval of the bank office [or parking lot office].

14 Sec. 6. Chapter five hundred twenty-four [524], Code 1971,
15 is amended by adding to Division twelve (XII) the following
16 new section:

17 "The privileges extended to state banks by sections five hun-
18 dred twenty-four point twelve hundred one (524.1201) and five
19 hundred twenty-four point twelve hundred two (524.1202) of the
20 Code shall be available on the same conditions to national
21 banks to the extent they are so authorized by federal law."

22 Sec. 7. As used in sections seven (7) through thirteen (13)
23 of this Act, "Bank Holding Company" means any corporation,
24 business trust, voting trust, association, partnership, joint
25 venture, or similar organization, other than an individual,
26 which directly or indirectly owns or controls twenty-five
27 percent or more of the voting shares of each of two or more
28 banks or of a company which is a bank holding company by
29 virtue of this section, or which controls in any manner the
30 election of a majority of the directors of each of two or
31 more banks, or for the benefit of whose shareholders or members
32 twenty-five percent or more of the voting shares of each of
33 two or more banks or of a company which is a bank holding
34 company by virtue of this section is held by trustees.

35 However, no company shall be a bank holding company solely

1 by virtue of its ownership or control of shares:

2 1. In a fiduciary capacity arising in the ordinary course
3 of business.

4 2. Acquired by it in connection with its underwriting
5 of bank shares and held only for such period of time as will
6 permit sale of the shares upon a reasonable basis.

7 3. Acquired and held in the ordinary course of securing
8 or collecting a debt previously contracted in good faith.

9 Sec. 8. No bank holding company shall directly or indi-
10 rectly acquire ownership or control of more than twenty-five
11 percent of the voting shares of any bank, or the power to
12 control in any manner the election of a majority of the di-
13 rectors of any bank, if upon such acquisition the banks so
14 owned or controlled by the bank holding company would have,
15 in the aggregate, more than **eight and one-half percent of the total**
16 **deposits,**
17 **both time and demand, of all banks in this state, as deter-**
18 **mined by the superintendent on the basis of the most recent**
19 **reports of the banks in the state to their supervisory author-**
20 **ities which are available at the time of the acquisition.**

21 Sec. 9. No bank holding company shall make any offer to
22 purchase or acquire, directly or indirectly, the voting shares
23 of any state or national bank without extending the same of-
24 fer to the owners of all outstanding shares of the bank not
25 owned or controlled by the holding company. The refusal of
26 any shareholder to accept the offer shall not be a bar to
27 purchase or acquisition of the shares of any other share-
28 holder if all other pertinent requirements of this Act have
29 been met by the bank holding company.

30 Sec. 10. Any bank holding company, or firm which would
31 thereby become a bank holding company, which proposes to di-
32 rectly or indirectly acquire ownership or control of the
33 voting shares of any bank, and which upon such acquisition
34 would own or control more than twenty-five percent of the
35 voting shares of the bank, shall provide to the superinten-
dent a copy of any original application to the board of gov-

1 errors of the federal reserve system for permission to take
2 such action, and a copy of any subsequent amendment thereto,
3 at the same time the application or amendment is transmitted
4 to the federal reserve system. The superintendent may con-
5 duct such investigation into and evaluation of the proposed
6 action as he deems necessary and appropriate, and may sub-
7 mit to the federal reserve board any information so obtained
8 together with his own comments or recommendations regarding
9 the proposed acquisition.

10 Sec. 11. Nothing in this **division** shall be construed to autho-
11 rize a bank holding company which is with respect to the state
12 of Iowa an "out-of-state bank holding company", as defined
13 or referred to in 12 U.S.C. 1842(d), as amended to January
14 1, 1971, to acquire any of the voting shares of, any interest
15 in, all or substantially all of the assets of, or power to
16 control in any manner the election of any of the directors
17 of any bank in this state, unless such bank holding company
18 was on January 1, 1971 registered with the federal reserve
19 board as a bank holding company, and on that date owned at
20 least two banks in this state.

21 Sec. 12. If any individual is a director or an officer,
22 or both, of a bank holding company, or of a bank which is
23 owned or controlled by a bank holding company in any manner,
24 and to the extent, specified by section seven (7) of this Act,
25 such individual shall also be deemed to be a director or an
26 officer, or both, as the case may be, of each bank so owned
27 or controlled by that bank holding company, for the purposes
28 of sections five hundred twenty-four point six hundred twelve
29 (524.612), five hundred twenty-four point six hundred thirteen
30 (524.613) and five hundred twenty-four point seven hundred
31 six (524.706) of the Code.

32 Sec. 13. Any bank holding company which willfully vio-
33 lates any provision of sections seven (7) through twelve (12)
34 of this Act shall, upon conviction, be fined not less than
35 one hundred dollars nor more than one thousand dollars for

36 each day during which the violation continues. Any individual
37 who willfully participates in a violation of any provisions
38 of sections seven (7) through **twelve (12)** of this Act shall
39 be guilty of a misdemeanor and, upon conviction thereof, shall
40 be subject to imprisonment in the county jail for a period
41 not exceeding one year or a fine not exceeding one thousand
42 dollars, or both.

43 Sec. 14. Sections seven (7) through **thirteen (13)** of this
44 Act shall constitute a new division of chapter five hundred
45 twenty-four (524) of the Code, which division shall be en-
46 titled "bank holding companies".

47 **EXPLANATION**

48 This bill embodies the legislation recommended by the Bank

1 Holding Companies Study Committee which functioned during
2 the interim between the first and second sessions of the
3 Sixty-fourth General Assembly.

4 Section one permits banks to make loans for up to fifty
5 percent of the appraised value of real estate which secures
6 the loan, for periods of up to five years, and without the
7 requirement that the loan be repaid in annual installments.

8 This authority was omitted from the Iowa Banking Act of 1969
9 by oversight.

10 Section two requires prior approval of the Superintendent
11 of Banking for certain types of service contracts or similar
12 arrangements between a bank and any individual or firm which
13 has an interest in the bank. At present, such contracts or
14 arrangements are reviewed after they take effect.

15 Sections three through six are a revision of the present
16 bank office law. These sections permit a bank office to of-
17 fer all services offered at the main bank which operates the
18 office, and permit a bank office previously established in
19 a community to remain there even if new banks are later char-
20 tered there. In most situations, bank offices are not per-
21 mitted to be newly established in competition with existing
22 banks in a city other than that in which the main bank is
23 located, however in multi-city metropolitan areas of 50,000
24 population or more banks could locate what are now known as
25 parking lot offices across corporate boundary lines within
26 the same metropolitan area. A larger number of such offices
27 than now allowed would be permitted in areas of 100,000 pop-
28 ulation or more.

29 Sections seven through thirteen relate directly to bank
30 holding companies. They restrict any one bank holding com-
31 pany to control of ten percent of total state bank deposits,
32 require any bank holding company proposing to acquire a bank
33 to make an equal stock purchase offer to all shareholders
34 of the bank and to notify the Superintendent of Banking when
35 the company applies to the Federal Reserve Board for permis-

- 1 sion to complete the acquisition, and prohibit any out-of-
- 2 state bank holding company from purchasing banks in Iowa
- 3 unless it owned two or more banks in Iowa on January 1, 1971.